



95TH GENERAL ASSEMBLY

State of Illinois

2007 and 2008

HB6318

by Rep. William B. Black

SYNOPSIS AS INTRODUCED:

30 ILCS 105/6z-18	from Ch. 127, par. 142z-18
30 ILCS 105/6z-20	from Ch. 127, par. 142z-20
35 ILCS 105/3-10	from Ch. 120, par. 439.3-10
35 ILCS 110/3-10	from Ch. 120, par. 439.33-10
35 ILCS 115/3-10	from Ch. 120, par. 439.103-10
35 ILCS 120/2-10	from Ch. 120, par. 441-10

Amends the Use Tax Act, the Service Use Tax Act, the Service Occupation Tax Act, and the Retailers' Occupation Tax Act. Provides that, beginning on May 1, 2008 and through September 15, 2008, with respect to motor fuel and gasohol the tax under the Acts is imposed at the rate of 1.25% (now, 6.25%). Requires the Commission on Government Forecasting and Accountability to submit monthly reports to the General Assembly and the Governor on the savings to consumers of motor fuel in Illinois as a result of the reduced tax rate during the period from May 1, 2008 through September 15, 2008. Effective immediately.

LRB095 20492 HLH 48381 b

FISCAL NOTE ACT
MAY APPLY

A BILL FOR

1 AN ACT concerning revenue.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 5. The State Finance Act is amended by changing
5 Sections 6z-18 and 6z-20 as follows:

6 (30 ILCS 105/6z-18) (from Ch. 127, par. 142z-18)

7 Sec. 6z-18. A portion of the money paid into the Local
8 Government Tax Fund from sales of food for human consumption
9 which is to be consumed off the premises where it is sold
10 (other than alcoholic beverages, soft drinks and food which has
11 been prepared for immediate consumption) and prescription and
12 nonprescription medicines, drugs, medical appliances and
13 insulin, urine testing materials, syringes and needles used by
14 diabetics, which occurred in municipalities, shall be
15 distributed to each municipality based upon the sales which
16 occurred in that municipality. The remainder shall be
17 distributed to each county based upon the sales which occurred
18 in the unincorporated area of that county.

19 A portion of the money paid into the Local Government Tax
20 Fund from the 6.25% general use tax rate on the selling price
21 of tangible personal property which is purchased outside
22 Illinois at retail from a retailer and which is titled or
23 registered by any agency of this State's government shall be

1 distributed to municipalities as provided in this paragraph.
2 Each municipality shall receive the amount attributable to
3 sales for which Illinois addresses for titling or registration
4 purposes are given as being in such municipality. The remainder
5 of the money paid into the Local Government Tax Fund from such
6 sales shall be distributed to counties. Each county shall
7 receive the amount attributable to sales for which Illinois
8 addresses for titling or registration purposes are given as
9 being located in the unincorporated area of such county.

10 A portion of the money paid into the Local Government Tax
11 Fund from the 6.25% general rate (and, beginning July 1, 2000
12 and through December 31, 2000 and beginning again on May 1,
13 2008 and through September 15, 2008, the 1.25% rate on motor
14 fuel and gasohol) on sales subject to taxation under the
15 Retailers' Occupation Tax Act and the Service Occupation Tax
16 Act, which occurred in municipalities, shall be distributed to
17 each municipality, based upon the sales which occurred in that
18 municipality. The remainder shall be distributed to each
19 county, based upon the sales which occurred in the
20 unincorporated area of such county.

21 For the purpose of determining allocation to the local
22 government unit, a retail sale by a producer of coal or other
23 mineral mined in Illinois is a sale at retail at the place
24 where the coal or other mineral mined in Illinois is extracted
25 from the earth. This paragraph does not apply to coal or other
26 mineral when it is delivered or shipped by the seller to the

1 purchaser at a point outside Illinois so that the sale is
2 exempt under the United States Constitution as a sale in
3 interstate or foreign commerce.

4 Whenever the Department determines that a refund of money
5 paid into the Local Government Tax Fund should be made to a
6 claimant instead of issuing a credit memorandum, the Department
7 shall notify the State Comptroller, who shall cause the order
8 to be drawn for the amount specified, and to the person named,
9 in such notification from the Department. Such refund shall be
10 paid by the State Treasurer out of the Local Government Tax
11 Fund.

