



## 99TH GENERAL ASSEMBLY

### State of Illinois

2015 and 2016

HB3140

by Rep. David Harris

#### SYNOPSIS AS INTRODUCED:

35 ILCS 105/3-10	
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	

Amends the Use Tax Act, the Service Use Tax Act, the Service Occupation Tax Act, and the Retailers' Occupation Tax Act. Provides that the tax on gasoline applies to 100% of the proceeds of sales made on or after the effective date (currently, the tax applies to 80% of the proceeds of sales made before December 31, 2018 and 100% of the proceeds of sales made thereafter).

LRB099 10111 HLH 30334 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 Use Tax Act is amended by changing Section  
5 3-10 as follows:

6 (35 ILCS 105/3-10)

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

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

5 Beginning on July 1, 2000 and through December 31, 2000,  
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%.

9 Beginning on August 6, 2010 through August 15, 2010, with  
10 respect to sales tax holiday items as defined in Section 3-6 of  
11 this Act, the tax is imposed at the rate of 1.25%.

12 ~~With respect to gasohol, the tax imposed by this Act~~  
13 ~~applies to (i) 70% of the proceeds of sales made on or after~~  
14 ~~January 1, 1990, and before July 1, 2003, (ii) 80% of the~~  
15 ~~proceeds of sales made on or after July 1, 2003 and on or~~  
16 ~~before December 31, 2018, and (iii) 100% of the proceeds of~~  
17 ~~sales made thereafter. If, at any time, however, the tax under~~  
18 ~~this Act on sales of gasohol is imposed at the rate of 1.25%,~~  
19 ~~then the tax imposed by this Act applies to 100% of the~~  
20 ~~proceeds of sales of gasohol made during that time.~~

21 With respect to majority blended ethanol fuel, the tax  
22 imposed by this Act does not apply to the proceeds of sales  
23 made on or after July 1, 2003 and on or before December 31,  
24 2018 but applies to 100% of the proceeds of sales made  
25 thereafter.

26 With respect to biodiesel blends with no less than 1% and

1 no more than 10% biodiesel, the tax imposed by this Act applies  
2 to (i) 80% of the proceeds of sales made on or after July 1,  
3 2003 and on or before December 31, 2018 and (ii) 100% of the  
4 proceeds of sales made thereafter. If, at any time, however,  
5 the tax under this Act on sales of biodiesel blends with no  
6 less than 1% and no more than 10% biodiesel is imposed at the  
7 rate of 1.25%, then the tax imposed by this Act applies to 100%  
8 of the proceeds of sales of biodiesel blends with no less than  
9 1% and no more than 10% biodiesel made during that time.

10 With respect to 100% biodiesel and biodiesel blends with  
11 more than 10% but no more than 99% biodiesel, the tax imposed  
12 by this Act does not apply to the proceeds of sales made on or  
13 after July 1, 2003 and on or before December 31, 2018 but  
14 applies to 100% of the proceeds of sales made thereafter.

15 With respect to food for human consumption that is to be  
16 consumed off the premises where it is sold (other than  
17 alcoholic beverages, soft drinks, and food that has been  
18 prepared for immediate consumption) and prescription and  
19 nonprescription medicines, drugs, medical appliances,  
20 modifications to a motor vehicle for the purpose of rendering  
21 it usable by a disabled person, and insulin, urine testing  
22 materials, syringes, and needles used by diabetics, for human  
23 use, the tax is imposed at the rate of 1%. For the purposes of  
24 this Section, until September 1, 2009: the term "soft drinks"  
25 means any complete, finished, ready-to-use, non-alcoholic  
26 drink, whether carbonated or not, including but not limited to

1 soda water, cola, fruit juice, vegetable juice, carbonated  
2 water, and all other preparations commonly known as soft drinks  
3 of whatever kind or description that are contained in any  
4 closed or sealed bottle, can, carton, or container, regardless  
5 of size; but "soft drinks" does not include coffee, tea,  
6 non-carbonated water, infant formula, milk or milk products as  
7 defined in the Grade A Pasteurized Milk and Milk Products Act,  
8 or drinks containing 50% or more natural fruit or vegetable  
9 juice.

