



102ND GENERAL ASSEMBLY

State of Illinois

2021 and 2022

HB0229

Introduced 1/29/2021, by Rep. Charles Meier - Sonya M. Harper
- Daniel Swanson

SYNOPSIS AS INTRODUCED:

New Act

35 ILCS 105/3-10

35 ILCS 110/3-10

35 ILCS 115/3-10

35 ILCS 120/2-10

from Ch. 120, par. 439.33-10

from Ch. 120, par. 439.103-10

Creates the Illinois Renewable Fuel Standards Act. Provides that diesel fuel must contain at least a stated percentage of biodiesel fuel oil by volume on and after a specified date. Amends the Use Tax Act, the Service Use Tax Act, the Service Occupation Tax Act, and the Retailers' Occupation Tax Act. Makes changes concerning incentives for biodiesel to provide that the current exemptions for 100% biodiesel and biodiesel blends with more than 10% but no more than 99% biodiesel sunset on December 31, 2021. Provides that, with respect to 100% biodiesel and biodiesel blends with more than 20% but no more than 99% biodiesel, the taxes do not apply to proceeds of sales made on or after January 1, 2022 and on or before June 30, 2024 but apply 100% of the proceeds of sales made thereafter. Effective immediately, except that provisions creating the Illinois Renewable Fuel Standards Act take effect on July 1, 2021.

LRB102 10358 HLH 15685 b

1 AN ACT concerning biodiesel.

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

4 ARTICLE 5. ILLINOIS RENEWABLE FUEL STANDARDS ACT

5 Section 5-1. Short title. This Act may be cited as the
6 Illinois Renewable Fuel Standards Act. References in this
7 Article to "this Act" mean this Article.

8 Section 5-5. Definitions.

9 "Biodiesel" means a renewable diesel fuel derived from
10 biomass that is intended for use in diesel engines.

11 "Biodiesel blend" means a blend of biodiesel with
12 petroleum-based diesel fuel in which the resultant product
13 contains no less than 1% and no more than 99% biodiesel.

14 "Department" means the Department of Agriculture.

15 "Director" means the Director of Agriculture.

16 Section 5-10. Minimum content.

17 (a) Except as otherwise provided in this Section, all
18 diesel fuel sold or offered for sale in Illinois for use in
19 internal combustion engines must contain at least the stated
20 percentage of biodiesel fuel oil by volume on and after the
21 following dates:

1 (1) on and after July 1, 2021 and prior to July 1,
2 2024: 5%; and

3 (2) on and after July 1, 2024: 20%.

4 (b) The minimum content levels in paragraph (2) of
5 subsection (a) become effective on the date specified only if
6 the Director adopts administrative rules at least 270 days
7 prior to the date of the scheduled increase, that all of the
8 following conditions have been met, and the State is prepared
9 to move to the scheduled minimum content level:

10 (1) an American Society for Testing and Materials
11 specification or equivalent federal standard exists for
12 the next minimum diesel-biodiesel blend;

13 (2) a sufficient supply of biodiesel is available, and
14 the amount of biodiesel produced in this State from
15 feedstock with at least 75% that is produced in the United
16 States is equal to at least 50% of anticipated demand at
17 the next minimum content level; and

18 (3) adequate blending infrastructure and regulatory
19 protocol are in place in order to promote biodiesel
20 quality and avoid any potential economic disruption.

21 (c) During a period of biodiesel fuel shortage or a
22 problem with biodiesel quality that negatively affects the
23 availability of biodiesel fuel, the Director may temporarily
24 suspend the minimum content requirement in subsection (a)
25 until there is sufficient biodiesel fuel available to fulfill
26 the minimum content requirement.

1 (d) The Department shall adopt rules regarding the
2 regulation of the fuel standards contained in this Section.
3 The Department shall also adopt rules that will provide for
4 sufficient resources to assist and direct retailers and
5 consumers in complying with the standards contained in this
6 Section. In adopting these rules, the Department shall seek
7 input from all interested parties, including, but not limited
8 to, statewide trade associations.