12 On or before the 25th day of each calendar month, the
13 Department shall prepare and certify to the Comptroller the
14 disbursement of stated sums of money to named municipalities
15 and counties, the municipalities and counties to be those
16 entitled to distribution of taxes or penalties paid to the
17 Department during the second preceding calendar month. The
18 amount to be paid to each municipality or county shall be the
19 amount (not including credit memoranda) collected during the
20 second preceding calendar month by the Department and paid into
21 the Local Government Tax Fund, plus an amount the Department
22 determines is necessary to offset any amounts which were
23 erroneously paid to a different taxing body, and not including
24 an amount equal to the amount of refunds made during the second
25 preceding calendar month by the Department, and not including
26 any amount which the Department determines is necessary to

1 offset any amounts which are payable to a different taxing body
2 but were erroneously paid to the municipality or county. Within
3 10 days after receipt, by the Comptroller, of the disbursement
4 certification to the municipalities and counties, provided for
5 in this Section to be given to the Comptroller by the
6 Department, the Comptroller shall cause the orders to be drawn
7 for the respective amounts in accordance with the directions
8 contained in such certification.

9 When certifying the amount of monthly disbursement to a
10 municipality or county under this Section, the Department shall
11 increase or decrease that amount by an amount necessary to
12 offset any misallocation of previous disbursements. The offset
13 amount shall be the amount erroneously disbursed within the 6
14 months preceding the time a misallocation is discovered.

15 The provisions directing the distributions from the
16 special fund in the State Treasury provided for in this Section
17 shall constitute an irrevocable and continuing appropriation
18 of all amounts as provided herein. The State Treasurer and
19 State Comptroller are hereby authorized to make distributions
20 as provided in this Section.

21 In construing any development, redevelopment, annexation,
22 preannexation or other lawful agreement in effect prior to
23 September 1, 1990, which describes or refers to receipts from a
24 county or municipal retailers' occupation tax, use tax or
25 service occupation tax which now cannot be imposed, such
26 description or reference shall be deemed to include the

1 replacement revenue for such abolished taxes, distributed from
2 the Local Government Tax Fund.

3 (Source: P.A. 90-491, eff. 1-1-98; 91-51, eff. 6-30-99; 91-872,
4 eff. 7-1-00.)

5 (30 ILCS 105/6z-20) (from Ch. 127, par. 142z-20)

6 Sec. 6z-20. Of the money received from the 6.25% general
7 rate (and, beginning July 1, 2000 and through December 31, 2000
8 and beginning again on May 1, 2008 and through September 15,
9 2008, the 1.25% rate on motor fuel and gasohol) on sales
10 subject to taxation under the Retailers' Occupation Tax Act and
11 Service Occupation Tax Act and paid into the County and Mass
12 Transit District Fund, distribution to the Regional
13 Transportation Authority tax fund, created pursuant to Section
14 4.03 of the Regional Transportation Authority Act, for deposit
15 therein shall be made based upon the retail sales occurring in
16 a county having more than 3,000,000 inhabitants. The remainder
17 shall be distributed to each county having 3,000,000 or fewer
18 inhabitants based upon the retail sales occurring in each such
19 county.

20 For the purpose of determining allocation to the local
21 government unit, a retail sale by a producer of coal or other
22 mineral mined in Illinois is a sale at retail at the place
23 where the coal or other mineral mined in Illinois is extracted
24 from the earth. This paragraph does not apply to coal or other
25 mineral when it is delivered or shipped by the seller to the

1 purchaser at a point outside Illinois so that the sale is
2 exempt under the United States Constitution as a sale in
3 interstate or foreign commerce.

4 Of the money received from the 6.25% general use tax rate
5 on tangible personal property which is purchased outside
6 Illinois at retail from a retailer and which is titled or
7 registered by any agency of this State's government and paid
8 into the County and Mass Transit District Fund, the amount for
9 which Illinois addresses for titling or registration purposes
10 are given as being in each county having more than 3,000,000
11 inhabitants shall be distributed into the Regional
12 Transportation Authority tax fund, created pursuant to Section
13 4.03 of the Regional Transportation Authority Act. The
14 remainder of the money paid from such sales shall be
15 distributed to each county based on sales for which Illinois
16 addresses for titling or registration purposes are given as
17 being located in the county. Any money paid into the Regional
18 Transportation Authority Occupation and Use Tax Replacement
19 Fund from the County and Mass Transit District Fund prior to
20 January 14, 1991, which has not been paid to the Authority
21 prior to that date, shall be transferred to the Regional
22 Transportation Authority tax fund.

23 Whenever the Department determines that a refund of money
24 paid into the County and Mass Transit District Fund should be
25 made to a claimant instead of issuing a credit memorandum, the
26 Department shall notify the State Comptroller, who shall cause

1 the order to be drawn for the amount specified, and to the
2 person named, in such notification from the Department. Such
3 refund shall be paid by the State Treasurer out of the County
4 and Mass Transit District Fund.