10 Notwithstanding any other provisions of this Act,  
11 beginning September 1, 2009, "soft drinks" means non-alcoholic  
12 beverages that contain natural or artificial sweeteners. "Soft  
13 drinks" do not include beverages that contain milk or milk  
14 products, soy, rice or similar milk substitutes, or greater  
15 than 50% of vegetable or fruit juice by volume.

16 Until August 1, 2009, and notwithstanding any other  
17 provisions of this Act, "food for human consumption that is to  
18 be consumed off the premises where it is sold" includes all  
19 food sold through a vending machine, except soft drinks and  
20 food products that are dispensed hot from a vending machine,  
21 regardless of the location of the vending machine. Beginning  
22 August 1, 2009, and notwithstanding any other provisions of  
23 this Act, "food for human consumption that is to be consumed  
24 off the premises where it is sold" includes all food sold  
25 through a vending machine, except soft drinks, candy, and food  
26 products that are dispensed hot from a vending machine,

1 regardless of the location of the vending machine.

2 Notwithstanding any other provisions of this Act,  
3 beginning September 1, 2009, "food for human consumption that  
4 is to be consumed off the premises where it is sold" does not  
5 include candy. For purposes of this Section, "candy" means a  
6 preparation of sugar, honey, or other natural or artificial  
7 sweeteners in combination with chocolate, fruits, nuts or other  
8 ingredients or flavorings in the form of bars, drops, or  
9 pieces. "Candy" does not include any preparation that contains  
10 flour or requires refrigeration.

11 Notwithstanding any other provisions of this Act,  
12 beginning September 1, 2009, "nonprescription medicines and  
13 drugs" does not include grooming and hygiene products. For  
14 purposes of this Section, "grooming and hygiene products"  
15 includes, but is not limited to, soaps and cleaning solutions,  
16 shampoo, toothpaste, mouthwash, antiperspirants, and sun tan  
17 lotions and screens, unless those products are available by  
18 prescription only, regardless of whether the products meet the  
19 definition of "over-the-counter-drugs". For the purposes of  
20 this paragraph, "over-the-counter-drug" means a drug for human  
21 use that contains a label that identifies the product as a drug  
22 as required by 21 C.F.R. § 201.66. The "over-the-counter-drug"  
23 label includes:

24 (A) A "Drug Facts" panel; or

25 (B) A statement of the "active ingredient(s)" with a  
26 list of those ingredients contained in the compound,

1 substance or preparation.

2 Beginning on the effective date of this amendatory Act of  
3 the 98th General Assembly, "prescription and nonprescription  
4 medicines and drugs" includes medical cannabis purchased from a  
5 registered dispensing organization under the Compassionate Use  
6 of Medical Cannabis Pilot Program Act.

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

14 (Source: P.A. 97-636, eff. 6-1-12; 98-122, eff. 1-1-14.)

15 Section 10. The Service Use Tax Act is amended by changing  
16 Section 3-10 as follows:

17 (35 ILCS 110/3-10) (from Ch. 120, par. 439.33-10)

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

24 Beginning on July 1, 2000 and through December 31, 2000,

1 with respect to motor fuel, as defined in Section 1.1 of the  
2 Motor Fuel Tax Law, and gasohol, as defined in Section 3-40 of  
3 the Use Tax Act, the tax is imposed at the rate of 1.25%.

4 ~~With respect to gasohol, as defined in the Use Tax Act, the~~  
5 ~~tax imposed by this Act applies to (i) 70% of the selling price~~  
6 ~~of property transferred as an incident to the sale of service~~  
7 ~~on or after January 1, 1990, and before July 1, 2003, (ii) 80%~~  
8 ~~of the selling price of property transferred as an incident to~~  
9 ~~the sale of service on or after July 1, 2003 and on or before~~  
10 ~~December 31, 2018, and (iii) 100% of the selling price~~  
11 ~~thereafter. If, at any time, however, the tax under this Act on~~  
12 ~~sales of gasohol, as defined in the Use Tax Act, is imposed at~~  
13 ~~the rate of 1.25%, then the tax imposed by this Act applies to~~  
14 ~~100% of the proceeds of sales of gasohol made during that time.~~

15 With respect to majority blended ethanol fuel, as defined  
16 in the Use Tax Act, the tax imposed by this Act does not apply  
17 to the selling price of property transferred as an incident to  
18 the sale of service on or after July 1, 2003 and on or before  
19 December 31, 2018 but applies to 100% of the selling price  
20 thereafter.

