

1 AN ACT concerning taxes.

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
5 Section 3-10 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
8 this Section, the tax imposed by this Act is at the rate of
9 6.25% of either the selling price or the fair market value,
10 if any, of the tangible personal property. In all cases
11 where property functionally used or consumed is the same as
12 the property that was purchased at retail, then the tax is
13 imposed on the selling price of the property. In all cases
14 where property functionally used or consumed is a by-product
15 or waste product that has been refined, manufactured, or
16 produced from property purchased at retail, then the tax is
17 imposed on the lower of the fair market value, if any, of the
18 specific property so used in this State or on the selling
19 price of the property purchased at retail. For purposes of
20 this Section "fair market value" means the price at which
21 property would change hands between a willing buyer and a
22 willing seller, neither being under any compulsion to buy or
23 sell and both having reasonable knowledge of the relevant
24 facts. The fair market value shall be established by Illinois
25 sales by the taxpayer of the same property as that
26 functionally used or consumed, or if there are no such sales
27 by the taxpayer, then comparable sales or purchases of
28 property of like kind and character in Illinois.

29 Beginning on July 1, 2000 and through December 31, 2000,
30 with respect to motor fuel, as defined in Section 1.1 of the
31 Motor Fuel Tax Law, and gasohol, as defined in Section 3-40

1 of the Use Tax Act, the tax is imposed at the rate of 1.25%.

2 With respect to gasohol, the tax imposed by this Act
3 applies to 70% of the proceeds of sales made on or after
4 January 1, 1990, and before January 1, 2008 ~~July-17-2003~~, and
5 to 100% of the proceeds of sales made thereafter.

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

26 Notwithstanding any other provisions of this Act, "food
27 for human consumption that is to be consumed off the premises
28 where it is sold" includes all food sold through a vending
29 machine, except soft drinks and food products that are
30 dispensed hot from a vending machine, regardless of the
31 location of the vending machine.

32 If the property that is purchased at retail from a
33 retailer is acquired outside Illinois and used outside
34 Illinois before being brought to Illinois for use here and is

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

5 (Source: P.A. 90-605, eff. 6-30-98; 90-606, eff. 6-30-98;
6 91-51, eff. 6-30-99; 91-872, eff. 7-1-00.)

7 Section 10. The Service Use Tax Act is amended by
8 changing Section 3-10 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
11 this Section, the tax imposed by this Act is at the rate of
12 6.25% of the selling price of tangible personal property
13 transferred as an incident to the sale of service, but, for
14 the purpose of computing this tax, in no event shall the
15 selling price be less than the cost price of the property to
16 the serviceman.

17 Beginning on July 1, 2000 and through December 31, 2000,
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
20 of the Use Tax Act, the tax is imposed at the rate of 1.25%.

21 With respect to gasohol, as defined in the Use Tax Act,
22 the tax imposed by this Act applies to 70% of the selling
23 price of property transferred as an incident to the sale of
24 service on or after January 1, 1990, and before January 1,
25 2008 ~~July--17--2003~~, and to 100% of the selling price
26 thereafter.

27 At the election of any registered serviceman made for
28 each fiscal year, sales of service in which the aggregate
29 annual cost price of tangible personal property transferred
30 as an incident to the sales of service is less than 35%, or
31 75% in the case of servicemen transferring prescription drugs
32 or servicemen engaged in graphic arts production, of the

1 aggregate annual total gross receipts from all sales of
2 service, the tax imposed by this Act shall be based on the
3 serviceman's cost price of the tangible personal property
4 transferred as an incident to the sale of those services.

5 The tax shall be imposed at the rate of 1% on food
6 prepared for immediate consumption and transferred incident
7 to a sale of service subject to this Act or the Service
8 Occupation Tax Act by an entity licensed under the Hospital
9 Licensing Act, the Nursing Home Care Act, or the Child Care
10 Act of 1969. The tax shall also be imposed at the rate of 1%
11 on food for human consumption that is to be consumed off the
12 premises where it is sold (other than alcoholic beverages,
13 soft drinks, and food that has been prepared for immediate
14 consumption and is not otherwise included in this paragraph)
15 and prescription and nonprescription medicines, drugs,
16 medical appliances, modifications to a motor vehicle for the
17 purpose of rendering it usable by a disabled person, and
18 insulin, urine testing materials, syringes, and needles used
19 by diabetics, for human use. For the purposes of this
20 Section, the term "soft drinks" means any complete, finished,
21 ready-to-use, non-alcoholic drink, whether carbonated or not,
22 including but not limited to soda water, cola, fruit juice,
23 vegetable juice, carbonated water, and all other preparations
24 commonly known as soft drinks of whatever kind or description
25 that are contained in any closed or sealed bottle, can,
26 carton, or container, regardless of size. "Soft drinks" does
27 not include coffee, tea, non-carbonated water, infant
28 formula, milk or milk products as defined in the Grade A
29 Pasteurized Milk and Milk Products Act, or drinks containing
30 50% or more natural fruit or vegetable juice.