5 On or before the 25th day of each calendar month, the
6 Department shall prepare and certify to the Comptroller the
7 disbursement of stated sums of money to the Regional
8 Transportation Authority and to named counties, the counties to
9 be those entitled to distribution, as hereinabove provided, of
10 taxes or penalties paid to the Department during the second
11 preceding calendar month. The amount to be paid to the Regional
12 Transportation Authority and each county having 3,000,000 or
13 fewer inhabitants shall be the amount (not including credit
14 memoranda) collected during the second preceding calendar
15 month by the Department and paid into the County and Mass
16 Transit District Fund, plus an amount the Department determines
17 is necessary to offset any amounts which were erroneously paid
18 to a different taxing body, and not including an amount equal
19 to the amount of refunds made during the second preceding
20 calendar month by the Department, and not including any amount
21 which the Department determines is necessary to offset any
22 amounts which were payable to a different taxing body but were
23 erroneously paid to the Regional Transportation Authority or
24 county. Within 10 days after receipt, by the Comptroller, of
25 the disbursement certification to the Regional Transportation
26 Authority and counties, provided for in this Section to be

1 given to the Comptroller by the Department, the Comptroller
2 shall cause the orders to be drawn for the respective amounts
3 in accordance with the directions contained in such
4 certification.

5 When certifying the amount of a monthly disbursement to the
6 Regional Transportation Authority or to a county under this
7 Section, the Department shall increase or decrease that amount
8 by an amount necessary to offset any misallocation of previous
9 disbursements. The offset amount shall be the amount
10 erroneously disbursed within the 6 months preceding the time a
11 misallocation is discovered.

12 The provisions directing the distributions from the
13 special fund in the State Treasury provided for in this Section
14 and from the Regional Transportation Authority tax fund created
15 by Section 4.03 of the Regional Transportation Authority Act
16 shall constitute an irrevocable and continuing appropriation
17 of all amounts as provided herein. The State Treasurer and
18 State Comptroller are hereby authorized to make distributions
19 as provided in this Section.

20 In construing any development, redevelopment, annexation,
21 preannexation or other lawful agreement in effect prior to
22 September 1, 1990, which describes or refers to receipts from a
23 county or municipal retailers' occupation tax, use tax or
24 service occupation tax which now cannot be imposed, such
25 description or reference shall be deemed to include the
26 replacement revenue for such abolished taxes, distributed from

1 the County and Mass Transit District Fund or Local Government
2 Distributive Fund, as the case may be.

3 (Source: P.A. 90-491, eff. 1-1-98; 91-872, eff. 7-1-00.)

4 Section 10. The Use Tax Act is amended by changing Sections
5 3-10 and 9 as follows:

6 (35 ILCS 105/3-10) (from Ch. 120, par. 439.3-10)

7 Sec. 3-10. Rate of tax. Unless otherwise provided in this
8 Section, the tax imposed by this Act is at the rate of 6.25% of
9 either the selling price or the fair market value, if any, of
10 the tangible personal property. In all cases where property
11 functionally used or consumed is the same as the property that
12 was purchased at retail, then the tax is imposed on the selling
13 price of the property. In all cases where property functionally
14 used or consumed is a by-product or waste product that has been
15 refined, manufactured, or produced from property purchased at
16 retail, then the tax is imposed on the lower of the fair market
17 value, if any, of the specific property so used in this State
18 or on the selling price of the property purchased at retail.
19 For purposes of this Section "fair market value" means the
20 price at which property would change hands between a willing
21 buyer and a willing seller, neither being under any compulsion
22 to buy or sell and both having reasonable knowledge of the
23 relevant facts. The fair market value shall be established by
24 Illinois sales by the taxpayer of the same property as that

1 functionally used or consumed, or if there are no such sales by
2 the taxpayer, then comparable sales or purchases of property of
3 like kind and character in Illinois.

4 Beginning on July 1, 2000 and through December 31, 2000 and
5 beginning again on May 1, 2008 and through September 15, 2008,
6 with respect to motor fuel, as defined in Section 1.1 of the
7 Motor Fuel Tax Law, and gasohol, as defined in Section 3-40 of
8 the Use Tax Act, the tax is imposed at the rate of 1.25%. The
9 Commission on Government Forecasting and Accountability must
10 submit monthly reports to the General Assembly and the Governor
11 on savings to consumers of motor fuel in Illinois as a result
12 of the reduced tax rate on motor fuel during the period from
13 May 1, 2008 through September 15, 2008. The reports shall be
14 due no later than the 15th of June, July, August, and September
15 of 2008. The Commission on Government Forecasting and
16 Accountability shall submit a fifth and final report no later
17 than September 30, 2008 containing a summary of the motor fuel
18 savings that occurred during the period from September 1, 2008
19 through September 15, 2008 as well as a summary of the overall
20 savings to consumers of motor fuel in Illinois during the
21 period from May 1, 2008 through September 15, 2008.

