

SB1673



104TH GENERAL ASSEMBLY

State of Illinois

2025 and 2026

SB1673

Introduced 2/5/2025, by Sen. Christopher Belt

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	
35 ILCS 120/2-10	

Amends the Use Tax Act and the Retailers' Occupation Tax Act. Provides that, from August 6, 2025 through August 8, 2025, and from August 13, 2025 through August 15, 2025, the tax imposed under the Acts on clothing and school supplies shall be at the rate of 1.25% (instead of 6.25%). Effective immediately.

LRB104 08295 HLH 18346 b

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. Local Government Tax Fund. A portion of the
8 money paid into the Local Government Tax Fund from sales of
9 tangible personal property taxed at the 1% rate under the
10 Retailers' Occupation Tax Act and the Service Occupation Tax
11 Act, which occurred in municipalities, shall be distributed to
12 each municipality based upon the sales which occurred in that
13 municipality. The remainder shall be distributed to each
14 county based upon the sales which occurred in the
15 unincorporated area of that county.

16 Moneys transferred from the Grocery Tax Replacement Fund
17 to the Local Government Tax Fund under Section 6z-130 shall be
18 treated under this Section in the same manner as if they had
19 been remitted with the return on which they were reported.

20 A portion of the money paid into the Local Government Tax
21 Fund from the 6.25% general use tax rate on the selling price
22 of tangible personal property which is purchased outside
23 Illinois at retail from a retailer and which is titled or

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

12 A portion of the money paid into the Local Government Tax
13 Fund from the 6.25% general rate (and, beginning July 1, 2000
14 and through December 31, 2000, the 1.25% rate on motor fuel and
15 gasohol, and beginning on August 6, 2010 through August 15,
16 2010, and beginning again on August 5, 2022 through August 14,
17 2022, and beginning again from August 6, 2025 through August
18 11, 2025, and from August 13, 2025 through August 15, 2025, the
19 1.25% rate on sales tax holiday items) on sales subject to
20 taxation under the Retailers' Occupation Tax Act and the
21 Service Occupation Tax Act, which occurred in municipalities,
22 shall be distributed to each municipality, based upon the
23 sales which occurred in that municipality. The remainder shall
24 be distributed to each county, based upon the sales which
25 occurred in the unincorporated area of such county.

26 For the purpose of determining allocation to the local

1 government unit, a retail sale by a producer of coal or other
2 mineral mined in Illinois is a sale at retail at the place
3 where the coal or other mineral mined in Illinois is extracted
4 from the earth. This paragraph does not apply to coal or other
5 mineral when it is delivered or shipped by the seller to the
6 purchaser at a point outside Illinois so that the sale is
7 exempt under the United States Constitution as a sale in
8 interstate or foreign commerce.

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

17 As soon as possible after the first day of each month,
18 beginning January 1, 2011, upon certification of the
19 Department of Revenue, the Comptroller shall order
20 transferred, and the Treasurer shall transfer, to the STAR
21 Bonds Revenue Fund the local sales tax increment, as defined
22 in the Innovation Development and Economy Act, collected
23 during the second preceding calendar month for sales within a
24 STAR bond district and deposited into the Local Government Tax
25 Fund, less 3% of that amount, which shall be transferred into
26 the Tax Compliance and Administration Fund and shall be used

1 by the Department, subject to appropriation, to cover the
2 costs of the Department in administering the Innovation
3 Development and Economy Act.