31 Notwithstanding any other provisions of this Act, "food
32 for human consumption that is to be consumed off the premises
33 where it is sold" includes all food sold through a vending
34 machine, except soft drinks and food products that are

1 dispensed hot from a vending machine, regardless of the
2 location of the vending machine.

3 If the property that is acquired from a serviceman is
4 acquired outside Illinois and used outside Illinois before
5 being brought to Illinois for use here and is taxable under
6 this Act, the "selling price" on which the tax is computed
7 shall be reduced by an amount that represents a reasonable
8 allowance for depreciation for the period of prior
9 out-of-state use.

10 (Source: P.A. 90-605, eff. 6-30-98; 90-606, eff. 6-30-98;
11 91-51, eff. 6-30-99; 91-541, eff. 8-13-99; 91-872, eff.
12 7-1-00.)

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

15 (35 ILCS 115/3-10) (from Ch. 120, par. 439.103-10)

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

1 transferred incident to the completion of the contract.

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

6 With respect to gasohol, as defined in the Use Tax Act,
7 the tax imposed by this Act shall apply to 70% of the cost
8 price of property transferred as an incident to the sale of
9 service on or after January 1, 1990, and before January 1,
10 2008 ~~July-17-2003~~, and to 100% of the cost price thereafter.

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

21 The tax shall be imposed at the rate of 1% on food
22 prepared for immediate consumption and transferred incident
23 to a sale of service subject to this Act or the Service
24 Occupation Tax Act by an entity licensed under the Hospital
25 Licensing Act, the Nursing Home Care Act, or the Child Care
26 Act of 1969. The tax shall also be imposed at the rate of 1%
27 on food for human consumption that is to be consumed off the
28 premises where it is sold (other than alcoholic beverages,
29 soft drinks, and food that has been prepared for immediate
30 consumption and is not otherwise included in this paragraph)
31 and prescription and nonprescription medicines, drugs,
32 medical appliances, modifications to a motor vehicle for the
33 purpose of rendering it usable by a disabled person, and
34 insulin, urine testing materials, syringes, and needles used

1 by diabetics, for human use. For the purposes of this
2 Section, the term "soft drinks" means any complete, finished,
3 ready-to-use, non-alcoholic drink, whether carbonated or not,
4 including but not limited to soda water, cola, fruit juice,
5 vegetable juice, carbonated water, and all other preparations
6 commonly known as soft drinks of whatever kind or description
7 that are contained in any closed or sealed can, carton, or
8 container, regardless of size. "Soft drinks" does not
9 include coffee, tea, non-carbonated water, infant formula,
10 milk or milk products as defined in the Grade A Pasteurized
11 Milk and Milk Products Act, or drinks containing 50% or more
12 natural fruit or vegetable juice.

13 Notwithstanding any other provisions of this Act, "food
14 for human consumption that is to be consumed off the premises
15 where it is sold" includes all food sold through a vending
16 machine, except soft drinks and food products that are
17 dispensed hot from a vending machine, regardless of the
18 location of the vending machine.

19 (Source: P.A. 90-605, eff. 6-30-98; 90-606, eff. 6-30-98;
20 91-51, 6-30-99; 91-541, eff. 8-13-99; 91-872, eff. 7-1-00.)

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

23 (35 ILCS 120/2-10) (from Ch. 120, par. 441-10)

24 Sec. 2-10. Rate of tax. Unless otherwise provided in
25 this Section, the tax imposed by this Act is at the rate of
26 6.25% of gross receipts from sales of tangible personal
27 property made in the course of business.

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

32 Within 14 days after the effective date of this

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

15 With respect to gasohol, as defined in the Use Tax Act,
16 the tax imposed by this Act applies to 70% of the proceeds of
17 sales made on or after January 1, 1990, and before January 1,
18 2008 ~~July-17-2003~~, and to 100% of the proceeds of sales made
19 thereafter.

20 With respect to food for human consumption that is to be
21 consumed off the premises where it is sold (other than
22 alcoholic beverages, soft drinks, and food that has been
23 prepared for immediate consumption) and prescription and
24 nonprescription medicines, drugs, medical appliances,
25 modifications to a motor vehicle for the purpose of rendering
26 it usable by a disabled person, and insulin, urine testing
27 materials, syringes, and needles used by diabetics, for human
28 use, the tax is imposed at the rate of 1%. For the purposes
29 of this Section, the term "soft drinks" means any complete,
30 finished, ready-to-use, non-alcoholic drink, whether
31 carbonated or not, including but not limited to soda water,
32 cola, fruit juice, vegetable juice, carbonated water, and all
33 other preparations commonly known as soft drinks of whatever
34 kind or description that are contained in any closed or

1 sealed bottle, can, carton, or container, regardless of size.
2 "Soft drinks" does not include coffee, tea, non-carbonated
3 water, infant formula, milk or milk products as defined in
4 the Grade A Pasteurized Milk and Milk Products Act, or drinks
5 containing 50% or more natural fruit or vegetable juice.

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

12 (Source: P.A. 90-605, eff. 6-30-98; 90-606, eff. 6-30-98;
13 91-51, eff. 6-30-99; 91-872, eff. 7-1-00.)

14 Section 99. Effective date. This Act takes effect on
15 July 1, 2002.