22 With respect to gasohol, the tax imposed by this Act
23 applies to (i) 70% of the proceeds of sales made on or after
24 January 1, 1990, and before July 1, 2003, (ii) 80% of the
25 proceeds of sales made on or after July 1, 2003 and on or
26 before December 31, 2013, and (iii) 100% of the proceeds of

1 sales made thereafter. If, at any time, however, the tax under
2 this Act on sales of gasohol is imposed at the rate of 1.25%,
3 then the tax imposed by this Act applies to 100% of the
4 proceeds of sales of gasohol made during that time.

5 With respect to majority blended ethanol fuel, the tax
6 imposed by this Act does not apply to the proceeds of sales
7 made on or after July 1, 2003 and on or before December 31,
8 2013 but applies to 100% of the proceeds of sales made
9 thereafter.

10 With respect to biodiesel blends with no less than 1% and
11 no more than 10% biodiesel, the tax imposed by this Act applies
12 to (i) 80% of the proceeds of sales made on or after July 1,
13 2003 and on or before December 31, 2013 and (ii) 100% of the
14 proceeds of sales made thereafter. If, at any time, however,
15 the tax under this Act on sales of biodiesel blends with no
16 less than 1% and no more than 10% biodiesel is imposed at the
17 rate of 1.25%, then the tax imposed by this Act applies to 100%
18 of the proceeds of sales of biodiesel blends with no less than
19 1% and no more than 10% biodiesel made during that time.

20 With respect to 100% biodiesel and biodiesel blends with
21 more than 10% but no more than 99% biodiesel, the tax imposed
22 by this Act does not apply to the proceeds of sales made on or
23 after July 1, 2003 and on or before December 31, 2013 but
24 applies to 100% of the proceeds of sales made thereafter.

25 With respect to food for human consumption that is to be
26 consumed off the premises where it is sold (other than

1 alcoholic beverages, soft drinks, and food that has been
2 prepared for immediate consumption) and prescription and
3 nonprescription medicines, drugs, medical appliances,
4 modifications to a motor vehicle for the purpose of rendering
5 it usable by a disabled person, and insulin, urine testing
6 materials, syringes, and needles used by diabetics, for human
7 use, the tax is imposed at the rate of 1%. For the purposes of
8 this Section, the term "soft drinks" means any complete,
9 finished, ready-to-use, non-alcoholic drink, whether
10 carbonated or not, including but not limited to soda water,
11 cola, fruit juice, vegetable juice, carbonated water, and all
12 other preparations commonly known as soft drinks of whatever
13 kind or description that are contained in any closed or sealed
14 bottle, can, carton, or container, regardless of size. "Soft
15 drinks" does not include coffee, tea, non-carbonated water,
16 infant formula, milk or milk products as defined in the Grade A
17 Pasteurized Milk and Milk Products Act, or drinks containing
18 50% or more natural fruit or vegetable juice.

19 Notwithstanding any other provisions of this Act, "food for
20 human consumption that is to be consumed off the premises where
21 it is sold" includes all food sold through a vending machine,
22 except soft drinks and food products that are dispensed hot
23 from a vending machine, regardless of the location of the
24 vending machine.

25 If the property that is purchased at retail from a retailer
26 is acquired outside Illinois and used outside Illinois before

1 being brought to Illinois for use here and is taxable under
2 this Act, the "selling price" on which the tax is computed
3 shall be reduced by an amount that represents a reasonable
4 allowance for depreciation for the period of prior out-of-state
5 use.

6 (Source: P.A. 93-17, eff. 6-11-03.)

7 Section 15. The Service Use Tax Act is amended by changing
8 Sections 3-10 and 9 as follows:

9 (35 ILCS 110/3-10) (from Ch. 120, par. 439.33-10)

10 Sec. 3-10. Rate of tax. Unless otherwise provided in this
11 Section, the tax imposed by this Act is at the rate of 6.25% of
12 the selling price of tangible personal property transferred as
13 an incident to the sale of service, but, for the purpose of
14 computing this tax, in no event shall the selling price be less
15 than the cost price of the property to the serviceman.