21 With respect to biodiesel blends, as defined in the Use Tax  
22 Act, with no less than 1% and no more than 10% biodiesel, the  
23 tax imposed by this Act applies to (i) 80% of the selling price  
24 of property transferred as an incident to the sale of service  
25 on or after July 1, 2003 and on or before December 31, 2018 and  
26 (ii) 100% of the proceeds of the selling price thereafter. If,



1 at any time, however, the tax under this Act on sales of  
2 biodiesel blends, as defined in the Use Tax Act, with no less  
3 than 1% and no more than 10% biodiesel is imposed at the rate  
4 of 1.25%, then the tax imposed by this Act applies to 100% of  
5 the proceeds of sales of biodiesel blends with no less than 1%  
6 and no more than 10% biodiesel made during that time.

7 With respect to 100% biodiesel, as defined in the Use Tax  
8 Act, and biodiesel blends, as defined in the Use Tax Act, with  
9 more than 10% but no more than 99% biodiesel, the tax imposed  
10 by this Act does not apply to the proceeds of the selling price  
11 of property transferred as an incident to the sale of service  
12 on or after July 1, 2003 and on or before December 31, 2018 but  
13 applies to 100% of the selling price thereafter.

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

24 The tax shall be imposed at the rate of 1% on food prepared  
25 for immediate consumption and transferred incident to a sale of  
26 service subject to this Act or the Service Occupation Tax Act

1 by an entity licensed under the Hospital Licensing Act, the  
2 Nursing Home Care Act, the ID/DD Community Care Act, the  
3 Specialized Mental Health Rehabilitation Act of 2013, or the  
4 Child Care Act of 1969. The tax shall also be imposed at the  
5 rate of 1% on food for human consumption that is to be consumed  
6 off the premises where it is sold (other than alcoholic  
7 beverages, soft drinks, and food that has been prepared for  
8 immediate consumption and is not otherwise included in this  
9 paragraph) and prescription and nonprescription medicines,  
10 drugs, medical appliances, modifications to a motor vehicle for  
11 the purpose of rendering it usable by a disabled person, and  
12 insulin, urine testing materials, syringes, and needles used by  
13 diabetics, for human use. For the purposes of this Section,  
14 until September 1, 2009: the term "soft drinks" means any  
15 complete, finished, ready-to-use, non-alcoholic drink, whether  
16 carbonated or not, including but not limited to soda water,  
17 cola, fruit juice, vegetable juice, carbonated water, and all  
18 other preparations commonly known as soft drinks of whatever  
19 kind or description that are contained in any closed or sealed  
20 bottle, can, carton, or container, regardless of size; but  
21 "soft drinks" does not include coffee, tea, non-carbonated  
22 water, infant formula, milk or milk products as defined in the  
23 Grade A Pasteurized Milk and Milk Products Act, or drinks  
24 containing 50% or more natural fruit or vegetable juice.

25 Notwithstanding any other provisions of this Act,  
26 beginning September 1, 2009, "soft drinks" means non-alcoholic

1 beverages that contain natural or artificial sweeteners. "Soft  
2 drinks" do not include beverages that contain milk or milk  
3 products, soy, rice or similar milk substitutes, or greater  
4 than 50% of vegetable or fruit juice by volume.

