



103RD GENERAL ASSEMBLY

State of Illinois

2023 and 2024

SB1869

Introduced 2/9/2023, by Sen. Patrick J. Joyce

SYNOPSIS AS INTRODUCED:

35 ILCS 105/3-10	
35 ILCS 105/3-40	from Ch. 120, par. 439.3-40
35 ILCS 105/3-44	
35 ILCS 105/3-44.3 new	
35 ILCS 110/3-10	from Ch. 120, par. 439.33-10
35 ILCS 115/3-10	from Ch. 120, par. 439.103-10
35 ILCS 120/2-10	

Amends the Use Tax Act, the Service Use Tax Act, the Service Occupation Tax Act, and the Retailers' Occupation Tax Act. Provides that the tax imposed on mid-range ethanol blends applies to (i) 80% of the proceeds of sales made on or after July 1, 2023 and on or before December 31, 2030 and (ii) 100% of the proceeds of sales made thereafter. Provides that the term "mid-range ethanol blend" means a blend of gasoline and denatured ethanol that contains at least 20% but less than 51% denatured ethanol. Makes changes to the definitions of "gasohol" and "majority blended ethanol fuel" to adjust the percentages of ethanol that must be included in those motor fuels. Provides that, on and after July 1, 2023 and prior to December 31, 2030, the tax shall be imposed on 90% of the proceeds of sales of gasohol. Effective immediately.

LRB103 27518 HLH 53893 b

1 AN ACT concerning revenue.

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

4 Section 5. The Use Tax Act is amended by changing Sections
5 3-10, 3-40, and 3-44 and by adding Section 3-44.3 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, ~~and~~ (iii) 100% of the proceeds of sales
18 made after July 1, 2017 and prior to July 1, 2023, (iv) 90% of
19 the proceeds of sales made on or after July 1, 2023 and on or
20 before December 31, 2030, and (v) 100% of the proceeds of sales
21 made after December 31, 2030 ~~thereafter~~. If, at any time,
22 however, the tax under this Act on sales of gasohol is imposed
23 at the rate of 1.25%, then the tax imposed by this Act applies
24 to 100% of the proceeds of sales of gasohol made during that
25 time.

26 With respect to mid-range ethanol blends, the tax imposed

1 by this Act applies to (i) 80% of the proceeds of sales made on
2 or after July 1, 2023 and on or before December 31, 2030 and
3 (ii) 100% of the proceeds of sales made thereafter. If, at any
4 time, however, the tax under this Act on sales of mid-range
5 ethanol blends is imposed at the rate of 1.25%, then the tax
6 imposed by this Act applies to 100% of the proceeds of sales of
7 mid-range ethanol blends made during that time.

8 With respect to majority blended ethanol fuel, the tax
9 imposed by this Act does not apply to the proceeds of sales
10 made on or after July 1, 2003 and on or before December 31,
11 2030 ~~December 31, 2023~~ but applies to 100% of the proceeds of
12 sales made thereafter.

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

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

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

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

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

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

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

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

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

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

1 as required by 21 CFR ~~C.F.R.~~ § 201.66. The
2 "over-the-counter-drug" label includes:

3 (A) a ~~A~~ "Drug Facts" panel; or

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

7 Beginning on January 1, 2014 (the effective date of Public
8 Act 98-122) ~~this amendatory Act of the 98th General Assembly,~~
9 "prescription and nonprescription medicines and drugs"
10 includes medical cannabis purchased from a registered
11 dispensing organization under the Compassionate Use of Medical
12 Cannabis Program Act.

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

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

25 (Source: P.A. 101-363, eff. 8-9-19; 101-593, eff. 12-4-19;
26 102-4, eff. 4-27-21; 102-700, Article 20, Section 20-5, eff.

1 4-19-22; 102-700, Article 60, Section 60-15, eff. 4-19-22;
2 102-700, Article 65, Section 65-5, eff. 4-19-22; revised
3 5-27-22.)