4 After the monthly transfer to the STAR Bonds Revenue 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 named municipalities
8 and counties, the municipalities and counties to be those
9 entitled to distribution of taxes or penalties paid to the
10 Department during the second preceding calendar month. The
11 amount to be paid to each municipality or county shall be the
12 amount (not including credit memoranda) collected during the
13 second preceding calendar month by the Department and paid
14 into the Local Government Tax Fund, plus an amount the
15 Department determines is necessary to offset any amounts which
16 were erroneously paid to a different taxing body, and not
17 including an amount equal to the amount of refunds made during
18 the second preceding calendar month by the Department, and not
19 including any amount which the Department determines is
20 necessary to offset any amounts which are payable to a
21 different taxing body but were erroneously paid to the
22 municipality or county, and not including any amounts that are
23 transferred to the STAR Bonds Revenue Fund. Within 10 days
24 after receipt, by the Comptroller, of the disbursement
25 certification to the municipalities and counties, provided for
26 in this Section to be given to the Comptroller by the

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

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

10 The provisions directing the distributions from the
11 special fund in the State treasury provided for in this
12 Section shall constitute an irrevocable and continuing
13 appropriation of all amounts as provided herein. The State
14 Treasurer and State Comptroller are hereby authorized to make
15 distributions as provided in this Section.

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

24 As soon as possible after March 8, 2013 (the effective
25 date of Public Act 98-3), the State Comptroller shall order
26 and the State Treasurer shall transfer \$6,600,000 from the

Local Government Tax Fund to the Illinois State Medical Disciplinary Fund.

(Source: P.A. 102-700, Article 60, Section 60-10, eff. 4-19-22; 102-700, Article 65, Section 65-15, eff. 4-19-22; 103-154, eff. 6-30-23.)

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

Sec. 6z-20. County and Mass Transit District Fund. Of the money received from the 6.25% general rate (and, beginning July 1, 2000 and through December 31, 2000, the 1.25% rate on motor fuel and gasohol, and beginning on August 6, 2010 through August 15, 2010, and beginning again on August 5, 2022 through August 14, 2022, and beginning again from August 6, 2025 through August 11, 2025, and from August 13, 2025 through August 15, 2025, the 1.25% rate on sales tax holiday items) on sales subject to taxation under the Retailers' Occupation Tax Act and Service Occupation Tax Act and paid into the County and Mass Transit District Fund, distribution to the Regional Transportation Authority tax fund, created pursuant to Section 4.03 of the Regional Transportation Authority Act, for deposit therein shall be made based upon the retail sales occurring in a county having more than 3,000,000 inhabitants. The remainder shall be distributed to each county having 3,000,000 or fewer inhabitants based upon the retail sales occurring in each such county.

For the purpose of determining allocation to the local

1 government unit, a retail sale by a producer of coal or other
2 mineral mined in Illinois is a sale at retail at the place
3 where the coal or other mineral mined in Illinois is extracted
4 from the earth. This paragraph does not apply to coal or other
5 mineral when it is delivered or shipped by the seller to the
6 purchaser at a point outside Illinois so that the sale is
7 exempt under the United States Constitution as a sale in
8 interstate or foreign commerce.

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

1 Transportation Authority tax fund.

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

10 As soon as possible after the first day of each month,
11 beginning January 1, 2011, upon certification of the
12 Department of Revenue, the Comptroller shall order
13 transferred, and the Treasurer shall transfer, to the STAR
14 Bonds Revenue Fund the local sales tax increment, as defined
15 in the Innovation Development and Economy Act, collected
16 during the second preceding calendar month for sales within a
17 STAR bond district and deposited into the County and Mass
18 Transit District Fund, less 3% of that amount, which shall be
19 transferred into the Tax Compliance and Administration Fund
20 and shall be used by the Department, subject to appropriation,
21 to cover the costs of the Department in administering the
22 Innovation Development and Economy Act.