5       Until August 1, 2009, and notwithstanding any other  
6 provisions of this Act, "food for human consumption that is to  
7 be consumed off the premises where it is sold" includes all  
8 food sold through a vending machine, except soft drinks and  
9 food products that are dispensed hot from a vending machine,  
10 regardless of the location of the vending machine. Beginning  
11 August 1, 2009, and notwithstanding any other provisions of  
12 this Act, "food for human consumption that is to be consumed  
13 off the premises where it is sold" includes all food sold  
14 through a vending machine, except soft drinks, candy, and food  
15 products that are dispensed hot from a vending machine,  
16 regardless of the location of the vending machine.

17       Notwithstanding any other provisions of this Act,  
18 beginning September 1, 2009, "food for human consumption that  
19 is to be consumed off the premises where it is sold" does not  
20 include candy. For purposes of this Section, "candy" means a  
21 preparation of sugar, honey, or other natural or artificial  
22 sweeteners in combination with chocolate, fruits, nuts or other  
23 ingredients or flavorings in the form of bars, drops, or  
24 pieces. "Candy" does not include any preparation that contains  
25 flour or requires refrigeration.

26       Notwithstanding any other provisions of this Act,

1 beginning September 1, 2009, "nonprescription medicines and  
2 drugs" does not include grooming and hygiene products. For  
3 purposes of this Section, "grooming and hygiene products"  
4 includes, but is not limited to, soaps and cleaning solutions,  
5 shampoo, toothpaste, mouthwash, antiperspirants, and sun tan  
6 lotions and screens, unless those products are available by  
7 prescription only, regardless of whether the products meet the  
8 definition of "over-the-counter-drugs". For the purposes of  
9 this paragraph, "over-the-counter-drug" means a drug for human  
10 use that contains a label that identifies the product as a drug  
11 as required by 21 C.F.R. § 201.66. The "over-the-counter-drug"  
12 label includes:

13 (A) A "Drug Facts" panel; or

14 (B) A statement of the "active ingredient(s)" with a  
15 list of those ingredients contained in the compound,  
16 substance or preparation.

17 Beginning on January 1, 2014 (the effective date of Public  
18 Act 98-122), "prescription and nonprescription medicines and  
19 drugs" includes medical cannabis purchased from a registered  
20 dispensing organization under the Compassionate Use of Medical  
21 Cannabis Pilot Program Act.

22 If the property that is acquired from a serviceman is  
23 acquired outside Illinois and used outside Illinois before  
24 being brought to Illinois for use here and is taxable under  
25 this Act, the "selling price" on which the tax is computed  
26 shall be reduced by an amount that represents a reasonable

1 allowance for depreciation for the period of prior out-of-state  
2 use.

3 (Source: P.A. 97-38, eff. 6-28-11; 97-227, eff. 1-1-12; 97-636,  
4 eff. 6-1-12; 98-104, eff. 7-22-13; 98-122, eff. 1-1-14; 98-756,  
5 eff. 7-16-14.)

6 Section 15. The Service Occupation Tax Act is amended by  
7 changing Section 3-10 as follows:

8 (35 ILCS 115/3-10) (from Ch. 120, par. 439.103-10)

9 Sec. 3-10. Rate of tax. Unless otherwise provided in this  
10 Section, the tax imposed by this Act is at the rate of 6.25% of  
11 the "selling price", as defined in Section 2 of the Service Use  
12 Tax Act, of the tangible personal property. For the purpose of  
13 computing this tax, in no event shall the "selling price" be  
14 less than the cost price to the serviceman of the tangible  
15 personal property transferred. The selling price of each item  
16 of tangible personal property transferred as an incident of a  
17 sale of service may be shown as a distinct and separate item on  
18 the serviceman's billing to the service customer. If the  
19 selling price is not so shown, the selling price of the  
20 tangible personal property is deemed to be 50% of the  
21 serviceman's entire billing to the service customer. When,  
22 however, a serviceman contracts to design, develop, and produce  
23 special order machinery or equipment, the tax imposed by this  
24 Act shall be based on the serviceman's cost price of the

1 tangible personal property transferred incident to the  
2 completion of the contract.

3 Beginning on July 1, 2000 and through December 31, 2000,  
4 with respect to motor fuel, as defined in Section 1.1 of the  
5 Motor Fuel Tax Law, and gasohol, as defined in Section 3-40 of  
6 the Use Tax Act, the tax is imposed at the rate of 1.25%.