4 (35 ILCS 105/3-40) (from Ch. 120, par. 439.3-40)

5 Sec. 3-40. Gasohol. As used in this Act, "gasohol" means
6 motor fuel that is a blend of denatured ethanol and gasoline
7 that contains (i) no more than 1.25% water by weight and (ii)
8 the maximum proportion of ethanol authorized by the United
9 States Environmental Protection Agency under Section 211 of
10 the Clean Air Act. ~~The blend must contain 90% gasoline and 10%~~
11 ~~denatured ethanol.~~ A maximum of one percent error factor in
12 the amount of denatured ethanol used in the blend is allowable
13 to compensate for blending equipment variations. Any person
14 who knowingly sells or represents as gasohol any fuel that
15 does not qualify as gasohol under this Act is guilty of a
16 business offense and shall be fined not more than \$100 for each
17 day that the sale or representation takes place after
18 notification from the Department of Agriculture that the fuel
19 in question does not qualify as gasohol.

20 (Source: P.A. 93-724, eff. 7-13-04.)

21 (35 ILCS 105/3-44)

22 Sec. 3-44. Majority blended ethanol fuel. "Majority
23 blended ethanol fuel" means motor fuel that contains at least
24 51% and not more than 83% ethanol, by volume, as specified in

1 ASTM Standard DS798-11, and that is capable of being used in
2 the operation of flexible fuel vehicles ~~not less than 70% and~~
3 ~~no more than 90% denatured ethanol and no less than 10% and no~~
4 ~~more than 30% gasoline.~~

5 (Source: P.A. 93-17, eff. 6-11-03.)

6 (35 ILCS 105/3-44.3 new)

7 Sec. 3-44.3. Mid-range ethanol blend. "Mid-range ethanol
8 blend" means a blend of gasoline and denatured ethanol that
9 contains at least 20% but less than 51% denatured ethanol.

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

12 (35 ILCS 110/3-10) (from Ch. 120, par. 439.33-10)

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

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

23 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 of property
7 transferred as an incident to the sale of service after July 1,
8 2017 and before July 1, 2023, (iv) 90% of the selling price of
9 property transferred as an incident to the sale of service on
10 or after July 1, 2023 and on or before December 31, 2030, and
11 (v) 100% of the selling price of property transferred as an
12 incident to the sale of service after December 31, 2030
13 ~~thereafter~~. If, at any time, however, the tax under this Act on
14 sales of gasohol, as defined in the Use Tax Act, is imposed at
15 the rate of 1.25%, then the tax imposed by this Act applies to
16 100% of the proceeds of sales of gasohol made during that time.

17 With respect to mid-range ethanol blends, as defined in
18 Section 3-44.3 of the Use Tax Act, the tax imposed by this Act
19 applies to (i) 80% of the proceeds of sales made on or after
20 July 1, 2023 and on or before December 31, 2030 and (ii) 100%
21 of the proceeds of sales made after December 31, 2030. If, at
22 any time, however, the tax under this Act on sales of mid-range
23 ethanol blends is imposed at the rate of 1.25%, then the tax
24 imposed by this Act applies to 100% of the proceeds of sales of
25 mid-range ethanol blends made during that time.

26 With respect to majority blended ethanol fuel, as defined

1 in the Use Tax Act, the tax imposed by this Act does not apply
2 to the selling price of property transferred as an incident to
3 the sale of service on or after July 1, 2003 and on or before
4 December 31, 2030 ~~December 31, 2023~~ but applies to 100% of the
5 selling price thereafter.

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

22 With respect to biodiesel, as defined in the Use Tax Act,
23 and biodiesel blends, as defined in the Use Tax Act, with more
24 than 10% but no more than 99% biodiesel, the tax imposed by
25 this Act does not apply to the proceeds of the selling price of
26 property transferred as an incident to the sale of service on

1 or after July 1, 2003 and on or before December 31, 2023. On
2 and after January 1, 2024 and on or before December 31, 2030,
3 the taxation of biodiesel, renewable diesel, and biodiesel
4 blends shall be as provided in Section 3-5.1 of the Use Tax
5 Act.

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

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

1 imposed at the rate of 1% on food for human consumption that is
2 to be 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 is not otherwise included in this
6 paragraph).

