

# HB5583



## 103RD GENERAL ASSEMBLY

State of Illinois

2023 and 2024

HB5583

Introduced 2/9/2024, by Rep. Hoan Huynh

### SYNOPSIS AS INTRODUCED:

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

Amends the Use Tax Act, the Service Use Tax Act, the Service Occupation Tax Act, and the Retailers' Occupation Tax Act. Provides that, beginning on January 1, 2025, with respect to firearms, the taxes under those Acts are imposed at the rate of 11%. Effective immediately.

LRB103 38110 HLH 68242 b

A BILL FOR

1 AN ACT concerning revenue.

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

4 Section 5. The Use Tax Act is amended by changing Section  
5 3-10 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  
14 functionally used or consumed is a by-product or waste product  
15 that has been refined, manufactured, or produced from property  
16 purchased at retail, then the tax is imposed on the lower of  
17 the fair market value, if any, of the specific property so used  
18 in this State or on the selling price of the property purchased  
19 at retail. For purposes of this Section "fair market value"  
20 means the price at which property would change hands between a  
21 willing buyer and a willing seller, neither being under any  
22 compulsion to buy or sell and both having reasonable knowledge  
23 of the relevant facts. The fair market value shall be

1 established by Illinois sales by the taxpayer of the same  
2 property as that functionally used or consumed, or if there  
3 are no such sales by the taxpayer, then comparable sales or  
4 purchases of property of 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, and  
10 beginning again on August 5, 2022 through August 14, 2022,  
11 with respect to sales tax holiday items as defined in Section  
12 3-6 of this Act, the tax is imposed at the rate of 1.25%.

13 With respect to gasohol, the tax imposed by this Act  
14 applies to (i) 70% of the proceeds of sales made on or after  
15 January 1, 1990, and before July 1, 2003, (ii) 80% of the  
16 proceeds of sales made on or after July 1, 2003 and on or  
17 before July 1, 2017, (iii) 100% of the proceeds of sales made  
18 after July 1, 2017 and prior to January 1, 2024, (iv) 90% of  
19 the proceeds of sales made on or after January 1, 2024 and on  
20 or before December 31, 2028, and (v) 100% of the proceeds of  
21 sales made after December 31, 2028. If, at any time, however,  
22 the tax under this Act on sales of gasohol is imposed at the  
23 rate of 1.25%, then the tax imposed by this Act applies to 100%  
24 of the proceeds of sales of gasohol made during that time.

25 With respect to mid-range ethanol blends, the tax imposed  
26 by this Act applies to (i) 80% of the proceeds of sales made on

1 or after January 1, 2024 and on or before December 31, 2028 and  
2 (ii) 100% of the proceeds of sales made thereafter. If, at any  
3 time, however, the tax under this Act on sales of mid-range  
4 ethanol blends 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 mid-range ethanol blends made during that time.

7 With respect to majority blended ethanol fuel, the tax  
8 imposed by this Act does not apply to the proceeds of sales  
9 made on or after July 1, 2003 and on or before December 31,  
10 2028 but applies to 100% of the proceeds of sales made  
11 thereafter.

12 With respect to biodiesel blends with no less than 1% and  
13 no more than 10% biodiesel, the tax imposed by this Act applies  
14 to (i) 80% of the proceeds of sales made on or after July 1,  
15 2003 and on or before December 31, 2018 and (ii) 100% of the  
16 proceeds of sales made after December 31, 2018 and before  
17 January 1, 2024. On and after January 1, 2024 and on or before  
18 December 31, 2030, the taxation of biodiesel, renewable  
19 diesel, and biodiesel blends shall be as provided in Section  
20 3-5.1. If, at any time, however, the tax under this Act on  
21 sales of biodiesel blends with no less than 1% and no more than  
22 10% biodiesel is imposed at the rate of 1.25%, then the tax  
23 imposed by this Act applies to 100% of the proceeds of sales of  
24 biodiesel blends with no less than 1% and no more than 10%  
25 biodiesel made during that time.