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, 2018, 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, 2018 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, 2018 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, 2018 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, the ID/DD Community Care Act, the  
7 Specialized Mental Health Rehabilitation Act of 2013, or the  
8 Child Care Act of 1969. The tax shall also be imposed at the  
9 rate of 1% on food for human consumption that is to be consumed  
10 off the premises where it is sold (other than alcoholic  
11 beverages, soft drinks, and food that has been prepared for  
12 immediate consumption and is not otherwise included in this  
13 paragraph) and prescription and nonprescription medicines,  
14 drugs, medical appliances, modifications to a motor vehicle for  
15 the purpose of rendering it usable by a disabled person, and  
16 insulin, urine testing materials, syringes, and needles used by  
17 diabetics, for human use. For the purposes of this Section,  
18 until September 1, 2009: the term "soft drinks" means any  
19 complete, finished, ready-to-use, non-alcoholic drink, whether  
20 carbonated or not, including but not limited to soda water,  
21 cola, fruit juice, vegetable juice, carbonated water, and all  
22 other preparations commonly known as soft drinks of whatever  
23 kind or description that are contained in any closed or sealed  
24 can, carton, or container, regardless of size; but "soft  
25 drinks" does not include coffee, tea, non-carbonated water,  
26 infant formula, milk or milk products as defined in the Grade A



1     Pasteurized Milk and Milk Products Act, or drinks containing  
2     50% or more natural fruit or vegetable juice.

3             Notwithstanding any other provisions of this Act,  
4     beginning September 1, 2009, "soft drinks" means non-alcoholic  
5     beverages that contain natural or artificial sweeteners. "Soft  
6     drinks" do not include beverages that contain milk or milk  
7     products, soy, rice or similar milk substitutes, or greater  
8     than 50% of vegetable or fruit juice by volume.

9             Until August 1, 2009, and notwithstanding any other  
10    provisions of this Act, "food for human consumption that is to  
11    be consumed off the premises where it is sold" includes all  
12    food sold through a vending machine, except soft drinks and  
13    food products that are dispensed hot from a vending machine,  
14    regardless of the location of the vending machine. Beginning  
15    August 1, 2009, and notwithstanding any other provisions of  
16    this Act, "food for human consumption that is to be consumed  
17    off the premises where it is sold" includes all food sold  
18    through a vending machine, except soft drinks, candy, and food  
19    products that are dispensed hot from a vending machine,  
20    regardless of the location of the vending machine.

21            Notwithstanding any other provisions of this Act,  
22    beginning September 1, 2009, "food for human consumption that  
23    is to be consumed off the premises where it is sold" does not  
24    include candy. For purposes of this Section, "candy" means a  
25    preparation of sugar, honey, or other natural or artificial  
26    sweeteners in combination with chocolate, fruits, nuts or other

1 ingredients or flavorings in the form of bars, drops, or  
2 pieces. "Candy" does not include any preparation that contains  
3 flour or requires refrigeration.

4 Notwithstanding any other provisions of this Act,  
5 beginning September 1, 2009, "nonprescription medicines and  
6 drugs" does not include grooming and hygiene products. For  
7 purposes of this Section, "grooming and hygiene products"  
8 includes, but is not limited to, soaps and cleaning solutions,  
9 shampoo, toothpaste, mouthwash, antiperspirants, and sun tan  
10 lotions and screens, unless those products are available by  
11 prescription only, regardless of whether the products meet the  
12 definition of "over-the-counter-drugs". For the purposes of  
13 this paragraph, "over-the-counter-drug" means a drug for human  
14 use that contains a label that identifies the product as a drug  
15 as required by 21 C.F.R. § 201.66. The "over-the-counter-drug"  
16 label includes:

17 (A) A "Drug Facts" panel; or

18 (B) A statement of the "active ingredient(s)" with a  
19 list of those ingredients contained in the compound,  
20 substance or preparation.