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

24 The tax shall also be imposed at the rate of 1% on
25 prescription and nonprescription medicines, drugs, medical
26 appliances, products classified as Class III medical devices

1 by the United States Food and Drug Administration that are
2 used for cancer treatment pursuant to a prescription, as well
3 as any accessories and components related to those devices,
4 modifications to a motor vehicle for the purpose of rendering
5 it usable by a person with a disability, and insulin, blood
6 sugar testing materials, syringes, and needles used by human
7 diabetics. For the purposes of this Section, until September
8 1, 2009: the term "soft drinks" means any complete, finished,
9 ready-to-use, non-alcoholic drink, whether carbonated or not,
10 including, but not limited to, soda water, cola, fruit juice,
11 vegetable juice, carbonated water, and all other preparations
12 commonly known as soft drinks of whatever kind or description
13 that are contained in any closed or sealed bottle, can,
14 carton, or container, regardless of size; but "soft drinks"
15 does not include coffee, tea, non-carbonated water, infant
16 formula, milk or milk products as defined in the Grade A
17 Pasteurized Milk and Milk Products Act, or drinks containing
18 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 ~~do~~ not include beverages that contain milk or
23 milk products, soy, rice or similar milk substitutes, or
24 greater 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 ~~C.F.R. §~~ 201.66. The
6 "over-the-counter-drug" label includes:

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

8 (B) a ~~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 If the property that is acquired from a serviceman is
22 acquired outside Illinois and used outside Illinois before
23 being brought to Illinois for use here and is taxable under
24 this Act, the "selling price" on which the tax is computed
25 shall be reduced by an amount that represents a reasonable
26 allowance for depreciation for the period of prior

1 out-of-state use.

2 (Source: P.A. 101-363, eff. 8-9-19; 101-593, eff. 12-4-19;
3 102-4, eff. 4-27-21; 102-16, eff. 6-17-21; 102-700, Article
4 20, Section 20-10, eff. 4-19-22; 102-700, Article 60, Section
5 60-20, eff. 4-19-22; revised 6-1-22.)

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

8 (35 ILCS 115/3-10) (from Ch. 120, par. 439.103-10)

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

1 the tangible personal property transferred incident to the
2 completion of the contract.

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

7 With respect to gasohol, as defined in the Use Tax Act, the
8 tax imposed by this Act shall apply to (i) 70% of the cost
9 price of property transferred as an incident to the sale of
10 service on or after January 1, 1990, and before July 1, 2003,
11 (ii) 80% of the selling price of property transferred as an
12 incident to the sale of service on or after July 1, 2003 and on
13 or before July 1, 2017, ~~and~~ (iii) 100% of the cost price of
14 property transferred as an incident to the sale of service
15 after July 1, 2017 and prior to July 1, 2023, (iv) 90% of the
16 cost price of property transferred as an incident to the sale
17 of service on or after July 1, 2023 and on or before December
18 31, 2030, and (v) 100% of the cost price of property
19 transferred as an incident to the sale of service after
20 December 31, 2030 thereafter. If, at any time, however, the
21 tax under this Act on sales of gasohol, as defined in the Use
22 Tax Act, is imposed at the rate of 1.25%, then the tax imposed
23 by this Act applies to 100% of the proceeds of sales of gasohol
24 made during that time.

25 With respect to mid-range ethanol blends, as defined in
26 Section 3-44.3 of the Use Tax Act, the tax imposed by this Act

1 applies to (i) 80% of the selling price of property
2 transferred as an incident to the sale of service on or after
3 July 1, 2023 and on or before December 31, 2030 and (ii) 100%
4 of the selling price after December 31, 2030. If, at any time,
5 however, the tax under this Act on sales of mid-range ethanol
6 blends is imposed at the rate of 1.25%, then the tax imposed by
7 this Act applies to 100% of the proceeds of sales of mid-range
8 ethanol blends made during that time.

9 With respect to majority blended ethanol fuel, as defined
10 in the Use Tax Act, the tax imposed by this Act does not apply
11 to the selling price of property transferred as an incident to
12 the sale of service on or after July 1, 2003 and on or before
13 December 31, 2030 ~~December 31, 2023~~ but applies to 100% of the
14 selling price 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 selling
18 price of property transferred as an incident to the sale of
19 service on or after July 1, 2003 and on or before December 31,
20 2018 and (ii) 100% of the proceeds of the selling price after
21 December 31, 2018 and before January 1, 2024. On and after
22 January 1, 2024 and on or before December 31, 2030, the
23 taxation of biodiesel, renewable diesel, and biodiesel blends
24 shall be as provided in Section 3-5.1 of the Use Tax Act. If,
25 at any time, however, the tax under this Act on sales of
26 biodiesel blends, as defined in the Use Tax Act, with no less

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

5 With respect to biodiesel, as defined in the Use Tax Act,
6 and biodiesel blends, as defined in the Use Tax Act, with more
7 than 10% but no more than 99% biodiesel material, the tax
8 imposed by this Act does not apply to the proceeds of the
9 selling price of property transferred as an incident to the
10 sale of service on or after July 1, 2003 and on or before
11 December 31, 2023. On and after January 1, 2024 and on or
12 before December 31, 2030, the taxation of biodiesel, renewable
13 diesel, and biodiesel blends shall be as provided in Section
14 3-5.1 of the Use Tax Act.

