



## 101ST GENERAL ASSEMBLY

### State of Illinois

2019 and 2020

**HB2498**

by Rep. LaToya Greenwood

#### 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. Reduces the rate of tax on diapers and baby wipes to 1% (currently, 6.25%), changing the distribution of the proceeds from the tax imposed on diapers and baby wipes.

LRB101 06860 HLH 51891 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 Sections  
5 3-10 and 9 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 July 1, 2017, and (iii) 100% of the proceeds of sales  
17 made thereafter. If, at any time, however, the tax under this  
18 Act on sales of gasohol is imposed at the rate of 1.25%, then  
19 the tax imposed by this Act applies to 100% of the proceeds of  
20 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 2023 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, 2023 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, products  
20 classified as Class III medical devices by the United States  
21 Food and Drug Administration that are used for cancer treatment  
22 pursuant to a prescription, as well as any accessories and  
23 components related to those devices, modifications to a motor  
24 vehicle for the purpose of rendering it usable by a person with  
25 a disability, diapers, baby wipes, and insulin, urine testing  
26 materials, syringes, and needles used by diabetics, for human

1 use, the tax is imposed at the rate of 1%. For the purposes of  
2 this Section, until September 1, 2009: the term "soft drinks"  
3 means any complete, finished, ready-to-use, non-alcoholic  
4 drink, whether carbonated or not, including but not limited to  
5 soda water, cola, fruit juice, vegetable juice, carbonated  
6 water, and all other preparations commonly known as soft drinks  
7 of whatever kind or description that are contained in any  
8 closed or sealed bottle, can, carton, or container, regardless  
9 of size; but "soft drinks" does not include coffee, tea,  
10 non-carbonated water, infant formula, milk or milk products as  
11 defined in the Grade A Pasteurized Milk and Milk Products Act,  
12 or drinks containing 50% or more natural fruit or vegetable  
13 juice.

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

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

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

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

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

1 label includes:

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

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

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

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

18 (Source: P.A. 99-143, eff. 7-27-15; 99-858, eff. 8-19-16;  
19 100-22, eff. 7-6-17.)

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

22 (35 ILCS 110/3-10) (from Ch. 120, par. 439.33-10)

23 Sec. 3-10. Rate of tax. Unless otherwise provided in this  
24 Section, the tax imposed by this Act is at the rate of 6.25% of

1 the selling price of tangible personal property transferred as  
2 an incident to the sale of service, but, for the purpose of  
3 computing this tax, in no event shall the selling price be less  
4 than the cost price of the property to the serviceman.

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 With respect to gasohol, as defined in the Use Tax Act, the  
10 tax imposed by this Act applies to (i) 70% of the selling price  
11 of property transferred as an incident to the sale of service  
12 on or after January 1, 1990, and before July 1, 2003, (ii) 80%  
13 of the selling price of property transferred as an incident to  
14 the sale of service on or after July 1, 2003 and on or before  
15 July 1, 2017, and (iii) 100% of the selling price thereafter.  
16 If, at any time, however, the tax under this Act on sales of  
17 gasohol, as defined in the Use Tax Act, is imposed at the rate  
18 of 1.25%, then the tax imposed by this Act applies to 100% of  
19 the proceeds of sales of gasohol made during that time.

20 With respect to majority blended ethanol fuel, as defined  
21 in the Use Tax Act, the tax imposed by this Act does not apply  
22 to the selling price of property transferred as an incident to  
23 the sale of service on or after July 1, 2003 and on or before  
24 December 31, 2023 but applies to 100% of the selling price  
25 thereafter.

26 With respect to biodiesel blends, as defined in the Use Tax



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

12 With respect to 100% biodiesel, as defined in the Use Tax  
13 Act, and biodiesel blends, as defined in the Use Tax Act, with  
14 more than 10% but no more than 99% biodiesel, the tax imposed  
15 by this Act does not apply to the proceeds of the selling price  
16 of property transferred as an incident to the sale of service  
17 on or after July 1, 2003 and on or before December 31, 2023 but  
18 applies to 100% of the selling price thereafter.

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

1 price of the tangible personal property transferred as an  
2 incident to the sale of those services.