26 With respect to biodiesel and biodiesel blends with more

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

7       Until July 1, 2022 and beginning again on July 1, 2023,  
8 with respect to food for human consumption that is to be  
9 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), the tax is imposed at the rate of 1%.  
13 Beginning on July 1, 2022 and until July 1, 2023, with respect  
14 to food for human consumption that is to be consumed off the  
15 premises where it is sold (other than alcoholic beverages,  
16 food consisting of or infused with adult use cannabis, soft  
17 drinks, and food that has been prepared for immediate  
18 consumption), the tax is imposed at the rate of 0%.

19       With respect to prescription and nonprescription  
20 medicines, drugs, medical appliances, products classified as  
21 Class III medical devices by the United States Food and Drug  
22 Administration that are used for cancer treatment pursuant to  
23 a prescription, as well as any accessories and components  
24 related to those devices, modifications to a motor vehicle for  
25 the purpose of rendering it usable by a person with a  
26 disability, and insulin, blood sugar testing materials,

1 syringes, and needles used by human diabetics, the tax is  
2 imposed at the rate of 1%. For the purposes of this Section,  
3 until September 1, 2009: the term "soft drinks" means any  
4 complete, finished, ready-to-use, non-alcoholic drink, whether  
5 carbonated or not, including, but not limited to, soda water,  
6 cola, fruit juice, vegetable juice, carbonated water, and all  
7 other preparations commonly known as soft drinks of whatever  
8 kind or description that are contained in any closed or sealed  
9 bottle, can, carton, or container, regardless of size; but  
10 "soft drinks" does not include coffee, tea, non-carbonated  
11 water, infant formula, milk or milk products as defined in the  
12 Grade A Pasteurized Milk and Milk Products Act, or drinks  
13 containing 50% or more natural fruit or vegetable 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" does 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  
12 other 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 CFR 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 January 1, 2014 (the effective date of Public  
7 Act 98-122), "prescription and nonprescription medicines and  
8 drugs" includes medical cannabis purchased from a registered  
9 dispensing organization under the Compassionate Use of Medical  
10 Cannabis Program Act.

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

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

23 Beginning on January 1, 2025, with respect to firearms,  
24 the tax is imposed at the rate of 11%.

25 (Source: P.A. 102-4, eff. 4-27-21; 102-700, Article 20,  
26 Section 20-5, eff. 4-19-22; 102-700, Article 60, Section



1 60-15, eff. 4-19-22; 102-700, Article 65, Section 65-5, eff.  
2 4-19-22; 103-9, eff. 6-7-23; 103-154 eff. 6-30-23.)

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

5 (35 ILCS 110/3-10) (from Ch. 120, par. 439.33-10)

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

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

16 With respect to gasohol, as defined in the Use Tax Act, the  
17 tax imposed by this Act applies to (i) 70% of the selling price  
18 of property transferred as an incident to the sale of service  
19 on or after January 1, 1990, and before July 1, 2003, (ii) 80%  
20 of the selling price of property transferred as an incident to  
21 the sale of service on or after July 1, 2003 and on or before  
22 July 1, 2017, (iii) 100% of the selling price of property  
23 transferred as an incident to the sale of service after July 1,  
24 2017 and before January 1, 2024, (iv) 90% of the selling price

1 of property transferred as an incident to the sale of service  
2 on or after January 1, 2024 and on or before December 31, 2028,  
3 and (v) 100% of the selling price of property transferred as an  
4 incident to the sale of service after December 31, 2028. If, at  
5 any time, however, the tax under this Act on sales of gasohol,  
6 as defined in the Use Tax Act, is imposed at the rate of 1.25%,  
7 then the tax imposed by this Act applies to 100% of the  
8 proceeds of sales of gasohol made during that time.