16 Beginning on July 1, 2000 and through December 31, 2000 and
17 beginning again on May 1, 2008 and through September 15, 2008,
18 with respect to motor fuel, as defined in Section 1.1 of the
19 Motor Fuel Tax Law, and gasohol, as defined in Section 3-40 of
20 the Use Tax Act, the tax is imposed at the rate of 1.25%. The
21 Commission on Government Forecasting and Accountability must
22 submit monthly reports to the General Assembly and the Governor
23 on savings to consumers of motor fuel in Illinois as a result
24 of the reduced tax rate on motor fuel during the period from

1 May 1, 2008 through September 15, 2008. The reports shall be
2 due no later than the 15th of June, July, August, and September
3 of 2008. The Commission on Government Forecasting and
4 Accountability shall submit a fifth and final report no later
5 than September 30, 2008 containing a summary of the motor fuel
6 savings that occurred during the period from September 1, 2008
7 through September 15, 2008 as well as a summary of the overall
8 savings to consumers of motor fuel in Illinois during the
9 period from May 1, 2008 through September 15, 2008.

10 With respect to gasohol, as defined in the Use Tax Act, the
11 tax imposed by this Act applies to (i) 70% of the selling price
12 of property transferred as an incident to the sale of service
13 on or after January 1, 1990, and before July 1, 2003, (ii) 80%
14 of the selling price of property transferred as an incident to
15 the sale of service on or after July 1, 2003 and on or before
16 December 31, 2013, and (iii) 100% of the selling price
17 thereafter. If, at any time, however, the tax under this Act on
18 sales of gasohol, as defined in the Use Tax Act, is imposed at
19 the rate of 1.25%, then the tax imposed by this Act applies to
20 100% of the proceeds of sales of gasohol made during that time.

21 With respect to majority blended ethanol fuel, as defined
22 in the Use Tax Act, the tax imposed by this Act does not apply
23 to the selling price of property transferred as an incident to
24 the sale of service on or after July 1, 2003 and on or before
25 December 31, 2013 but applies to 100% of the selling price
26 thereafter.

1 With respect to biodiesel blends, as defined in the Use Tax
2 Act, with no less than 1% and no more than 10% biodiesel, the
3 tax imposed by this Act applies to (i) 80% of the selling price
4 of property transferred as an incident to the sale of service
5 on or after July 1, 2003 and on or before December 31, 2013 and
6 (ii) 100% of the proceeds of the selling price thereafter. If,
7 at any time, however, the tax under this Act on sales of
8 biodiesel blends, as defined in the Use Tax Act, with no less
9 than 1% and no more than 10% biodiesel is imposed at the rate
10 of 1.25%, then the tax imposed by this Act applies to 100% of
11 the proceeds of sales of biodiesel blends with no less than 1%
12 and no more than 10% biodiesel made during that time.

13 With respect to 100% biodiesel, as defined in the Use Tax
14 Act, and biodiesel blends, as defined in the Use Tax Act, with
15 more than 10% but no more than 99% biodiesel, the tax imposed
16 by this Act does not apply to the proceeds of the selling price
17 of property transferred as an incident to the sale of service
18 on or after July 1, 2003 and on or before December 31, 2013 but
19 applies to 100% of the selling price thereafter.

20 At the election of any registered serviceman made for each
21 fiscal year, sales of service in which the aggregate annual
22 cost price of tangible personal property transferred as an
23 incident to the sales of service is less than 35%, or 75% in
24 the case of servicemen transferring prescription drugs or
25 servicemen engaged in graphic arts production, of the aggregate
26 annual total gross receipts from all sales of service, the tax

1 imposed by this Act shall be based on the serviceman's cost
2 price of the tangible personal property transferred as an
3 incident to the sale of those services.

4 The tax shall be imposed at the rate of 1% on food prepared
5 for immediate consumption and transferred incident to a sale of
6 service subject to this Act or the Service Occupation Tax Act
7 by an entity licensed under the Hospital Licensing Act, the
8 Nursing Home Care Act, or the Child Care Act of 1969. The tax
9 shall also be imposed at the rate of 1% on food for human
10 consumption that is to be consumed off the premises where it is
11 sold (other than alcoholic beverages, soft drinks, and food
12 that has been prepared for immediate consumption and is not
13 otherwise included in this paragraph) and prescription and
14 nonprescription medicines, drugs, medical appliances,
15 modifications to a motor vehicle for the purpose of rendering
16 it usable by a disabled person, and insulin, urine testing
17 materials, syringes, and needles used by diabetics, for human
18 use. For the purposes of this Section, the term "soft drinks"
19 means any complete, finished, ready-to-use, non-alcoholic
20 drink, whether carbonated or not, including but not limited to
21 soda water, cola, fruit juice, vegetable juice, carbonated
22 water, and all other preparations commonly known as soft drinks
23 of whatever kind or description that are contained in any
24 closed or sealed bottle, can, carton, or container, regardless
25 of size. "Soft drinks" does not include coffee, tea,
26 non-carbonated water, infant formula, milk or milk products as

1 defined in the Grade A Pasteurized Milk and Milk Products Act,
2 or drinks containing 50% or more natural fruit or vegetable
3 juice.

