



102ND GENERAL ASSEMBLY

State of Illinois

2021 and 2022

SB3596

Introduced 1/19/2022, by Sen. Patrick J. Joyce

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 incentive for 100% biodiesel and biodiesel blends with more than 10% but no more than 99% biodiesel applies through June 30, 2024 (currently, December 31, 2023). Provides that, with respect to 100% biodiesel and biodiesel blends with more than 19% but no more than 99% biodiesel, the tax does not apply to proceeds of sales made on or after July 1, 2024. Effective immediately, except that provisions creating the Illinois Renewable Fuel Standards Act take effect on July 1, 2022.

LRB102 23331 HLH 32497 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.

7 Section 5-5. Definitions.

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

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

13 "Department" means the Department of Agriculture.

14 "Director" means the Director of Agriculture.

15 Section 5-10. Minimum content.

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

21 (1) on and after July 1, 2021 and prior to July 1,

1 2024: 5%; and

2 (2) on and after July 1, 2024: 10%.

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

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

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

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

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

26 (d) The Department shall adopt rules regarding the

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

8 Section 5-15. Exempt equipment.

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

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

13 (2) railroad locomotives;

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

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

21 (b) Except as provided in Section 5-20, the minimum
22 content requirement of Section 5-10 shall apply to all diesel
23 sold in the State of Illinois with no exemptions for equipment
24 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
24 Director must report by January 15 of each year to the General

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

11 ARTICLE 10. USE AND OCCUPATION TAX; BIODIESEL

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

14 (35 ILCS 105/3-10)

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

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

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

20 With respect to gasohol, the tax imposed by this Act
21 applies to (i) 70% of the proceeds of sales made on or after
22 January 1, 1990, and before July 1, 2003, (ii) 80% of the
23 proceeds of sales made on or after July 1, 2003 and on or
24 before July 1, 2017, and (iii) 100% of the proceeds of sales
25 made thereafter. If, at any time, however, the tax under this
26 Act on sales of gasohol is imposed at the rate of 1.25%, then

1 the tax imposed by this Act applies to 100% of the proceeds of
2 sales of gasohol made during that time.

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

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

18 With respect to 100% biodiesel and biodiesel blends with
19 more than 10% but no more than 99% biodiesel, the tax imposed
20 by this Act does not apply to the proceeds of sales made on or
21 after July 1, 2003 and on or before June 30, 2024 ~~December 31,~~
22 ~~2023~~ but applies to 100% of the proceeds of sales made
23 thereafter. With respect to 100% biodiesel and biodiesel
24 blends with more than 19% but no more than 99% biodiesel, the
25 tax imposed by this Act does not apply to proceeds of sales
26 made on or after July 1, 2024.

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

26 Notwithstanding any other provisions of this Act,

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

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

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

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

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

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

23 As used in this Section, "adult use cannabis" means
24 cannabis subject to tax under the Cannabis Cultivation
25 Privilege Tax Law and the Cannabis Purchaser Excise Tax Law
26 and does not include cannabis subject to tax under the

1 Compassionate Use of Medical Cannabis Program Act.

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

9 (Source: P.A. 101-363, eff. 8-9-19; 101-593, eff. 12-4-19;
10 102-4, eff. 4-27-21.)

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

13 (35 ILCS 110/3-10) (from Ch. 120, par. 439.33-10)

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

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

24 With respect to gasohol, as defined in the Use Tax Act, the

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

11 With respect to majority blended ethanol fuel, as defined
12 in the Use Tax Act, the tax imposed by this Act does not apply
13 to 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 December 31, 2023 but applies to 100% of the selling price
16 thereafter.

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

3 With respect to 100% biodiesel, as defined in the Use Tax
4 Act, and biodiesel blends, as defined in the Use Tax Act, with
5 more than 10% but no more than 99% biodiesel, the tax imposed
6 by this Act does not apply to the proceeds of the selling price
7 of property transferred as an incident to the sale of service
8 on or after July 1, 2003 and on or before June 30, 2024
9 ~~December 31, 2023~~ but applies to 100% of the selling price
10 thereafter. With respect to 100% biodiesel, as defined in the
11 Use Tax Act, and biodiesel blends, as defined in the Use Tax
12 Act, with more than 19% but no more than 99% biodiesel, the tax
13 imposed by this Act does not apply to proceeds of sales made on
14 or after July 1, 2024.