23 After the monthly transfer to the STAR Bonds Revenue Fund,
24 on or before the 25th day of each calendar month, the
25 Department shall prepare and certify to the Comptroller the
26 disbursement of stated sums of money to the Regional

1 Transportation Authority and to named counties, the counties
2 to be those entitled to distribution, as hereinabove provided,
3 of taxes or penalties paid to the Department during the second
4 preceding calendar month. The amount to be paid to the
5 Regional Transportation Authority and each county having
6 3,000,000 or fewer inhabitants shall be the amount (not
7 including credit memoranda) collected during the second
8 preceding calendar month by the Department and paid into the
9 County and Mass Transit District Fund, plus an amount the
10 Department determines is necessary to offset any amounts which
11 were erroneously paid to a different taxing body, and not
12 including an amount equal to the amount of refunds made during
13 the second preceding calendar month by the Department, and not
14 including any amount which the Department determines is
15 necessary to offset any amounts which were payable to a
16 different taxing body but were erroneously paid to the
17 Regional Transportation Authority or county, and not including
18 any amounts that are transferred to the STAR Bonds Revenue
19 Fund, less 1.5% of the amount to be paid to the Regional
20 Transportation Authority, which shall be transferred into the
21 Tax Compliance and Administration Fund. The Department, at the
22 time of each monthly disbursement to the Regional
23 Transportation Authority, shall prepare and certify to the
24 State Comptroller the amount to be transferred into the Tax
25 Compliance and Administration Fund under this Section. Within
26 10 days after receipt, by the Comptroller, of the disbursement

1 certification to the Regional Transportation Authority,
2 counties, and the Tax Compliance and Administration Fund
3 provided for in this Section to be given to the Comptroller by
4 the Department, the Comptroller shall cause the orders to be
5 drawn for the respective amounts in accordance with the
6 directions contained in such certification.

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

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

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

1 description or reference shall be deemed to include the
2 replacement revenue for such abolished taxes, distributed from
3 the County and Mass Transit District Fund or Local Government
4 Distributive Fund, as the case may be.

5 (Source: P.A. 102-700, eff. 4-19-22.)

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

8 (35 ILCS 105/3-10)

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 either the selling price or the fair market value, if any, of
12 the tangible personal property, which, on and after January 1,
13 2025, includes leases of tangible personal property. In all
14 cases where property functionally used or consumed is the same
15 as the property that was purchased at retail, then the tax is
16 imposed on the selling price of the property. In all cases
17 where property functionally used or consumed is a by-product
18 or waste product that has been refined, manufactured, or
19 produced from property purchased at retail, then the tax is
20 imposed on the lower of the fair market value, if any, of the
21 specific property so used in this State or on the selling price
22 of the property purchased at retail. For purposes of this
23 Section "fair market value" means the price at which property
24 would change hands between a willing buyer and a willing

1 seller, neither being under any compulsion to buy or sell and
2 both having reasonable knowledge of the relevant facts. The
3 fair market value shall be established by Illinois sales by
4 the taxpayer of the same property as that functionally used or
5 consumed, or if there are no such sales by the taxpayer, then
6 comparable sales or purchases of property of like kind and
7 character in Illinois.

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

12 Beginning on August 6, 2010 through August 15, 2010, and
13 beginning again on August 5, 2022 through August 14, 2022, and
14 beginning again from August 6, 2025 through August 8, 2025 and
15 from August 13, 2025 through August 15, 2025, with respect to
16 sales tax holiday items as defined in Section 3-6 of this Act,
17 the tax is imposed at the rate of 1.25%.

18 With respect to gasohol, the tax imposed by this Act
19 applies to (i) 70% of the proceeds of sales made on or after
20 January 1, 1990, and before July 1, 2003, (ii) 80% of the
21 proceeds of sales made on or after July 1, 2003 and on or
22 before July 1, 2017, (iii) 100% of the proceeds of sales made
23 after July 1, 2017 and prior to January 1, 2024, (iv) 90% of
24 the proceeds of sales made on or after January 1, 2024 and on
25 or before December 31, 2028, and (v) 100% of the proceeds of
26 sales made after December 31, 2028. If, at any time, however,

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

4 With respect to mid-range ethanol blends, the tax imposed
5 by this Act applies to (i) 80% of the proceeds of sales made on
6 or after January 1, 2024 and on or before December 31, 2028 and
7 (ii) 100% of the proceeds of sales made thereafter. If, at any
8 time, however, the tax under this Act on sales of mid-range
9 ethanol blends is imposed at the rate of 1.25%, then the tax
10 imposed by this Act applies to 100% of the proceeds of sales of
11 mid-range ethanol blends made during that time.