3 The tax shall be imposed at the rate of 1% on food prepared  
4 for immediate consumption and transferred incident to a sale of  
5 service subject to this Act or the Service Occupation Tax Act  
6 by an entity licensed under the Hospital Licensing Act, the  
7 Nursing Home Care Act, the ID/DD Community Care Act, the MC/DD  
8 Act, the Specialized Mental Health Rehabilitation Act of 2013,  
9 or the Child Care Act of 1969. The tax shall also be imposed at  
10 the rate of 1% on food for human consumption that is to be  
11 consumed off the premises where it is sold (other than  
12 alcoholic beverages, soft drinks, and food that has been  
13 prepared for immediate consumption and is not otherwise  
14 included in this paragraph) and prescription and  
15 nonprescription medicines, drugs, medical appliances, products  
16 classified as Class III medical devices by the United States  
17 Food and Drug Administration that are used for cancer treatment  
18 pursuant to a prescription, as well as any accessories and  
19 components related to those devices, modifications to a motor  
20 vehicle for the purpose of rendering it usable by a person with  
21 a disability, diapers, baby wipes, and insulin, urine testing  
22 materials, syringes, and needles used by diabetics, for human  
23 use. For the purposes of this Section, until September 1, 2009:  
24 the term "soft drinks" means any complete, finished,  
25 ready-to-use, non-alcoholic drink, whether carbonated or not,  
26 including but not limited to soda water, cola, fruit juice,

1 vegetable juice, carbonated water, and all other preparations  
2 commonly known as soft drinks of whatever kind or description  
3 that are contained in any closed or sealed bottle, can, carton,  
4 or container, regardless of size; but "soft drinks" does not  
5 include coffee, tea, non-carbonated water, infant formula,  
6 milk or milk products as defined in the Grade A Pasteurized  
7 Milk and Milk Products Act, or drinks containing 50% or more  
8 natural fruit or vegetable 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 January 1, 2014 (the effective date of Public  
2 Act 98-122), "prescription and nonprescription medicines and  
3 drugs" includes medical cannabis purchased from a registered  
4 dispensing organization under the Compassionate Use of Medical  
5 Cannabis Pilot Program Act.

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

13           (Source: P.A. 99-143, eff. 7-27-15; 99-180, eff. 7-29-15;  
14 99-642, eff. 7-28-16; 99-858, eff. 8-19-16; 100-22, eff.  
15 7-6-17.)

16           Section 15. The Service Occupation Tax Act is amended by  
17 changing Sections 3-10 and 9 as follows:

18           (35 ILCS 115/3-10) (from Ch. 120, par. 439.103-10)

19           Sec. 3-10. Rate of tax. Unless otherwise provided in this  
20 Section, the tax imposed by this Act is at the rate of 6.25% of  
21 the "selling price", as defined in Section 2 of the Service Use  
22 Tax Act, of the tangible personal property. For the purpose of  
23 computing this tax, in no event shall the "selling price" be  
24 less than the cost price to the serviceman of the tangible

1 personal property transferred. The selling price of each item  
2 of tangible personal property transferred as an incident of a  
3 sale of service may be shown as a distinct and separate item on  
4 the serviceman's billing to the service customer. If the  
5 selling price is not so shown, the selling price of the  
6 tangible personal property is deemed to be 50% of the  
7 serviceman's entire billing to the service customer. When,  
8 however, a serviceman contracts to design, develop, and produce  
9 special order machinery or equipment, the tax imposed by this  
10 Act shall be based on the serviceman's cost price of the  
11 tangible personal property transferred incident to the  
12 completion of the contract.

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

17 With respect to gasohol, as defined in the Use Tax Act, the  
18 tax imposed by this Act shall apply to (i) 70% of the cost  
19 price of property transferred as an incident to the sale of  
20 service on or after January 1, 1990, and before July 1, 2003,  
21 (ii) 80% of the selling price of property transferred as an  
22 incident to the sale of service on or after July 1, 2003 and on  
23 or before July 1, 2017, and (iii) 100% of the cost price  
24 thereafter. If, at any time, however, the tax under this Act on  
25 sales of gasohol, as defined in the Use Tax Act, is imposed at  
26 the rate of 1.25%, then the tax imposed by this Act applies to

1 100% of the proceeds of sales of gasohol made during that time.

2 With respect to majority blended ethanol fuel, as defined  
3 in the Use Tax Act, the tax imposed by this Act does not apply  
4 to the selling price of property transferred as an incident to  
5 the sale of service on or after July 1, 2003 and on or before  
6 December 31, 2023 but applies to 100% of the selling price  
7 thereafter.

