



## 94TH GENERAL ASSEMBLY

### State of Illinois

2005 and 2006

SB3004

Introduced 1/20/2006, by Sen. Bill Brady - John O. Jones -  
Larry K. Bomke - Wendell E. Jones

#### SYNOPSIS AS INTRODUCED:

30 ILCS 105/6z-18	from Ch. 127, par. 142z-18
30 ILCS 105/6z-20	from Ch. 127, par. 142z-20
35 ILCS 105/3-10	from Ch. 120, par. 439.3-10
35 ILCS 110/3-10	from Ch. 120, par. 439.33-10
35 ILCS 115/3-10	from Ch. 120, par. 439.103-10
35 ILCS 120/2-10	from Ch. 120, par. 441-10

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 May 1, 2006 through September 30, 2006, with respect to motor fuel and gasohol the tax under the Acts is imposed at the rate of 1.25% (now, 6.25%). Effective immediately.

LRB094 18928 BDD 54376 b

FISCAL NOTE ACT  
MAY APPLY

A BILL FOR

1 AN ACT concerning revenue.

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

4 Section 5. The State Finance Act is amended by changing  
5 Sections 6z-18 and 6z-20 as follows:

6 (30 ILCS 105/6z-18) (from Ch. 127, par. 142z-18)

7 Sec. 6z-18. A portion of the money paid into the Local  
8 Government Tax Fund from sales of food for human consumption  
9 which is to be consumed off the premises where it is sold  
10 (other than alcoholic beverages, soft drinks and food which has  
11 been prepared for immediate consumption) and prescription and  
12 nonprescription medicines, drugs, medical appliances and  
13 insulin, urine testing materials, syringes and needles used by  
14 diabetics, which occurred in municipalities, shall be  
15 distributed to each municipality based upon the sales which  
16 occurred in that municipality. The remainder shall be  
17 distributed to each county based upon the sales which occurred  
18 in the unincorporated area of that county.

19 A portion of the money paid into the Local Government Tax  
20 Fund from the 6.25% general use tax rate on the selling price  
21 of tangible personal property which is purchased outside  
22 Illinois at retail from a retailer and which is titled or  
23 registered by any agency of this State's government shall be  
24 distributed to municipalities as provided in this paragraph.  
25 Each municipality shall receive the amount attributable to  
26 sales for which Illinois addresses for titling or registration  
27 purposes are given as being in such municipality. The remainder  
28 of the money paid into the Local Government Tax Fund from such  
29 sales shall be distributed to counties. Each county shall  
30 receive the amount attributable to sales for which Illinois  
31 addresses for titling or registration purposes are given as  
32 being located in the unincorporated area of such county.

1 A portion of the money paid into the Local Government Tax  
2 Fund from the 6.25% general rate (and, beginning July 1, 2000  
3 and through December 31, 2000, and beginning again on May 1,  
4 2006 through September 30, 2006 the 1.25% rate on motor fuel  
5 and gasohol) on sales subject to taxation under the Retailers'  
6 Occupation Tax Act and the Service Occupation Tax Act, which  
7 occurred in municipalities, shall be distributed to each  
8 municipality, based upon the sales which occurred in that  
9 municipality. The remainder shall be distributed to each  
10 county, based upon the sales which occurred in the  
11 unincorporated area of such county.

12 For the purpose of determining allocation to the local  
13 government unit, a retail sale by a producer of coal or other  
14 mineral mined in Illinois is a sale at retail at the place  
15 where the coal or other mineral mined in Illinois is extracted  
16 from the earth. This paragraph does not apply to coal or other  
17 mineral when it is delivered or shipped by the seller to the  
18 purchaser at a point outside Illinois so that the sale is  
19 exempt under the United States Constitution as a sale in  
20 interstate or foreign commerce.

21 Whenever the Department determines that a refund of money  
22 paid into the Local Government Tax Fund should be made to a  
23 claimant instead of issuing a credit memorandum, the Department  
24 shall notify the State Comptroller, who shall cause the order  
25 to be drawn for the amount specified, and to the person named,  
26 in such notification from the Department. Such refund shall be  
27 paid by the State Treasurer out of the Local Government Tax  
28 Fund.

29 On or before the 25th day of each calendar month, the  
30 Department shall prepare and certify to the Comptroller the  
31 disbursement of stated sums of money to named municipalities  
32 and counties, the municipalities and counties to be those  
33 entitled to distribution of taxes or penalties paid to the  
34 Department during the second preceding calendar month. The  
35 amount to be paid to each municipality or county shall be the  
36 amount (not including credit memoranda) collected during the

1 second preceding calendar month by the Department and paid into  
2 the Local Government Tax Fund, plus an amount the Department  
3 determines is necessary to offset any amounts which were  
4 erroneously paid to a different taxing body, and not including  
5 an amount equal to the amount of refunds made during the second  
6 preceding calendar month by the Department, and not including  
7 any amount which the Department determines is necessary to  
8 offset any amounts which are payable to a different taxing body  
9 but were erroneously paid to the municipality or county. Within  
10 10 days after receipt, by the Comptroller, of the disbursement  
11 certification to the municipalities and counties, provided for  
12 in this Section to be given to the Comptroller by the  
13 Department, the Comptroller shall cause the orders to be drawn  
14 for the respective amounts in accordance with the directions  
15 contained in such certification.