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

25 The tax shall be imposed at the rate of 1% on food prepared
26 for immediate consumption and transferred incident to a sale

1 of service subject to this Act or the Service Occupation Tax
2 Act by an entity licensed under the Hospital Licensing Act,
3 the Nursing Home Care Act, the Assisted Living and Shared
4 Housing Act, the ID/DD Community Care Act, the MC/DD Act, the
5 Specialized Mental Health Rehabilitation Act of 2013, or the
6 Child Care Act of 1969, or an entity that holds a permit issued
7 pursuant to the Life Care Facilities Act. The tax shall also be
8 imposed at the rate of 1% on food for human consumption that is
9 to be consumed off the premises where it is sold (other than
10 alcoholic beverages, food consisting of or infused with adult
11 use cannabis, soft drinks, and food that has been prepared for
12 immediate consumption and is not otherwise included in this
13 paragraph) and prescription and nonprescription medicines,
14 drugs, medical appliances, products classified as Class III
15 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. For the
22 purposes of this Section, until September 1, 2009: the term
23 "soft drinks" means any complete, finished, ready-to-use,
24 non-alcoholic drink, whether carbonated or not, including but
25 not limited to soda water, cola, fruit juice, vegetable juice,
26 carbonated water, and all other preparations commonly known as

1 soft drinks of whatever kind or description that are contained
2 in any closed or sealed bottle, can, carton, or container,
3 regardless of size; but "soft drinks" does not include coffee,
4 tea, non-carbonated water, infant formula, milk or milk
5 products as defined in the Grade A Pasteurized Milk and Milk
6 Products Act, or drinks containing 50% or more natural fruit
7 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" do 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 C.F.R. § 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 If the property that is acquired from a serviceman is
11 acquired outside Illinois and used outside Illinois before
12 being brought to Illinois for use here and is taxable under
13 this Act, the "selling price" on which the tax is computed
14 shall be reduced by an amount that represents a reasonable
15 allowance for depreciation for the period of prior
16 out-of-state use.

17 (Source: P.A. 101-363, eff. 8-9-19; 101-593, eff. 12-4-19;
18 102-4, eff. 4-27-21; 102-16, eff. 6-17-21.)

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

21 (35 ILCS 115/3-10) (from Ch. 120, par. 439.103-10)

22 Sec. 3-10. Rate of tax. Unless otherwise provided in this
23 Section, the tax imposed by this Act is at the rate of 6.25% of
24 the "selling price", as defined in Section 2 of the Service Use

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

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

20 With respect to gasohol, as defined in the Use Tax Act, the
21 tax imposed by this Act shall apply to (i) 70% of the cost
22 price of property transferred as an incident to the sale of
23 service on or after January 1, 1990, and before July 1, 2003,
24 (ii) 80% of the selling price of property transferred as an
25 incident to the sale of service on or after July 1, 2003 and on
26 or before July 1, 2017, and (iii) 100% of the cost price

1 thereafter. If, at any time, however, the tax under this Act on
2 sales of gasohol, as defined in the Use Tax Act, is imposed at
3 the rate of 1.25%, then the tax imposed by this Act applies to
4 100% of the proceeds of sales of gasohol made during that time.

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

11 With respect to biodiesel blends, as defined in the Use
12 Tax Act, with no less than 1% and no more than 10% biodiesel,
13 the tax imposed by this Act applies to (i) 80% of the selling
14 price of property transferred as an incident to the sale of
15 service on or after July 1, 2003 and on or before December 31,
16 2018 and (ii) 100% of the proceeds of the selling price
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 material, the tax
26 imposed by this Act does not apply to the proceeds of the

1 selling price of property transferred as an incident to the
2 sale of service on or after July 1, 2003 and on or before June
3 30, 2024 ~~December 31, 2023~~ but applies to 100% of the selling
4 price thereafter. With respect to 100% biodiesel, as defined
5 in the Use Tax Act, and biodiesel blends, as defined in the Use
6 Tax Act, with more than 19% but no more than 99% biodiesel, the
7 tax imposed by this Act does not apply to proceeds of sales
8 made on or after July 1, 2024.