12 With respect to majority blended ethanol fuel, the tax
13 imposed by this Act does not apply to the proceeds of sales
14 made on or after July 1, 2003 and on or before December 31,
15 2028 but applies to 100% of the proceeds of sales made
16 thereafter.

17 With respect to biodiesel blends with no less than 1% and
18 no more than 10% biodiesel, the tax imposed by this Act applies
19 to (i) 80% of the proceeds of sales made on or after July 1,
20 2003 and on or before December 31, 2018 and (ii) 100% of the
21 proceeds of sales made after December 31, 2018 and before
22 January 1, 2024. On and after January 1, 2024 and on or before
23 December 31, 2030, the taxation of biodiesel, renewable
24 diesel, and biodiesel blends shall be as provided in Section
25 3-5.1. If, at any time, however, the tax under this Act on
26 sales of biodiesel blends with no less than 1% and no more than

1 10% biodiesel is imposed at the rate of 1.25%, then the tax
2 imposed by this Act applies to 100% of the proceeds of sales of
3 biodiesel blends with no less than 1% and no more than 10%
4 biodiesel made during that time.

5 With respect to biodiesel and biodiesel blends with more
6 than 10% but no more than 99% biodiesel, the tax imposed by
7 this Act does not apply to the proceeds of sales made on or
8 after July 1, 2003 and on or before December 31, 2023. On and
9 after January 1, 2024 and on or before December 31, 2030, the
10 taxation of biodiesel, renewable diesel, and biodiesel blends
11 shall be as provided in Section 3-5.1.

12 Until July 1, 2022 and from July 1, 2023 through December
13 31, 2025, with respect to food for human consumption that is to
14 be consumed off the premises where it is sold (other than
15 alcoholic beverages, food consisting of or infused with adult
16 use cannabis, soft drinks, and food that has been prepared for
17 immediate consumption), the tax is imposed at the rate of 1%.
18 Beginning on July 1, 2022 and until July 1, 2023, with respect
19 to food for human consumption that is to be consumed off the
20 premises where it is sold (other than alcoholic beverages,
21 food consisting of or infused with adult use cannabis, soft
22 drinks, and food that has been prepared for immediate
23 consumption), the tax is imposed at the rate of 0%. On and
24 after January 1, 2026, food for human consumption that is to be
25 consumed off the premises where it is sold (other than
26 alcoholic beverages, food consisting of or infused with adult

1 use cannabis, soft drinks, candy, and food that has been
2 prepared for immediate consumption) is exempt from the tax
3 imposed by this Act.

4 With respect to prescription and nonprescription
5 medicines, drugs, medical appliances, products classified as
6 Class III medical devices by the United States Food and Drug
7 Administration that are used for cancer treatment pursuant to
8 a prescription, as well as any accessories and components
9 related to those devices, modifications to a motor vehicle for
10 the purpose of rendering it usable by a person with a
11 disability, and insulin, blood sugar testing materials,
12 syringes, and needles used by human diabetics, the tax is
13 imposed at the rate of 1%. 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" does 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
23 other 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,

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

(A) a "Drug Facts" panel; or

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

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

As used in this Section, "adult use cannabis" means cannabis subject to tax under the Cannabis Cultivation Privilege Tax Law and the Cannabis Purchaser Excise Tax Law and does not include cannabis subject to tax under the Compassionate Use of Medical Cannabis Program Act.

1 If the property that is purchased at retail from a
2 retailer is acquired outside Illinois and used outside
3 Illinois before being brought to Illinois for use here and is
4 taxable under this Act, the "selling price" on which the tax is
5 computed shall be reduced by an amount that represents a
6 reasonable allowance for depreciation for the period of prior
7 out-of-state use. No depreciation is allowed in cases where
8 the tax under this Act is imposed on lease receipts.