9 Section 5-15. Exempt equipment.

10 (a) The minimum content requirements of Section 5-10 do
11 not apply to fuel used in the following equipment:

12 (1) motors located at an electric generating plant
13 regulated by the Nuclear Regulatory Commission;

14 (2) railroad locomotives;

15 (3) vessels of the United States Coast Guard and
16 vessels subject to inspection under United States Code,
17 Title 46, Section 3301, subsection (1), (9), (10), (13),
18 or (15); and

19 (4) generators tested and validated by an entity that
20 designs and manufactures the generators for use in
21 jurisdictions where biodiesel use is not required.

22 (b) Except as provided in Section 5-20, the minimum
23 content requirement of Section 5-10 shall apply to all diesel
24 sold in the State of Illinois with no exemptions for equipment
25 type or usage.

1 Section 5-20. Number 1 diesel fuel exempt. The minimum
2 content requirements of Section 5-10 do not apply to Number 1
3 diesel fuel.

4 Section 5-25. Disclosure.

5 (a) A refinery or terminal shall provide, at the time
6 diesel fuel is sold or transferred from the refinery or
7 terminal, a bill of lading or shipping manifest to the person
8 who receives the fuel. For biodiesel-blended products, the
9 bill of lading or shipping manifest must disclose biodiesel
10 content, stating volume percentage, gallons of biodiesel per
11 gallons of petroleum diesel base-stock, or an ASTM "Bxx"
12 designation where "xx" denotes the volume percent biodiesel
13 included in the blended product. This subsection does not
14 apply to sales or transfers of biodiesel blend stock between
15 refineries, between terminals, or between a refinery and a
16 terminal.

17 (b) A delivery ticket required under this Section for a
18 biodiesel blend must state the volume percentage of biodiesel
19 blended into the diesel fuel delivered through a meter into a
20 storage tank used for dispensing into motor vehicles powered
21 by an internal combustion engine and not exempt under Section
22 5-15.

23 Section 5-30. Annual report. Beginning in 2026, the

1 Director must report by January 15 of each year to the General
2 Assembly and to the chairs and minority spokespersons of the
3 committees of the House of Representatives and the Senate with
4 jurisdiction over agriculture policy regarding the
5 implementation of the minimum content requirements in Section
6 5-10, including information about the price and supply of
7 biodiesel fuel. The report shall include information about the
8 impacts of the biodiesel mandate on the development of
9 biodiesel production capacity in the State, and on the use of
10 feedstock grown or raised in the State for biodiesel
11 production.

12 ARTICLE 10. USE AND OCCUPATION TAX; BIODIESEL

13 Section 10-5. The Use Tax Act is amended by changing
14 Section 3-10 as follows:

15 (35 ILCS 105/3-10)

16 Sec. 3-10. Rate of tax. Unless otherwise provided in this
17 Section, the tax imposed by this Act is at the rate of 6.25% of
18 either the selling price or the fair market value, if any, of
19 the tangible personal property. In all cases where property
20 functionally used or consumed is the same as the property that
21 was purchased at retail, then the tax is imposed on the selling
22 price of the property. In all cases where property
23 functionally used or consumed is a by-product or waste product

1 that has been refined, manufactured, or produced from property
2 purchased at retail, then the tax is imposed on the lower of
3 the fair market value, if any, of the specific property so used
4 in this State or on the selling price of the property purchased
5 at retail. For purposes of this Section "fair market value"
6 means the price at which property would change hands between a
7 willing buyer and a willing seller, neither being under any
8 compulsion to buy or sell and both having reasonable knowledge
9 of the relevant facts. The fair market value shall be
10 established by Illinois sales by the taxpayer of the same
11 property as that functionally used or consumed, or if there
12 are no such sales by the taxpayer, then comparable sales or
13 purchases of property of like kind and character in Illinois.