8 With respect to biodiesel blends, as defined in the Use Tax  
9 Act, with no less than 1% and no more than 10% biodiesel, the  
10 tax imposed by this Act applies to (i) 80% 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 and  
13 (ii) 100% of the proceeds of the selling price thereafter. If,  
14 at any time, however, the tax under this Act on sales of  
15 biodiesel blends, as defined in the Use Tax Act, with no less  
16 than 1% and no more than 10% biodiesel is imposed at the rate  
17 of 1.25%, then the tax imposed by this Act applies to 100% of  
18 the proceeds of sales of biodiesel blends with no less than 1%  
19 and no more than 10% biodiesel made during that time.

20 With respect to 100% biodiesel, as defined in the Use Tax  
21 Act, and biodiesel blends, as defined in the Use Tax Act, with  
22 more than 10% but no more than 99% biodiesel material, the tax  
23 imposed by this Act does not apply to the proceeds of the  
24 selling price of property transferred as an incident to the  
25 sale of service on or after July 1, 2003 and on or before  
26 December 31, 2023 but applies to 100% of the selling price

1 thereafter.

2 At the election of any registered serviceman made for each  
3 fiscal year, sales of service in which the aggregate annual  
4 cost price of tangible personal property transferred as an  
5 incident to the sales of service is less than 35%, or 75% in  
6 the case of servicemen transferring prescription drugs or  
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8 annual total gross receipts from all sales of service, the tax  
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10 price of the tangible personal property transferred incident to  
11 the sale of those services.

12 The tax shall be imposed at the rate of 1% on food prepared  
13 for immediate consumption and transferred incident to a sale of  
14 service subject to this Act or the Service Occupation Tax Act  
15 by an entity licensed under the Hospital Licensing Act, the  
16 Nursing Home Care Act, the ID/DD Community Care Act, the MC/DD  
17 Act, the Specialized Mental Health Rehabilitation Act of 2013,  
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19 the rate of 1% on food for human consumption that is to be  
20 consumed off the premises where it is sold (other than  
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25 classified as Class III medical devices by the United States  
26 Food and Drug Administration that are used for cancer treatment



1 pursuant to a prescription, as well as any accessories and  
2 components related to those devices, modifications to a motor  
3 vehicle for the purpose of rendering it usable by a person with  
4 a disability, diapers, baby wipes, and insulin, urine testing  
5 materials, syringes, and needles used by diabetics, for human  
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7 the term "soft drinks" means any complete, finished,  
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9 including but not limited to soda water, cola, fruit juice,  
10 vegetable juice, carbonated water, and all other preparations  
11 commonly known as soft drinks of whatever kind or description  
12 that are contained in any closed or sealed can, carton, or  
13 container, regardless of size; but "soft drinks" does not  
14 include coffee, tea, non-carbonated water, infant formula,  
15 milk or milk products as defined in the Grade A Pasteurized  
16 Milk and Milk Products Act, or drinks containing 50% or more  
17 natural fruit or vegetable juice.

18 Notwithstanding any other provisions of this Act,  
19 beginning September 1, 2009, "soft drinks" means non-alcoholic  
20 beverages that contain natural or artificial sweeteners. "Soft  
21 drinks" do not include beverages that contain milk or milk  
22 products, soy, rice or similar milk substitutes, or greater  
23 than 50% of vegetable or fruit juice by volume.

24 Until August 1, 2009, and notwithstanding any other  
25 provisions of this Act, "food for human consumption that is to  
26 be consumed off the premises where it is sold" includes all

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

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

19 Notwithstanding any other provisions of this Act,  
20 beginning September 1, 2009, "nonprescription medicines and  
21 drugs" does not include grooming and hygiene products. For  
22 purposes of this Section, "grooming and hygiene products"  
23 includes, but is not limited to, soaps and cleaning solutions,  
24 shampoo, toothpaste, mouthwash, antiperspirants, and sun tan  
25 lotions and screens, unless those products are available by  
26 prescription only, regardless of whether the products meet the

1 definition of "over-the-counter-drugs". For the purposes of  
2 this paragraph, "over-the-counter-drug" means a drug for human  
3 use that contains a label that identifies the product as a drug  
4 as required by 21 C.F.R. § 201.66. The "over-the-counter-drug"  
5 label includes:

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

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

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

15 (Source: P.A. 99-143, eff. 7-27-15; 99-180, eff. 7-29-15;  
16 99-642, eff. 7-28-16; 99-858, eff. 8-19-16; 100-22, eff.  
17 7-6-17.)