4 Notwithstanding any other provisions of this Act, "food for
5 human consumption that is to be consumed off the premises where
6 it is sold" includes all food sold through a vending machine,
7 except soft drinks and food products that are dispensed hot
8 from a vending machine, regardless of the location of the
9 vending machine.

10 If the property that is acquired from a serviceman is
11 acquired outside Illinois and used outside Illinois before
12 being brought to Illinois for use here and is taxable under
13 this Act, the "selling price" on which the tax is computed
14 shall be reduced by an amount that represents a reasonable
15 allowance for depreciation for the period of prior out-of-state
16 use.

17 (Source: P.A. 93-17, eff. 6-11-03.)

18 Section 20. The Service Occupation Tax Act is amended by
19 changing Sections 3-10 and 9 as follows:

20 (35 ILCS 115/3-10) (from Ch. 120, par. 439.103-10)

21 Sec. 3-10. Rate of tax. Unless otherwise provided in this
22 Section, the tax imposed by this Act is at the rate of 6.25% of
23 the "selling price", as defined in Section 2 of the Service Use
24 Tax Act, of the tangible personal property. For the purpose of

1 computing this tax, in no event shall the "selling price" be
2 less than the cost price to the serviceman of the tangible
3 personal property transferred. The selling price of each item
4 of tangible personal property transferred as an incident of a
5 sale of service may be shown as a distinct and separate item on
6 the serviceman's billing to the service customer. If the
7 selling price is not so shown, the selling price of the
8 tangible personal property is deemed to be 50% of the
9 serviceman's entire billing to the service customer. When,
10 however, a serviceman contracts to design, develop, and produce
11 special order machinery or equipment, the tax imposed by this
12 Act shall be based on the serviceman's cost price of the
13 tangible personal property transferred incident to the
14 completion of the contract.

15 Beginning on July 1, 2000 and through December 31, 2000 and
16 beginning again on May 1, 2008 and through September 15, 2008,
17 with respect to motor fuel, as defined in Section 1.1 of the
18 Motor Fuel Tax Law, and gasohol, as defined in Section 3-40 of
19 the Use Tax Act, the tax is imposed at the rate of 1.25%. The
20 Commission on Government Forecasting and Accountability must
21 submit monthly reports to the General Assembly and the Governor
22 on savings to consumers of motor fuel in Illinois as a result
23 of the reduced tax rate on motor fuel during the period from
24 May 1, 2008 through September 15, 2008. The reports shall be
25 due no later than the 15th of June, July, August, and September
26 of 2008. The Commission on Government Forecasting and

1 Accountability shall submit a fifth and final report no later
2 than September 30, 2008 containing a summary of the motor fuel
3 savings that occurred during the period from September 1, 2008
4 through September 15, 2008 as well as a summary of the overall
5 savings to consumers of motor fuel in Illinois during the
6 period from May 1, 2008 through September 15, 2008.

7 With respect to gasohol, as defined in the Use Tax Act, the
8 tax imposed by this Act shall apply to (i) 70% of the cost
9 price of property transferred as an incident to the sale of
10 service on or after January 1, 1990, and before July 1, 2003,
11 (ii) 80% of the selling price of property transferred as an
12 incident to the sale of service on or after July 1, 2003 and on
13 or before December 31, 2013, and (iii) 100% of the cost price
14 thereafter. If, at any time, however, the tax under this Act on
15 sales of gasohol, as defined in the Use Tax Act, is imposed at
16 the rate of 1.25%, then the tax imposed by this Act applies to
17 100% of the proceeds of sales of gasohol made during that time.

18 With respect to majority blended ethanol fuel, as defined
19 in the Use Tax Act, the tax imposed by this Act does not apply
20 to the selling price of property transferred as an incident to
21 the sale of service on or after July 1, 2003 and on or before
22 December 31, 2013 but applies to 100% of the selling price
23 thereafter.