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

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

21 With respect to gasohol, the tax imposed by this Act
22 applies to (i) 70% of the proceeds of sales made on or after
23 January 1, 1990, and before July 1, 2003, (ii) 80% of the
24 proceeds of sales made on or after July 1, 2003 and on or
25 before July 1, 2017, and (iii) 100% of the proceeds of sales
26 made thereafter. If, at any time, however, the tax under this

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

4 With respect to majority blended ethanol fuel, the tax
5 imposed by this Act does not apply to the proceeds of sales
6 made on or after July 1, 2003 and on or before December 31,
7 2023 but applies to 100% of the proceeds of sales made
8 thereafter.

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

19 With respect to 100% biodiesel and biodiesel blends with
20 more than 10% but no more than 99% biodiesel, the tax imposed
21 by this Act does not apply to the proceeds of sales made on or
22 after July 1, 2003 and on or before December 31, 2021 ~~December~~
23 ~~31, 2023~~ but applies to 100% of the proceeds of sales made
24 thereafter. With respect to 100% biodiesel and biodiesel
25 blends with more than 20% but no more than 99% biodiesel, the
26 tax imposed by this Act does not apply to proceeds of sales

1 made on or after January 1, 2022 and on or before June 30, 2024
2 but applies 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, food consisting of or infused with adult
6 use cannabis, soft drinks, and food that has been prepared for
7 immediate consumption) and prescription and nonprescription
8 medicines, drugs, medical appliances, products classified as
9 Class III medical devices by the United States Food and Drug
10 Administration that are used for cancer treatment pursuant to
11 a prescription, as well as any accessories and components
12 related to those devices, modifications to a motor vehicle for
13 the purpose of rendering it usable by a person with a
14 disability, and insulin, urine testing materials, syringes,
15 and needles used by diabetics, for human use, the tax is
16 imposed at the rate of 1%. For the purposes of this Section,
17 until September 1, 2009: the term "soft drinks" means any
18 complete, finished, ready-to-use, non-alcoholic drink, whether
19 carbonated or not, including but not limited to soda water,
20 cola, fruit juice, vegetable juice, carbonated water, and all
21 other preparations commonly known as soft drinks of whatever
22 kind or description that are contained in any closed or sealed
23 bottle, can, carton, or container, regardless of size; but
24 "soft drinks" does not include coffee, tea, non-carbonated
25 water, infant formula, milk or milk products as defined in the
26 Grade A Pasteurized Milk and Milk Products Act, or drinks

1 containing 50% or more natural fruit or vegetable 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
26 other 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
23 a registered dispensing organization under the Compassionate
24 Use of Medical Cannabis Program Act.

25 As used in this Section, "adult use cannabis" means
26 cannabis subject to tax under the Cannabis Cultivation

1 Privilege Tax Law and the Cannabis Purchaser Excise Tax Law
2 and does not include cannabis subject to tax under the
3 Compassionate Use of Medical Cannabis Program Act.

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

11 (Source: P.A. 100-22, eff. 7-6-17; 101-363, eff. 8-9-19;
12 101-593, eff. 12-4-19.)

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

15 (35 ILCS 110/3-10) (from Ch. 120, par. 439.33-10)

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

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

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

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

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

5 With respect to 100% biodiesel, as defined in the Use Tax
6 Act, and biodiesel blends, as defined in the Use Tax Act, with
7 more than 10% but no more than 99% biodiesel, the tax imposed
8 by this Act does not apply to the proceeds of the selling price
9 of property transferred as an incident to the sale of service
10 on or after July 1, 2003 and on or before December 31, 2021
11 ~~December 31, 2023~~ but applies to 100% of the selling price
12 thereafter. With respect to 100% biodiesel, as defined in the
13 Use Tax Act, and biodiesel blends, as defined in the Use Tax
14 Act, with more than 20% but no more than 99% biodiesel, the tax
15 imposed by this Act does not apply to proceeds of sales made on
16 or after January 1, 2022 and on or before June 30, 2024 but
17 applies 100% of the proceeds of sales made 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
24 aggregate annual total gross receipts from all sales of
25 service, the tax imposed by this Act shall be based on the
26 serviceman's cost price of the tangible personal property

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

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

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

11 If the property that is acquired from a serviceman is
12 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
17 out-of-state use.