9 With respect to mid-range ethanol blends, as defined in  
10 Section 3-44.3 of the Use Tax Act, the tax imposed by this Act  
11 applies to (i) 80% of the selling price of property  
12 transferred as an incident to the sale of service on or after  
13 January 1, 2024 and on or before December 31, 2028 and (ii)  
14 100% of the selling price of property transferred as an  
15 incident to the sale of service after December 31, 2028. If, at  
16 any time, however, the tax under this Act on sales of mid-range  
17 ethanol blends is imposed at the rate of 1.25%, then the tax  
18 imposed by this Act applies to 100% of the selling price of  
19 mid-range ethanol blends transferred as an incident to the  
20 sale of service 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 selling price of property transferred as an incident to  
24 the sale of service on or after July 1, 2003 and on or before  
25 December 31, 2028 but applies to 100% of the selling price  
26 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 selling  
4 price of property transferred as an incident to the sale of  
5 service on or after July 1, 2003 and on or before December 31,  
6 2018 and (ii) 100% of the proceeds of the selling price after  
7 December 31, 2018 and before January 1, 2024. On and after  
8 January 1, 2024 and on or before December 31, 2030, the  
9 taxation of biodiesel, renewable diesel, and biodiesel blends  
10 shall be as provided in Section 3-5.1 of the Use Tax Act. If,  
11 at any time, however, the tax under this Act on sales of  
12 biodiesel blends, as defined in the Use Tax Act, with no less  
13 than 1% and no more than 10% biodiesel is imposed at the rate  
14 of 1.25%, then the tax imposed by this Act applies to 100% of  
15 the proceeds of sales of biodiesel blends with no less than 1%  
16 and no more than 10% biodiesel made during that time.

17           With respect to biodiesel, as defined in the Use Tax Act,  
18 and biodiesel blends, as defined in the Use Tax Act, with more  
19 than 10% but no more than 99% biodiesel, the tax imposed by  
20 this Act does not apply to the proceeds of the selling price of  
21 property transferred as an incident to the sale of service on  
22 or after July 1, 2003 and on or before December 31, 2023. On  
23 and after January 1, 2024 and on or before December 31, 2030,  
24 the taxation of biodiesel, renewable diesel, and biodiesel  
25 blends shall be as provided in Section 3-5.1 of the Use Tax  
26 Act.

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

11           Until July 1, 2022 and beginning again on July 1, 2023, the  
12 tax shall be imposed at the rate of 1% on food prepared for  
13 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 Assisted Living and Shared Housing  
17 Act, the ID/DD Community Care Act, the MC/DD Act, the  
18 Specialized Mental Health Rehabilitation Act of 2013, or the  
19 Child Care Act of 1969, or an entity that holds a permit issued  
20 pursuant to the Life Care Facilities Act. Until July 1, 2022  
21 and beginning again on July 1, 2023, the tax shall also be  
22 imposed at the rate of 1% on food for human consumption that is  
23 to be consumed off the premises where it is sold (other than  
24 alcoholic beverages, food consisting of or infused with adult  
25 use cannabis, soft drinks, and food that has been prepared for  
26 immediate consumption and is not otherwise included in this

1 paragraph).

2 Beginning on July 1, 2022 and until July 1, 2023, the tax  
3 shall be imposed at the rate of 0% on food prepared for  
4 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 Assisted Living and Shared Housing  
8 Act, the ID/DD Community Care Act, the MC/DD Act, the  
9 Specialized Mental Health Rehabilitation Act of 2013, or the  
10 Child Care Act of 1969, or an entity that holds a permit issued  
11 pursuant to the Life Care Facilities Act. Beginning on July 1,  
12 2022 and until July 1, 2023, the tax shall also be imposed at  
13 the rate of 0% on food for human consumption that is to be  
14 consumed off the premises where it is sold (other than  
15 alcoholic beverages, food consisting of or infused with adult  
16 use cannabis, soft drinks, and food that has been prepared for  
17 immediate consumption and is not otherwise included in this  
18 paragraph).