24 With respect to biodiesel blends, as defined in the Use Tax
25 Act, with no less than 1% and no more than 10% biodiesel, the
26 tax imposed by this Act applies to (i) 80% of the selling price

1 of property transferred as an incident to the sale of service
2 on or after July 1, 2003 and on or before December 31, 2013 and
3 (ii) 100% of the proceeds of the selling price thereafter. If,
4 at any time, however, the tax under this Act on sales of
5 biodiesel blends, as defined in the Use Tax Act, with no less
6 than 1% and no more than 10% biodiesel is imposed at the rate
7 of 1.25%, then the tax imposed by this Act applies to 100% of
8 the proceeds of sales of biodiesel blends with no less than 1%
9 and no more than 10% biodiesel made during that time.

10 With respect to 100% biodiesel, as defined in the Use Tax
11 Act, and biodiesel blends, as defined in the Use Tax Act, with
12 more than 10% but no more than 99% biodiesel material, the tax
13 imposed by this Act does not apply to the proceeds of the
14 selling price of property transferred as an incident to the
15 sale of service on or after July 1, 2003 and on or before
16 December 31, 2013 but applies to 100% of the selling price
17 thereafter.

18 At the election of any registered serviceman made for each
19 fiscal year, sales of service in which the aggregate annual
20 cost price of tangible personal property transferred as an
21 incident to the sales of service is less than 35%, or 75% in
22 the case of servicemen transferring prescription drugs or
23 servicemen engaged in graphic arts production, of the aggregate
24 annual total gross receipts from all sales of service, the tax
25 imposed by this Act shall be based on the serviceman's cost
26 price of the tangible personal property transferred incident to

1 the sale of those services.

2 The tax shall be imposed at the rate of 1% on food prepared
3 for immediate consumption and transferred incident to a sale of
4 service subject to this Act or the Service Occupation Tax Act
5 by an entity licensed under the Hospital Licensing Act, the
6 Nursing Home Care Act, or the Child Care Act of 1969. The tax
7 shall also be imposed at the rate of 1% on food for human
8 consumption that is to be consumed off the premises where it is
9 sold (other than alcoholic beverages, soft drinks, and food
10 that has been prepared for immediate consumption and is not
11 otherwise included in this paragraph) and prescription and
12 nonprescription medicines, drugs, medical appliances,
13 modifications to a motor vehicle for the purpose of rendering
14 it usable by a disabled person, and insulin, urine testing
15 materials, syringes, and needles used by diabetics, for human
16 use. For the purposes of this Section, the term "soft drinks"
17 means any complete, finished, ready-to-use, non-alcoholic
18 drink, whether carbonated or not, including but not limited to
19 soda water, cola, fruit juice, vegetable juice, carbonated
20 water, and all other preparations commonly known as soft drinks
21 of whatever kind or description that are contained in any
22 closed or sealed can, carton, or container, regardless of size.
23 "Soft drinks" does not include coffee, tea, non-carbonated
24 water, infant formula, milk or milk products as defined in the
25 Grade A Pasteurized Milk and Milk Products Act, or drinks
26 containing 50% or more natural fruit or vegetable juice.

1 Notwithstanding any other provisions of this Act, "food for
2 human consumption that is to be consumed off the premises where
3 it is sold" includes all food sold through a vending machine,
4 except soft drinks and food products that are dispensed hot
5 from a vending machine, regardless of the location of the
6 vending machine.

7 (Source: P.A. 93-17, eff. 6-11-03.)

8 Section 25. The Retailers' Occupation Tax Act is amended by
9 changing Sections 2-10 and 3 as follows:

10 (35 ILCS 120/2-10) (from Ch. 120, par. 441-10)

11 Sec. 2-10. Rate of tax. Unless otherwise provided in this
12 Section, the tax imposed by this Act is at the rate of 6.25% of
13 gross receipts from sales of tangible personal property made in
14 the course of business.

15 Beginning on July 1, 2000 and through December 31, 2000 and
16 beginning again on May 1, 2008 and through September 15, 2008,
17 with respect to motor fuel, as defined in Section 1.1 of the
18 Motor Fuel Tax Law, and gasohol, as defined in Section 3-40 of
19 the Use Tax Act, the tax is imposed at the rate of 1.25%. The
20 Commission on Government Forecasting and Accountability must
21 submit monthly reports to the General Assembly and the Governor
22 on savings to consumers of motor fuel in Illinois as a result
23 of the reduced tax rate on motor fuel during the period from
24 May 1, 2008 through September 15, 2008. The reports shall be

1 due no later than the 15th of June, July, August, and September
2 of 2008. The Commission on Government Forecasting and
3 Accountability shall submit a fifth and final report no later
4 than September 30, 2008 containing a summary of the motor fuel
5 savings that occurred during the period from September 1, 2008
6 through September 15, 2008 as well as a summary of the overall
7 savings to consumers of motor fuel in Illinois during the
8 period from May 1, 2008 through September 15, 2008.