18 (Source: P.A. 100-22, eff. 7-6-17; 101-363, eff. 8-9-19;
19 101-593, eff. 12-4-19.)

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

22 (35 ILCS 115/3-10) (from Ch. 120, par. 439.103-10)

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

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 of
20 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, the
22 tax imposed by this Act shall apply to (i) 70% of the cost
23 price of property transferred as an incident to the sale of
24 service on or after January 1, 1990, and before July 1, 2003,
25 (ii) 80% of the selling price of property transferred as an
26 incident to the sale of service on or after July 1, 2003 and on

1 or before July 1, 2017, and (iii) 100% of the cost price
2 thereafter. If, at any time, however, the tax under this Act on
3 sales of gasohol, as defined in the Use Tax Act, is imposed at
4 the rate of 1.25%, then the tax imposed by this Act applies to
5 100% of the proceeds of sales of gasohol made during that time.

6 With respect to majority blended ethanol fuel, as defined
7 in the Use Tax Act, the tax imposed by this Act does not apply
8 to 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, 2023 but applies to 100% of the selling price
11 thereafter.

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

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

1 imposed by this Act does not apply to the proceeds of the
2 selling price of property transferred as an incident to the
3 sale of service on or after July 1, 2003 and on or before
4 December 31, 2021 ~~December 31, 2023~~ but applies to 100% of the
5 selling price thereafter. With respect to 100% biodiesel, as
6 defined in the Use Tax Act, and biodiesel blends, as defined in
7 the Use Tax Act, with more than 20% but no more than 99%
8 biodiesel, the tax imposed by this Act does not apply to
9 proceeds of sales made on or after January 1, 2022 and on or
10 before June 30, 2024 but applies 100% of the proceeds of sales
11 made thereafter.

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

22 The tax shall be imposed at the rate of 1% on food prepared
23 for immediate consumption and transferred incident to a sale
24 of service subject to this Act or the Service Occupation Tax
25 Act by an entity licensed under the Hospital Licensing Act,
26 the Nursing Home Care Act, the ID/DD Community Care Act, the

1 MC/DD Act, the Specialized Mental Health Rehabilitation Act of
2 2013, or the Child Care Act of 1969. The tax shall also be
3 imposed at the rate of 1% on food for human consumption that is
4 to be consumed off the premises where it is sold (other than
5 alcoholic beverages, food consisting of or infused with adult
6 use cannabis, soft drinks, and food that has been prepared for
7 immediate consumption and is not otherwise included in this
8 paragraph) and prescription and nonprescription medicines,
9 drugs, medical appliances, products classified as Class III
10 medical devices by the United States Food and Drug
11 Administration that are used for cancer treatment pursuant to
12 a prescription, as well as any accessories and components
13 related to those devices, modifications to a motor vehicle for
14 the purpose of rendering it usable by a person with a
15 disability, and insulin, urine testing materials, syringes,
16 and needles used by diabetics, for human use. For the purposes
17 of this Section, until September 1, 2009: the term "soft
18 drinks" means any complete, finished, ready-to-use,
19 non-alcoholic drink, whether carbonated or not, including but
20 not limited to soda water, cola, fruit juice, vegetable juice,
21 carbonated water, and all other preparations commonly known as
22 soft drinks of whatever kind or description that are contained
23 in any closed or sealed can, carton, or container, regardless
24 of size; but "soft drinks" does not include coffee, tea,
25 non-carbonated water, infant formula, milk or milk products as
26 defined in the Grade A Pasteurized Milk and Milk Products Act,

1 or drinks containing 50% or more natural fruit or vegetable
2 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

1 other 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 Program Act.

26 As used in this Section, "adult use cannabis" means

1 cannabis subject to tax under the Cannabis Cultivation
2 Privilege Tax Law and the Cannabis Purchaser Excise Tax Law
3 and does not include cannabis subject to tax under the
4 Compassionate Use of Medical Cannabis Program Act.