19 The tax shall also be imposed at the rate of 1% on  
20 prescription and nonprescription medicines, drugs, medical  
21 appliances, products classified as Class III medical devices  
22 by the United States Food and Drug Administration that are  
23 used for cancer treatment pursuant to a prescription, as well  
24 as any accessories and components related to those devices,  
25 modifications to a motor vehicle for the purpose of rendering  
26 it usable by a person with a disability, and insulin, blood

1 sugar testing materials, syringes, and needles used by human  
2 diabetics. For the purposes of this Section, until September  
3 1, 2009: the term "soft drinks" means any complete, finished,  
4 ready-to-use, non-alcoholic drink, whether carbonated or not,  
5 including, but not limited to, soda water, cola, fruit juice,  
6 vegetable juice, carbonated water, and all other preparations  
7 commonly known as soft drinks of whatever kind or description  
8 that are contained in any closed or sealed bottle, can,  
9 carton, or container, regardless of size; but "soft drinks"  
10 does not include coffee, tea, non-carbonated water, infant  
11 formula, milk or milk products as defined in the Grade A  
12 Pasteurized Milk and Milk Products Act, or drinks containing  
13 50% or more natural fruit or vegetable 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" does 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  
12 other 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 CFR 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 January 1, 2014 (the effective date of Public  
7 Act 98-122), "prescription and nonprescription medicines and  
8 drugs" includes medical cannabis purchased from a registered  
9 dispensing organization under the Compassionate Use of Medical  
10 Cannabis Program Act.

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

16 Beginning on January 1, 2025, with respect to firearms,  
17 the tax is imposed at the rate of 11%.

18 If the property that is acquired from a serviceman is  
19 acquired outside Illinois and used outside Illinois before  
20 being brought to Illinois for use here and is taxable under  
21 this Act, the "selling price" on which the tax is computed  
22 shall be reduced by an amount that represents a reasonable  
23 allowance for depreciation for the period of prior  
24 out-of-state use.

25 (Source: P.A. 102-4, eff. 4-27-21; 102-16, eff. 6-17-21;  
26 102-700, Article 20, Section 20-10, eff. 4-19-22; 102-700,



1 Article 60, Section 60-20, eff. 4-19-22; 103-9, eff. 6-7-23;  
2 103-154, eff. 6-30-23.)

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

5 (35 ILCS 115/3-10) (from Ch. 120, par. 439.103-10)

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

24 Beginning on July 1, 2000 and through December 31, 2000,

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

4 With respect to gasohol, as defined in the Use Tax Act, the  
5 tax imposed by this Act shall apply to (i) 70% of the cost  
6 price of property transferred as an incident to the sale of  
7 service on or after January 1, 1990, and before July 1, 2003,  
8 (ii) 80% of the selling price of property transferred as an  
9 incident to the sale of service on or after July 1, 2003 and on  
10 or before July 1, 2017, (iii) 100% of the selling price of  
11 property transferred as an incident to the sale of service  
12 after July 1, 2017 and prior to January 1, 2024, (iv) 90% of  
13 the selling price of property transferred as an incident to  
14 the sale of service on or after January 1, 2024 and on or  
15 before December 31, 2028, and (v) 100% of the selling price of  
16 property transferred as an incident to the sale of service  
17 after December 31, 2028. If, at any time, however, the tax  
18 under this Act on sales of gasohol, as defined in the Use Tax  
19 Act, is imposed at the rate of 1.25%, then the tax imposed by  
20 this Act applies to 100% of the proceeds of sales of gasohol  
21 made during that time.

22 With respect to mid-range ethanol blends, as defined in  
23 Section 3-44.3 of the Use Tax Act, the tax imposed by this Act  
24 applies to (i) 80% of the selling price of property  
25 transferred as an incident to the sale of service on or after  
26 January 1, 2024 and on or before December 31, 2028 and (ii)

1 100% of the selling price of property transferred as an  
2 incident to the sale of service after December 31, 2028. If, at  
3 any time, however, the tax under this Act on sales of mid-range  
4 ethanol blends is imposed at the rate of 1.25%, then the tax  
5 imposed by this Act applies to 100% of the selling price of  
6 mid-range ethanol blends transferred as an incident to the  
7 sale of service during that time.