16 When certifying the amount of monthly disbursement to a  
17 municipality or county under this Section, the Department shall  
18 increase or decrease that amount by an amount necessary to  
19 offset any misallocation of previous disbursements. The offset  
20 amount shall be the amount erroneously disbursed within the 6  
21 months preceding the time a misallocation is discovered.

22 The provisions directing the distributions from the  
23 special fund in the State Treasury provided for in this Section  
24 shall constitute an irrevocable and continuing appropriation  
25 of all amounts as provided herein. The State Treasurer and  
26 State Comptroller are hereby authorized to make distributions  
27 as provided in this Section.

28 In construing any development, redevelopment, annexation,  
29 preannexation or other lawful agreement in effect prior to  
30 September 1, 1990, which describes or refers to receipts from a  
31 county or municipal retailers' occupation tax, use tax or  
32 service occupation tax which now cannot be imposed, such  
33 description or reference shall be deemed to include the  
34 replacement revenue for such abolished taxes, distributed from  
35 the Local Government Tax Fund.

36 (Source: P.A. 90-491, eff. 1-1-98; 91-51, eff. 6-30-99; 91-872,

1 eff. 7-1-00.)

2 (30 ILCS 105/6z-20) (from Ch. 127, par. 142z-20)

3 Sec. 6z-20. Of the money received from the 6.25% general  
4 rate (and, beginning July 1, 2000 and through December 31, 2000  
5 and beginning again on May 1, 2006 through September 30, 2006,  
6 the 1.25% rate on motor fuel and gasohol) on sales subject to  
7 taxation under the Retailers' Occupation Tax Act and Service  
8 Occupation Tax Act and paid into the County and Mass Transit  
9 District Fund, distribution to the Regional Transportation  
10 Authority tax fund, created pursuant to Section 4.03 of the  
11 Regional Transportation Authority Act, for deposit therein  
12 shall be made based upon the retail sales occurring in a county  
13 having more than 3,000,000 inhabitants. The remainder shall be  
14 distributed to each county having 3,000,000 or fewer  
15 inhabitants based upon the retail sales occurring in each such  
16 county.

17 For the purpose of determining allocation to the local  
18 government unit, a retail sale by a producer of coal or other  
19 mineral mined in Illinois is a sale at retail at the place  
20 where the coal or other mineral mined in Illinois is extracted  
21 from the earth. This paragraph does not apply to coal or other  
22 mineral when it is delivered or shipped by the seller to the  
23 purchaser at a point outside Illinois so that the sale is  
24 exempt under the United States Constitution as a sale in  
25 interstate or foreign commerce.

26 Of the money received from the 6.25% general use tax rate  
27 on tangible personal property which is purchased outside  
28 Illinois at retail from a retailer and which is titled or  
29 registered by any agency of this State's government and paid  
30 into the County and Mass Transit District Fund, the amount for  
31 which Illinois addresses for titling or registration purposes  
32 are given as being in each county having more than 3,000,000  
33 inhabitants shall be distributed into the Regional  
34 Transportation Authority tax fund, created pursuant to Section  
35 4.03 of the Regional Transportation Authority Act. The

1 remainder of the money paid from such sales shall be  
2 distributed to each county based on sales for which Illinois  
3 addresses for titling or registration purposes are given as  
4 being located in the county. Any money paid into the Regional  
5 Transportation Authority Occupation and Use Tax Replacement  
6 Fund from the County and Mass Transit District Fund prior to  
7 January 14, 1991, which has not been paid to the Authority  
8 prior to that date, shall be transferred to the Regional  
9 Transportation Authority tax fund.

10 Whenever the Department determines that a refund of money  
11 paid into the County and Mass Transit District Fund should be  
12 made to a claimant instead of issuing a credit memorandum, the  
13 Department shall notify the State Comptroller, who shall cause  
14 the order to be drawn for the amount specified, and to the  
15 person named, in such notification from the Department. Such  
16 refund shall be paid by the State Treasurer out of the County  
17 and Mass Transit District Fund.