9 (Source: P.A. 102-4, eff. 4-27-21; 102-700, Article 20,
10 Section 20-5, eff. 4-19-22; 102-700, Article 60, Section
11 60-15, eff. 4-19-22; 102-700, Article 65, Section 65-5, eff.
12 4-19-22; 103-9, eff. 6-7-23; 103-154, eff. 6-30-23; 103-592,
13 eff. 1-1-25; 103-781, eff. 8-5-24; revised 11-26-24.)

14 Section 15. The Retailers' Occupation Tax Act is amended
15 by changing Section 2-10 as follows:

16 (35 ILCS 120/2-10)

17 Sec. 2-10. Rate of tax. Unless otherwise provided in this
18 Section, the tax imposed by this Act is at the rate of 6.25% of
19 gross receipts from sales, which, on and after January 1,
20 2025, includes leases, of tangible personal property made in
21 the course of business.

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

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

2 Beginning on August 6, 2010 through August 15, 2010, and
3 beginning again on August 5, 2022 through August 14, 2022, and
4 beginning again from August 6, 2025 through August 8, 2025 and
5 from August 13, 2025 through August 15, 2025, with respect to
6 sales tax holiday items as defined in Section 2-8 of this Act,
7 the tax is imposed at the rate of 1.25%.

8 Within 14 days after July 1, 2000 (the effective date of
9 Public Act 91-872), each retailer of motor fuel and gasohol
10 shall cause the following notice to be posted in a prominently
11 visible place on each retail dispensing device that is used to
12 dispense motor fuel or gasohol in the State of Illinois: "As of
13 July 1, 2000, the State of Illinois has eliminated the State's
14 share of sales tax on motor fuel and gasohol through December
15 31, 2000. The price on this pump should reflect the
16 elimination of the tax." The notice shall be printed in bold
17 print on a sign that is no smaller than 4 inches by 8 inches.
18 The sign shall be clearly visible to customers. Any retailer
19 who fails to post or maintain a required sign through December
20 31, 2000 is guilty of a petty offense for which the fine shall
21 be \$500 per day per each retail premises where a violation
22 occurs.

23 With respect to gasohol, as defined in the Use Tax Act, the
24 tax imposed by this Act applies to (i) 70% of the proceeds of
25 sales made on or after January 1, 1990, and before July 1,
26 2003, (ii) 80% of the proceeds of sales made on or after July

1, 2003 and on or before July 1, 2017, (iii) 100% of the
2 proceeds of sales made after July 1, 2017 and prior to January
3 1, 2024, (iv) 90% of the proceeds of sales made on or after
4 January 1, 2024 and on or before December 31, 2028, and (v)
5 100% of the proceeds of sales made after December 31, 2028. If,
6 at any time, however, the tax under this Act on sales of
7 gasohol, as defined in the Use Tax Act, is imposed at the rate
8 of 1.25%, then the tax imposed by this Act applies to 100% of
9 the proceeds of sales of gasohol made during that time.

With respect to mid-range ethanol blends, as defined in
Section 3-44.3 of the Use Tax Act, the tax imposed by this Act
applies to (i) 80% of the proceeds of sales made on or after
January 1, 2024 and on or before December 31, 2028 and (ii)
100% of the proceeds of sales made after December 31, 2028. If,
at any time, however, the tax under this Act on sales of
mid-range ethanol blends is imposed at the rate of 1.25%, then
the tax imposed by this Act applies to 100% of the proceeds of
sales of mid-range ethanol blends made during that time.

With respect to majority blended ethanol fuel, as defined
in the Use Tax Act, the tax imposed by this Act does not apply
to the proceeds of sales made on or after July 1, 2003 and on
or before December 31, 2028 but applies to 100% of the proceeds
of sales made thereafter.