5 (Source: P.A. 100-22, eff. 7-6-17; 101-363, eff. 8-9-19;
6 101-593, eff. 12-4-19.)

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

9 (35 ILCS 120/2-10)

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

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

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

21 Within 14 days after the effective date of this amendatory
22 Act of the 91st General Assembly, each retailer of motor fuel
23 and gasohol shall cause the following notice to be posted in a
24 prominently visible place on each retail dispensing device

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

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

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

1 With respect to biodiesel blends, as defined in the Use
2 Tax Act, with no less than 1% and no more than 10% biodiesel,
3 the tax imposed by this Act applies to (i) 80% of the proceeds
4 of sales made on or after July 1, 2003 and on or before
5 December 31, 2018 and (ii) 100% of the proceeds of sales made
6 thereafter. If, at any time, however, the tax under this Act on
7 sales of biodiesel blends, as defined in the Use Tax Act, with
8 no less than 1% and no more than 10% biodiesel is imposed at
9 the rate of 1.25%, then the tax imposed by this Act applies to
10 100% of the proceeds of sales of biodiesel blends with no less
11 than 1% 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 sales made on or
16 after July 1, 2003 and on or before December 31, 2021 ~~December~~
17 ~~31, 2023~~ but applies to 100% of the proceeds of sales made
18 thereafter. With respect to 100% biodiesel, as defined in the
19 Use Tax Act, and biodiesel blends, as defined in the Use Tax
20 Act, with more than 20% but no more than 99% biodiesel, the tax
21 imposed by this Act does not apply to proceeds of sales made on
22 or after January 1, 2022 and on or before June 30, 2024 but
23 applies 100% of the proceeds of sales made thereafter.

24 With respect to 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, and food that has been prepared for
2 immediate consumption) and prescription and nonprescription
3 medicines, drugs, medical appliances, products classified as
4 Class III medical devices by the United States Food and Drug
5 Administration that are used for cancer treatment pursuant to
6 a prescription, as well as any accessories and components
7 related to those devices, modifications to a motor vehicle for
8 the purpose of rendering it usable by a person with a
9 disability, and insulin, urine testing materials, syringes,
10 and needles used by diabetics, for human use, the tax is
11 imposed at the rate of 1%. For the purposes of this Section,
12 until September 1, 2009: the term "soft drinks" means any
13 complete, finished, ready-to-use, non-alcoholic drink, whether
14 carbonated or not, including but not limited to soda water,
15 cola, fruit juice, vegetable juice, carbonated water, and all
16 other preparations commonly known as soft drinks of whatever
17 kind or description that are contained in any closed or sealed
18 bottle, can, carton, or container, regardless of size; but
19 "soft drinks" does not include coffee, tea, non-carbonated
20 water, infant formula, milk or milk products as defined in the
21 Grade A Pasteurized Milk and Milk Products Act, or drinks
22 containing 50% or more natural fruit or vegetable juice.

23 Notwithstanding any other provisions of this Act,
24 beginning September 1, 2009, "soft drinks" means non-alcoholic
25 beverages that contain natural or artificial sweeteners. "Soft
26 drinks" do not include beverages that contain milk or milk

1 products, soy, rice or similar milk substitutes, or greater
2 than 50% of vegetable or fruit juice by volume.

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

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

24 Notwithstanding any other provisions of this Act,
25 beginning September 1, 2009, "nonprescription medicines and
26 drugs" does not include grooming and hygiene products. For

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

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

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

15 Beginning on the effective date of this amendatory Act of
16 the 98th General Assembly, "prescription and nonprescription
17 medicines and drugs" includes medical cannabis purchased from
18 a registered dispensing organization under the Compassionate
19 Use of Medical Cannabis Program Act.

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

25 (Source: P.A. 100-22, eff. 7-6-17; 101-363, eff. 8-9-19;
26 101-593, eff. 12-4-19.)

1

ARTICLE 99. EFFECTIVE DATE

2

Section 99-99. Effective date. Article 5 of this Act takes

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effect July 1, 2021. This Article and Article 10 of this Act

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take effect upon becoming law.