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

20 (35 ILCS 120/2-10)

21 Sec. 2-10. 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 gross receipts from sales of tangible personal property made in  
24 the course of business.

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

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

8           Within 14 days after the effective date of this amendatory  
9 Act of the 91st General Assembly, each retailer of motor fuel  
10 and gasohol shall cause the following notice to be posted in a  
11 prominently visible place on each retail dispensing device that  
12 is used to dispense motor fuel or gasohol in the State of  
13 Illinois: "As of July 1, 2000, the State of Illinois has  
14 eliminated the State's share of sales tax on motor fuel and  
15 gasohol through December 31, 2000. The price on this pump  
16 should reflect the elimination of the tax." The notice shall be  
17 printed in bold print on a sign that is no smaller than 4  
18 inches by 8 inches. The sign shall be clearly visible to  
19 customers. Any retailer who fails to post or maintain a  
20 required sign through December 31, 2000 is guilty of a petty  
21 offense for which the fine shall be \$500 per day per each  
22 retail premises where a violation 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 1, 2003 and on or before July 1, 2017, and (iii) 100% of the  
2 proceeds of sales made thereafter. If, at any time, however,  
3 the tax under this Act on sales of gasohol, as defined in the  
4 Use Tax Act, is imposed at the rate of 1.25%, then the tax  
5 imposed by this Act applies to 100% of the proceeds of sales of  
6 gasohol made during that time.

7 With respect to majority blended ethanol fuel, as defined  
8 in the Use Tax Act, the tax imposed by this Act does not apply  
9 to the proceeds of sales made on or after July 1, 2003 and on or  
10 before December 31, 2023 but applies to 100% of the proceeds of  
11 sales made thereafter.

12 With respect to biodiesel blends, as defined in the Use Tax  
13 Act, with no less than 1% and no more than 10% biodiesel, the  
14 tax imposed by this Act applies to (i) 80% of the proceeds of  
15 sales made on or after July 1, 2003 and on or before December  
16 31, 2018 and (ii) 100% of the proceeds of sales made  
17 thereafter. If, at any time, however, the tax under this Act on  
18 sales of biodiesel blends, as defined in the Use Tax Act, with  
19 no less than 1% and no more than 10% biodiesel is imposed at  
20 the rate of 1.25%, then the tax imposed by this Act applies to  
21 100% of the proceeds of sales of biodiesel blends with no less  
22 than 1% and no more than 10% biodiesel made during that time.

23 With respect to 100% biodiesel, as defined in the Use Tax  
24 Act, and biodiesel blends, as defined in the Use Tax Act, with  
25 more than 10% but no more than 99% biodiesel, the tax imposed  
26 by this Act does not apply to the proceeds of sales made on or

1 after July 1, 2003 and on or before December 31, 2023 but  
2 applies to 100% of the proceeds of sales made thereafter.

3 With respect to food for human consumption that is to be  
4 consumed off the premises where it is sold (other than  
5 alcoholic beverages, soft drinks, and food that has been  
6 prepared for immediate consumption) and prescription and  
7 nonprescription medicines, drugs, medical appliances, products  
8 classified as Class III medical devices by the United States  
9 Food and Drug Administration that are used for cancer treatment  
10 pursuant to a prescription, as well as any accessories and  
11 components related to those devices, modifications to a motor  
12 vehicle for the purpose of rendering it usable by a person with  
13 a disability, diapers, baby wipes, and insulin, urine testing  
14 materials, syringes, and needles used by diabetics, for human  
15 use, the tax is imposed at the rate of 1%. For the purposes of  
16 this Section, until September 1, 2009: 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 bottle, can, carton, or container, regardless  
23 of size; but "soft drinks" does not include coffee, tea,  
24 non-carbonated water, infant formula, milk or milk products as  
25 defined in the Grade A Pasteurized Milk and Milk Products Act,  
26 or drinks containing 50% or more natural fruit or vegetable

1 juice.

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

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

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

1 pieces. "Candy" does not include any preparation that contains  
2 flour or requires refrigeration.

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

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

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

20 Beginning on the effective date of this amendatory Act of  
21 the 98th General Assembly, "prescription and nonprescription  
22 medicines and drugs" includes medical cannabis purchased from a  
23 registered dispensing organization under the Compassionate Use  
24 of Medical Cannabis Pilot Program Act.

25 (Source: P.A. 99-143, eff. 7-27-15; 99-858, eff. 8-19-16;  
26 100-22, eff. 7-6-17.)