9 Within 14 days after the effective date of this amendatory
10 Act of the 91st General Assembly, each retailer of motor fuel
11 and gasohol shall cause the following notice to be posted in a
12 prominently visible place on each retail dispensing device that
13 is used to dispense motor fuel or gasohol in the State of
14 Illinois: "As of July 1, 2000, the State of Illinois has
15 eliminated the State's share of sales tax on motor fuel and
16 gasohol through December 31, 2000. The price on this pump
17 should reflect the elimination of the tax." The notice shall be
18 printed in bold print on a sign that is no smaller than 4
19 inches by 8 inches. The sign shall be clearly visible to
20 customers. Any retailer who fails to post or maintain a
21 required sign through December 31, 2000 is guilty of a petty
22 offense for which the fine shall be \$500 per day per each
23 retail premises where a violation occurs.

24 With respect to gasohol, as defined in the Use Tax Act, the
25 tax imposed by this Act applies to (i) 70% of the proceeds of
26 sales made on or after January 1, 1990, and before July 1,

1 2003, (ii) 80% of the proceeds of sales made on or after July
2 1, 2003 and on or before December 31, 2013, and (iii) 100% of
3 the proceeds of sales made thereafter. If, at any time,
4 however, the tax under this Act on sales of gasohol, as defined
5 in the Use Tax Act, is imposed at the rate of 1.25%, then the
6 tax imposed by this Act applies to 100% of the proceeds of
7 sales of gasohol made during that time.

8 With respect to majority blended ethanol fuel, as defined
9 in the Use Tax Act, the tax imposed by this Act does not apply
10 to the proceeds of sales made on or after July 1, 2003 and on or
11 before December 31, 2013 but applies to 100% of the proceeds of
12 sales made thereafter.

13 With respect to biodiesel blends, as defined in the Use Tax
14 Act, with no less than 1% and no more than 10% biodiesel, the
15 tax imposed by this Act applies to (i) 80% of the proceeds of
16 sales made on or after July 1, 2003 and on or before December
17 31, 2013 and (ii) 100% of the proceeds of sales made
18 thereafter. If, at any time, however, the tax under this Act on
19 sales of biodiesel blends, as defined in the Use Tax Act, with
20 no less than 1% and no more than 10% biodiesel is imposed at
21 the rate of 1.25%, then the tax imposed by this Act applies to
22 100% of the proceeds of sales of biodiesel blends with no less
23 than 1% and no more than 10% biodiesel made during that time.

24 With respect to 100% biodiesel, as defined in the Use Tax
25 Act, and biodiesel blends, as defined in the Use Tax Act, with
26 more than 10% but no more than 99% biodiesel, the tax imposed

1 by this Act does not apply to the proceeds of sales made on or
2 after July 1, 2003 and on or before December 31, 2013 but
3 applies to 100% of the proceeds of sales made thereafter.

4 With respect to food for human consumption that is to be
5 consumed off the premises where it is sold (other than
6 alcoholic beverages, soft drinks, and food that has been
7 prepared for immediate consumption) and prescription and
8 nonprescription medicines, drugs, medical appliances,
9 modifications to a motor vehicle for the purpose of rendering
10 it usable by a disabled person, and insulin, urine testing
11 materials, syringes, and needles used by diabetics, for human
12 use, the tax is imposed at the rate of 1%. For the purposes of
13 this Section, the term "soft drinks" means any complete,
14 finished, ready-to-use, non-alcoholic drink, whether
15 carbonated or not, including but not limited to soda water,
16 cola, fruit juice, vegetable juice, carbonated water, and all
17 other preparations commonly known as soft drinks of whatever
18 kind or description that are contained in any closed or sealed
19 bottle, can, carton, or container, regardless of size. "Soft
20 drinks" does not include coffee, tea, non-carbonated water,
21 infant formula, milk or milk products as defined in the Grade A
22 Pasteurized Milk and Milk Products Act, or drinks containing
23 50% or more natural fruit or vegetable juice.

24 Notwithstanding any other provisions of this Act, "food for
25 human consumption that is to be consumed off the premises where
26 it is sold" includes all food sold through a vending machine,

1 except soft drinks and food products that are dispensed hot
2 from a vending machine, regardless of the location of the
3 vending machine.

4 (Source: P.A. 93-17, eff. 6-11-03.)

5 Section 99. Effective date. This Act takes effect upon
6 becoming law.