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

1 of sales made on or after July 1, 2003 and on or before
2 December 31, 2018 and (ii) 100% of the proceeds of sales made
3 after December 31, 2018 and before January 1, 2024. On and
4 after January 1, 2024 and on or before December 31, 2030, the
5 taxation of biodiesel, renewable diesel, and biodiesel blends
6 shall be as provided in Section 3-5.1 of the Use Tax Act. 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 biodiesel, as defined in the Use Tax Act,
14 and biodiesel blends, as defined in the Use Tax Act, with more
15 than 10% but no more than 99% biodiesel, the tax imposed by
16 this Act does not apply to the proceeds of sales made on or
17 after July 1, 2003 and on or before December 31, 2023. On and
18 after January 1, 2024 and on or before December 31, 2030, the
19 taxation of biodiesel, renewable diesel, and biodiesel blends
20 shall be as provided in Section 3-5.1 of the Use Tax Act.

21 Until July 1, 2022 and from July 1, 2023 through December
22 31, 2025, with respect to food for human consumption that is to
23 be consumed off the premises where it is sold (other than
24 alcoholic beverages, food consisting of or infused with adult
25 use cannabis, soft drinks, and food that has been prepared for
26 immediate consumption), the tax is imposed at the rate of 1%.

1 Beginning July 1, 2022 and until July 1, 2023, with respect to
2 food for human consumption that is to be consumed off the
3 premises where it is sold (other than alcoholic beverages,
4 food consisting of or infused with adult use cannabis, soft
5 drinks, and food that has been prepared for immediate
6 consumption), the tax is imposed at the rate of 0%. On and
7 after January 1, 2026, food for human consumption that is to be
8 consumed off the premises where it is sold (other than
9 alcoholic beverages, food consisting of or infused with adult
10 use cannabis, soft drinks, candy, and food that has been
11 prepared for immediate consumption) is exempt from the tax
12 imposed by this Act.

13 With respect to prescription and nonprescription
14 medicines, drugs, medical appliances, products classified as
15 Class III medical devices by the United States Food and Drug
16 Administration that are used for cancer treatment pursuant to
17 a prescription, as well as any accessories and components
18 related to those devices, modifications to a motor vehicle for
19 the purpose of rendering it usable by a person with a
20 disability, and insulin, blood sugar testing materials,
21 syringes, and needles used by human diabetics, the tax is
22 imposed at the rate of 1%. For the purposes of this Section,
23 until September 1, 2009: the term "soft drinks" means any
24 complete, finished, ready-to-use, non-alcoholic drink, whether
25 carbonated or not, including, but not limited to, soda water,
26 cola, fruit juice, vegetable juice, carbonated water, and all

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

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

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

26 Notwithstanding any other provisions of this Act,

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

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

22 (A) a "Drug Facts" panel; or
23 (B) a statement of the "active ingredient(s)" with a
24 list of those ingredients contained in the compound,
25 substance or preparation.

26 Beginning on January 1, 2014 (the effective date of Public

1 Act 98-122), "prescription and nonprescription medicines and
2 drugs" includes medical cannabis purchased from a registered
3 dispensing organization under the Compassionate Use of Medical
4 Cannabis Program Act.

5 As used in this Section, "adult use cannabis" means
6 cannabis subject to tax under the Cannabis Cultivation
7 Privilege Tax Law and the Cannabis Purchaser Excise Tax Law
8 and does not include cannabis subject to tax under the
9 Compassionate Use of Medical Cannabis Program Act.

10 (Source: P.A. 102-4, eff. 4-27-21; 102-700, Article 20,
11 Section 20-20, eff. 4-19-22; 102-700, Article 60, Section
12 60-30, eff. 4-19-22; 102-700, Article 65, Section 65-10, eff.
13 4-19-22; 103-9, eff. 6-7-23; 103-154, eff. 6-30-23; 103-592,
14 eff. 1-1-25; 103-781, eff. 8-5-24; revised 11-26-24.)

15 Section 99. Effective date. This Act takes effect upon
16 becoming law.