8 With respect to majority blended ethanol fuel, as defined  
9 in the Use Tax Act, the tax imposed by this Act does not apply  
10 to the selling price of property transferred as an incident to  
11 the sale of service on or after July 1, 2003 and on or before  
12 December 31, 2028 but applies to 100% of the selling price  
13 thereafter.

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

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

4 With respect to biodiesel, as defined in the Use Tax Act,  
5 and biodiesel blends, as defined in the Use Tax Act, with more  
6 than 10% but no more than 99% biodiesel material, the tax  
7 imposed by this Act does not apply to the proceeds of the  
8 selling price of property transferred as an incident to the  
9 sale of service on or after July 1, 2003 and on or before  
10 December 31, 2023. On and after January 1, 2024 and on or  
11 before December 31, 2030, the taxation of biodiesel, renewable  
12 diesel, and biodiesel blends shall be as provided in Section  
13 3-5.1 of the Use Tax Act.

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

24 Until July 1, 2022 and beginning again on July 1, 2023, the  
25 tax shall be imposed at the rate of 1% on food prepared for  
26 immediate consumption and transferred incident to a sale of

1 service subject to this Act or the Service Use Tax Act by an  
2 entity licensed under the Hospital Licensing Act, the Nursing  
3 Home Care Act, the Assisted Living and Shared Housing Act, the  
4 ID/DD Community Care Act, the MC/DD Act, the Specialized  
5 Mental Health Rehabilitation Act of 2013, or the Child Care  
6 Act of 1969, or an entity that holds a permit issued pursuant  
7 to the Life Care Facilities Act. Until July 1, 2022 and  
8 beginning again on July 1, 2023, the tax shall also be imposed  
9 at the rate of 1% on food for human consumption that is to be  
10 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).

15 Beginning on July 1, 2022 and until July 1, 2023, the tax  
16 shall be imposed at the rate of 0% on food prepared for  
17 immediate consumption and transferred incident to a sale of  
18 service subject to this Act or the Service Use Tax Act by an  
19 entity licensed under the Hospital Licensing Act, the Nursing  
20 Home Care Act, the Assisted Living and Shared Housing Act, the  
21 ID/DD Community Care Act, the MC/DD Act, the Specialized  
22 Mental Health Rehabilitation Act of 2013, or the Child Care  
23 Act of 1969, or an entity that holds a permit issued pursuant  
24 to the Life Care Facilities Act. Beginning July 1, 2022 and  
25 until July 1, 2023, the tax shall also be imposed at the rate  
26 of 0% on food for human consumption that is to be consumed off

1 the premises where it is sold (other than alcoholic beverages,  
2 food consisting of or infused with adult use cannabis, soft  
3 drinks, and food that has been prepared for immediate  
4 consumption and is not otherwise included in this paragraph).

5 The tax shall also be imposed at the rate of 1% on  
6 prescription and nonprescription medicines, drugs, medical  
7 appliances, products classified as Class III medical devices  
8 by the United States Food and Drug Administration that are  
9 used for cancer treatment pursuant to a prescription, as well  
10 as any accessories and components related to those devices,  
11 modifications to a motor vehicle for the purpose of rendering  
12 it usable by a person with a disability, and insulin, blood  
13 sugar testing materials, syringes, and needles used by human  
14 diabetics. For the purposes of this Section, until September  
15 1, 2009: the term "soft drinks" means any complete, finished,  
16 ready-to-use, non-alcoholic drink, whether carbonated or not,  
17 including, but not limited to, soda water, cola, fruit juice,  
18 vegetable juice, carbonated water, and all other preparations  
19 commonly known as soft drinks of whatever kind or description  
20 that are contained in any closed or sealed can, carton, or  
21 container, regardless of size; but "soft drinks" does not  
22 include coffee, tea, non-carbonated water, infant formula,  
23 milk or milk products as defined in the Grade A Pasteurized  
24 Milk and Milk Products Act, or drinks containing 50% or more  
25 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" does 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 CFR 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 January 1, 2014 (the effective date of Public  
19 Act 98-122), "prescription and nonprescription medicines and  
20 drugs" includes medical cannabis purchased from a registered  
21 dispensing organization under the Compassionate Use of Medical  
22 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 Beginning on January 1, 2025, with respect to firearms,  
3 the tax is imposed at the rate of 11%.