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 incident to the sale of those services.

25 Until July 1, 2022 and beginning again on July 1, 2023, the
26 tax shall be imposed at the rate of 1% on food prepared for

1 immediate consumption and transferred incident to a sale of
2 service subject to this Act or the Service Use Tax Act by an
3 entity licensed under the Hospital Licensing Act, the Nursing
4 Home Care Act, the Assisted Living and Shared Housing Act, the
5 ID/DD Community Care Act, the MC/DD Act, the Specialized
6 Mental Health Rehabilitation Act of 2013, or the Child Care
7 Act of 1969, or an entity that holds a permit issued pursuant
8 to the Life Care Facilities Act. Until July 1, 2022 and
9 beginning again on July 1, 2023, the tax shall also be imposed
10 at the rate of 1% on food for human consumption that is to be
11 consumed off the premises where it is sold (other than
12 alcoholic beverages, food consisting of or infused with adult
13 use cannabis, soft drinks, and food that has been prepared for
14 immediate consumption and is not otherwise included in this
15 paragraph).

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

1 of 0% on food for human consumption that is to be consumed off
2 the premises where it is sold (other than alcoholic beverages,
3 food consisting of or infused with adult use cannabis, soft
4 drinks, and food that has been prepared for immediate
5 consumption and is not otherwise included in this paragraph).

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

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

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

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

1 flour or requires refrigeration.

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

15 (A) a ~~A~~ "Drug Facts" panel; or

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

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

24 As used in this Section, "adult use cannabis" means
25 cannabis subject to tax under the Cannabis Cultivation
26 Privilege Tax Law and the Cannabis Purchaser Excise Tax Law

1 and does not include cannabis subject to tax under the
2 Compassionate Use of Medical Cannabis Program Act.

3 (Source: P.A. 101-363, eff. 8-9-19; 101-593, eff. 12-4-19;
4 102-4, eff. 4-27-21; 102-16, eff. 6-17-21; 102-700, Article
5 20, Section 20-15, eff. 4-19-22; 102-700, Article 60, Section
6 60-25, eff. 4-19-22; revised 6-1-22.)

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

9 (35 ILCS 120/2-10)

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

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

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

22 Within 14 days after July 1, 2000 (the effective date of
23 Public Act 91-872) ~~this amendatory Act of the 91st General~~
24 ~~Assembly~~, each retailer of motor fuel and gasohol shall cause

1 the following notice to be posted in a prominently visible
2 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, ~~and~~ (iii) 100% of the
19 proceeds of sales made after July 1, 2017 and prior to July 1,
20 2023, (iv) 90% of the proceeds of sales made on or after July
21 1, 2023 and on or before December 31, 2030, and (v) 100% of the
22 proceeds of sales made after December 31, 2030 thereafter. 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 July 1, 2023 and on or before December 31, 2030 and (ii) 100%
5 of the proceeds of sales made after December 31, 2030. If, at
6 any time, however, the tax under this Act on sales of mid-range
7 ethanol blends is imposed at the rate of 1.25%, then the tax
8 imposed by this Act applies to 100% of the proceeds of sales of
9 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, 2030 ~~December 31, 2023~~ but applies to
14 100% of the proceeds 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 ~~do~~ not include beverages that contain milk or
23 milk products, soy, rice or similar milk substitutes, or
24 greater 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 ~~C.F.R. §~~ 201.66. The
6 "over-the-counter-drug" label includes:

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

8 (B) a ~~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) ~~this amendatory Act of the 98th General Assembly,~~
13 "prescription and nonprescription medicines and drugs"
14 includes medical cannabis purchased from a registered
15 dispensing organization under the Compassionate Use of Medical
16 Cannabis Program Act.

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

22 (Source: P.A. 101-363, eff. 8-9-19; 101-593, eff. 12-4-19;
23 102-4, eff. 4-27-21; 102-700, Article 20, Section 20-20, eff.
24 4-19-22; 102-700, Article 60, Section 60-30, eff. 4-19-22;
25 102-700, Article 65, Section 65-10, eff. 4-19-22; revised
26 6-1-22.)

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