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

19 The tax shall be imposed at the rate of 1% on food prepared
20 for immediate consumption and transferred incident to a sale
21 of service subject to this Act or the Service Occupation Tax
22 Act by an entity licensed under the Hospital Licensing Act,
23 the Nursing Home Care Act, the Assisted Living and Shared
24 Housing Act, the ID/DD Community Care Act, the MC/DD Act, the
25 Specialized Mental Health Rehabilitation Act of 2013, or the
26 Child Care Act of 1969, or an entity that holds a permit issued

1 pursuant to the Life Care Facilities Act. The tax shall also be
2 imposed at the rate of 1% on food for human consumption that is
3 to be consumed off the premises where it is sold (other than
4 alcoholic beverages, food consisting of or infused with adult
5 use cannabis, soft drinks, and food that has been prepared for
6 immediate consumption and is not otherwise included in this
7 paragraph) and prescription and nonprescription medicines,
8 drugs, medical appliances, products classified as Class III
9 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, blood sugar testing materials,
15 syringes, and needles used by human diabetics. For the
16 purposes of this Section, until September 1, 2009: the term
17 "soft drinks" means any complete, finished, ready-to-use,
18 non-alcoholic drink, whether carbonated or not, including but
19 not limited to soda water, cola, fruit juice, vegetable juice,
20 carbonated water, and all other preparations commonly known as
21 soft drinks of whatever kind or description that are contained
22 in any closed or sealed 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
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 January 1, 2014 (the effective date of Public
21 Act 98-122), "prescription and nonprescription medicines and
22 drugs" includes medical cannabis purchased from a registered
23 dispensing organization under the Compassionate Use of Medical
24 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 (Source: P.A. 101-363, eff. 8-9-19; 101-593, eff. 12-4-19;
5 102-4, eff. 4-27-21; 102-16, eff. 6-17-21.)

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

8 (35 ILCS 120/2-10)

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

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

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

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

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

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

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

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

11 With respect to 100% biodiesel, as defined in the Use Tax
12 Act, and biodiesel blends, as defined in the Use Tax Act, with
13 more than 10% but no more than 99% biodiesel, the tax imposed
14 by this Act does not apply to the proceeds of sales made on or
15 after July 1, 2003 and on or before June 30, 2024 ~~December 31,~~
16 ~~2023~~ but applies to 100% of the proceeds of sales made
17 thereafter. With respect to 100% biodiesel, as defined in the
18 Use Tax Act, and biodiesel blends, as defined in the Use Tax
19 Act, with more than 19% but no more than 99% biodiesel, the tax
20 imposed by this Act does not apply to proceeds of sales made on
21 or after July 1, 2024.

22 With respect to food for human consumption that is to be
23 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) and prescription and nonprescription

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

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

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

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

22 Notwithstanding any other provisions of this Act,
23 beginning September 1, 2009, "nonprescription medicines and
24 drugs" does not include grooming and hygiene products. For
25 purposes of this Section, "grooming and hygiene products"
26 includes, but is not limited to, soaps and cleaning solutions,

1 shampoo, toothpaste, mouthwash, antiperspirants, and sun tan
2 lotions and screens, unless those products are available by
3 prescription only, regardless of whether the products meet the
4 definition of "over-the-counter-drugs". For the purposes of
5 this paragraph, "over-the-counter-drug" means a drug for human
6 use that contains a label that identifies the product as a drug
7 as required by 21 C.F.R. § 201.66. The "over-the-counter-drug"
8 label includes:

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

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

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

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

23 (Source: P.A. 101-363, eff. 8-9-19; 101-593, eff. 12-4-19;
24 102-4, eff. 4-27-21.)

1 Section 99-99. Effective date. Article 5 of this Act takes
2 effect July 1, 2022. This Article and Article 10 of this Act
3 take effect upon becoming law.