4 (Source: P.A. 102-4, eff. 4-27-21; 102-16, eff. 6-17-21;  
5 102-700, Article 20, Section 20-15, eff. 4-19-22; 102-700,  
6 Article 60, Section 60-25, eff. 4-19-22; 103-9, eff. 6-7-23;  
7 103-154, eff. 6-30-23.)

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

10 (35 ILCS 120/2-10)

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

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

19 Beginning on August 6, 2010 through August 15, 2010, and  
20 beginning again on August 5, 2022 through August 14, 2022,  
21 with respect to sales tax holiday items as defined in Section  
22 2-8 of this Act, the tax is imposed at the rate of 1.25%.

23 Within 14 days after July 1, 2000 (the effective date of  
24 Public Act 91-872), each retailer of motor fuel and gasohol

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

14 With respect to gasohol, as defined in the Use Tax Act, the  
15 tax imposed by this Act applies to (i) 70% of the proceeds of  
16 sales made on or after January 1, 1990, and before July 1,  
17 2003, (ii) 80% of the proceeds of sales made on or after July  
18 1, 2003 and on or before July 1, 2017, (iii) 100% of the  
19 proceeds of sales made after July 1, 2017 and prior to January  
20 1, 2024, (iv) 90% of the proceeds of sales made on or after  
21 January 1, 2024 and on or before December 31, 2028, and (v)  
22 100% of the proceeds of sales made after December 31, 2028. If,  
23 at any time, however, the tax under this Act on sales of  
24 gasohol, as defined in the Use Tax Act, is imposed at the rate  
25 of 1.25%, then the tax imposed by this Act applies to 100% of  
26 the proceeds of sales of gasohol made during that time.

1           With respect to mid-range ethanol blends, as defined in  
2 Section 3-44.3 of the Use Tax Act, the tax imposed by this Act  
3 applies to (i) 80% of the proceeds of sales made on or after  
4 January 1, 2024 and on or before December 31, 2028 and (ii)  
5 100% of the proceeds of sales made after December 31, 2028. If,  
6 at any time, however, the tax under this Act on sales of  
7 mid-range ethanol blends is imposed at the rate of 1.25%, then  
8 the tax imposed by this Act applies to 100% of the proceeds of  
9 sales of mid-range ethanol blends made during that time.

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

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

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

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

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

24 With respect to prescription and nonprescription  
25 medicines, drugs, medical appliances, products classified as  
26 Class III medical devices by the United States Food and Drug

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

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

25 Until August 1, 2009, and notwithstanding any other  
26 provisions of this Act, "food for human consumption that is to

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

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

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

1 prescription only, regardless of whether the products meet the  
2 definition of "over-the-counter-drugs". For the purposes of  
3 this paragraph, "over-the-counter-drug" means a drug for human  
4 use that contains a label that identifies the product as a drug  
5 as required by 21 CFR 201.66. The "over-the-counter-drug"  
6 label includes:

7 (A) a "Drug Facts" panel; or

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

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

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

21 Beginning on January 1, 2025, with respect to firearms,  
22 the tax is imposed at the rate of 11%.

23 (Source: P.A. 102-4, eff. 4-27-21; 102-700, Article 20,  
24 Section 20-20, eff. 4-19-22; 102-700, Article 60, Section  
25 60-30, eff. 4-19-22; 102-700, Article 65, Section 65-10, eff.  
26 4-19-22; 103-9, eff. 6-7-23; 103-154, eff. 6-30-23.)

1           Section 99. Effective date. This Act takes effect upon  
2           becoming law.