21 Beginning on January 1, 2014 (the effective date of Public  
22 Act 98-122), "prescription and nonprescription medicines and  
23 drugs" includes medical cannabis purchased from a registered  
24 dispensing organization under the Compassionate Use of Medical  
25 Cannabis Pilot Program Act.

26 (Source: P.A. 97-38, eff. 6-28-11; 97-227, eff. 1-1-12; 97-636,

1 eff. 6-1-12; 98-104, eff. 7-22-13; 98-122, eff. 1-1-14; 98-756,  
2 eff. 7-16-14.)

3 Section 20. The Retailers' Occupation Tax Act is amended by  
4 changing Section 2-10 as follows:

5 (35 ILCS 120/2-10)

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

10 Beginning on July 1, 2000 and through December 31, 2000,  
11 with respect to motor fuel, as defined in Section 1.1 of the  
12 Motor Fuel Tax Law, and gasohol, as defined in Section 3-40 of  
13 the Use Tax Act, the tax is imposed at the rate of 1.25%.

14 Beginning on August 6, 2010 through August 15, 2010, with  
15 respect to sales tax holiday items as defined in Section 2-8 of  
16 this Act, the tax is imposed at the rate of 1.25%.

17 Within 14 days after the effective date of this amendatory  
18 Act of the 91st General Assembly, each retailer of motor fuel  
19 and gasohol shall cause the following notice to be posted in a  
20 prominently visible place on each retail dispensing device that  
21 is used to dispense motor fuel or gasohol in the State of  
22 Illinois: "As of July 1, 2000, the State of Illinois has  
23 eliminated the State's share of sales tax on motor fuel and  
24 gasohol through December 31, 2000. The price on this pump

1 should reflect the elimination of the tax." The notice shall be  
2 printed in bold print on a sign that is no smaller than 4  
3 inches by 8 inches. The sign shall be clearly visible to  
4 customers. Any retailer who fails to post or maintain a  
5 required sign through December 31, 2000 is guilty of a petty  
6 offense for which the fine shall be \$500 per day per each  
7 retail premises where a violation occurs.

8 ~~With respect to gasohol, as defined in the Use Tax Act, the~~  
9 ~~tax imposed by this Act applies to (i) 70% of the proceeds of~~  
10 ~~sales made on or after January 1, 1990, and before July 1,~~  
11 ~~2003, (ii) 80% of the proceeds of sales made on or after July~~  
12 ~~1, 2003 and on or before December 31, 2018, and (iii) 100% of~~  
13 ~~the proceeds of sales made thereafter. If, at any time,~~  
14 ~~however, the tax under this Act on sales of gasohol, as defined~~  
15 ~~in the Use Tax Act, is imposed at the rate of 1.25%, then the~~  
16 ~~tax imposed by this Act applies to 100% of the proceeds of~~  
17 ~~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 proceeds of sales made on or after July 1, 2003 and on or  
21 before December 31, 2018 but applies to 100% of the proceeds of  
22 sales made thereafter.

23 With respect to biodiesel blends, as defined in the Use Tax  
24 Act, with no less than 1% and no more than 10% biodiesel, the  
25 tax imposed by this Act applies to (i) 80% of the proceeds of  
26 sales made on or after July 1, 2003 and on or before December

1 31, 2018 and (ii) 100% of the proceeds of sales made  
2 thereafter. If, at any time, however, the tax under this Act on  
3 sales of biodiesel blends, as defined in the Use Tax Act, with  
4 no less than 1% and no more than 10% biodiesel is imposed at  
5 the rate of 1.25%, then the tax imposed by this Act applies to  
6 100% of the proceeds of sales of biodiesel blends with no less  
7 than 1% and no more than 10% biodiesel made during that time.

8 With respect to 100% biodiesel, as defined in the Use Tax  
9 Act, and biodiesel blends, as defined in the Use Tax Act, with  
10 more than 10% but no more than 99% biodiesel, the tax imposed  
11 by this Act does not apply to the proceeds of sales made on or  
12 after July 1, 2003 and on or before December 31, 2018 but  
13 applies to 100% of the proceeds of sales made thereafter.

14 With respect to food for human consumption that is to be  
15 consumed off the premises where it is sold (other than  
16 alcoholic beverages, soft drinks, and food that has been  
17 prepared for immediate consumption) and prescription and  
18 nonprescription medicines, drugs, medical appliances,  
19 modifications to a motor vehicle for the purpose of rendering  
20 it usable by a disabled person, and insulin, urine testing  
21 materials, syringes, and needles used by diabetics, for human  
22 use, the tax is imposed at the rate of 1%. For the purposes of  
23 this Section, until September 1, 2009: the term "soft drinks"  
24 means any complete, finished, ready-to-use, non-alcoholic  
25 drink, whether carbonated or not, including but not limited to  
26 soda water, cola, fruit juice, vegetable juice, carbonated

1 water, and all other preparations commonly known as soft drinks  
2 of whatever kind or description that are contained in any  
3 closed or sealed bottle, can, carton, or container, regardless  
4 of size; but "soft drinks" does not include coffee, tea,  
5 non-carbonated water, infant formula, milk or milk products as  
6 defined in the Grade A Pasteurized Milk and Milk Products Act,  
7 or drinks containing 50% or more natural fruit or vegetable  
8 juice.

9 Notwithstanding any other provisions of this Act,  
10 beginning September 1, 2009, "soft drinks" means non-alcoholic  
11 beverages that contain natural or artificial sweeteners. "Soft  
12 drinks" do not include beverages that contain milk or milk  
13 products, soy, rice or similar milk substitutes, or greater  
14 than 50% of vegetable or fruit juice by volume.

15 Until August 1, 2009, and notwithstanding any other  
16 provisions of this Act, "food for human consumption that is to  
17 be consumed off the premises where it is sold" includes all  
18 food sold through a vending machine, except soft drinks and  
19 food products that are dispensed hot from a vending machine,  
20 regardless of the location of the vending machine. Beginning  
21 August 1, 2009, and notwithstanding any other provisions of  
22 this Act, "food for human consumption that is to be consumed  
23 off the premises where it is sold" includes all food sold  
24 through a vending machine, except soft drinks, candy, and food  
25 products that are dispensed hot from a vending machine,  
26 regardless of the location of the vending machine.

1           Notwithstanding any other provisions of this Act,  
2 beginning September 1, 2009, "food for human consumption that  
3 is to be consumed off the premises where it is sold" does not  
4 include candy. For purposes of this Section, "candy" means a  
5 preparation of sugar, honey, or other natural or artificial  
6 sweeteners in combination with chocolate, fruits, nuts or other  
7 ingredients or flavorings in the form of bars, drops, or  
8 pieces. "Candy" does not include any preparation that contains  
9 flour or requires refrigeration.

10           Notwithstanding any other provisions of this Act,  
11 beginning September 1, 2009, "nonprescription medicines and  
12 drugs" does not include grooming and hygiene products. For  
13 purposes of this Section, "grooming and hygiene products"  
14 includes, but is not limited to, soaps and cleaning solutions,  
15 shampoo, toothpaste, mouthwash, antiperspirants, and sun tan  
16 lotions and screens, unless those products are available by  
17 prescription only, regardless of whether the products meet the  
18 definition of "over-the-counter-drugs". For the purposes of  
19 this paragraph, "over-the-counter-drug" means a drug for human  
20 use that contains a label that identifies the product as a drug  
21 as required by 21 C.F.R. § 201.66. The "over-the-counter-drug"  
22 label includes:

23           (A) A "Drug Facts" panel; or

24           (B) A statement of the "active ingredient(s)" with a  
25 list of those ingredients contained in the compound,  
26 substance or preparation.

1           Beginning on the effective date of this amendatory Act of  
2 the 98th General Assembly, "prescription and nonprescription  
3 medicines and drugs" includes medical cannabis purchased from a  
4 registered dispensing organization under the Compassionate Use  
5 of Medical Cannabis Pilot Program Act.

6           (Source: P.A. 97-636, eff. 6-1-12; 98-122, eff. 1-1-14.)