18 On or before the 25th day of each calendar month, the  
19 Department shall prepare and certify to the Comptroller the  
20 disbursement of stated sums of money to the Regional  
21 Transportation Authority and to named counties, the counties to  
22 be those entitled to distribution, as hereinabove provided, of  
23 taxes or penalties paid to the Department during the second  
24 preceding calendar month. The amount to be paid to the Regional  
25 Transportation Authority and each county having 3,000,000 or  
26 fewer inhabitants shall be the amount (not including credit  
27 memoranda) collected during the second preceding calendar  
28 month by the Department and paid into the County and Mass  
29 Transit District Fund, plus an amount the Department determines  
30 is necessary to offset any amounts which were erroneously paid  
31 to a different taxing body, and not including an amount equal  
32 to the amount of refunds made during the second preceding  
33 calendar month by the Department, and not including any amount  
34 which the Department determines is necessary to offset any  
35 amounts which were payable to a different taxing body but were  
36 erroneously paid to the Regional Transportation Authority or

1 county. Within 10 days after receipt, by the Comptroller, of  
2 the disbursement certification to the Regional Transportation  
3 Authority and counties, provided for in this Section to be  
4 given to the Comptroller by the Department, the Comptroller  
5 shall cause the orders to be drawn for the respective amounts  
6 in accordance with the directions contained in such  
7 certification.

8 When certifying the amount of a monthly disbursement to the  
9 Regional Transportation Authority or to a county under this  
10 Section, the Department shall increase or decrease that amount  
11 by an amount necessary to offset any misallocation of previous  
12 disbursements. The offset amount shall be the amount  
13 erroneously disbursed within the 6 months preceding the time a  
14 misallocation is discovered.

15 The provisions directing the distributions from the  
16 special fund in the State Treasury provided for in this Section  
17 and from the Regional Transportation Authority tax fund created  
18 by Section 4.03 of the Regional Transportation Authority Act  
19 shall constitute an irrevocable and continuing appropriation  
20 of all amounts as provided herein. The State Treasurer and  
21 State Comptroller are hereby authorized to make distributions  
22 as provided in this Section.

23 In construing any development, redevelopment, annexation,  
24 preannexation or other lawful agreement in effect prior to  
25 September 1, 1990, which describes or refers to receipts from a  
26 county or municipal retailers' occupation tax, use tax or  
27 service occupation tax which now cannot be imposed, such  
28 description or reference shall be deemed to include the  
29 replacement revenue for such abolished taxes, distributed from  
30 the County and Mass Transit District Fund or Local Government  
31 Distributive Fund, as the case may be.

32 (Source: P.A. 90-491, eff. 1-1-98; 91-872, eff. 7-1-00.)

33 Section 10. The Use Tax Act is amended by changing Section  
34 3-10 as follows:

1 (35 ILCS 105/3-10) (from Ch. 120, par. 439.3-10)

2 Sec. 3-10. Rate of tax. Unless otherwise provided in this  
3 Section, the tax imposed by this Act is at the rate of 6.25% of  
4 either the selling price or the fair market value, if any, of  
5 the tangible personal property. In all cases where property  
6 functionally used or consumed is the same as the property that  
7 was purchased at retail, then the tax is imposed on the selling  
8 price of the property. In all cases where property functionally  
9 used or consumed is a by-product or waste product that has been  
10 refined, manufactured, or produced from property purchased at  
11 retail, then the tax is imposed on the lower of the fair market  
12 value, if any, of the specific property so used in this State  
13 or on the selling price of the property purchased at retail.  
14 For purposes of this Section "fair market value" means the  
15 price at which property would change hands between a willing  
16 buyer and a willing seller, neither being under any compulsion  
17 to buy or sell and both having reasonable knowledge of the  
18 relevant facts. The fair market value shall be established by  
19 Illinois sales by the taxpayer of the same property as that  
20 functionally used or consumed, or if there are no such sales by  
21 the taxpayer, then comparable sales or purchases of property of  
22 like kind and character in Illinois.

23 Beginning on July 1, 2000 and through December 31, 2000 and  
24 beginning again on May 1, 2006 through September 30, 2006, with  
25 respect to motor fuel, as defined in Section 1.1 of the Motor  
26 Fuel Tax Law, and gasohol, as defined in Section 3-40 of the  
27 Use Tax Act, the tax is imposed at the rate of 1.25%.

28 With respect to gasohol, the tax imposed by this Act  
29 applies to (i) 70% of the proceeds of sales made on or after  
30 January 1, 1990, and before July 1, 2003, (ii) 80% of the  
31 proceeds of sales made on or after July 1, 2003 and on or  
32 before December 31, 2013, and (iii) 100% of the proceeds of  
33 sales made thereafter. If, at any time, however, the tax under  
34 this Act on sales of gasohol is imposed at the rate of 1.25%,  
35 then the tax imposed by this Act applies to 100% of the  
36 proceeds of sales of gasohol made during that time.



1 With respect to majority blended ethanol fuel, the tax  
2 imposed by this Act does not apply to the proceeds of sales  
3 made on or after July 1, 2003 and on or before December 31,  
4 2013 but applies to 100% of the proceeds of sales made  
5 thereafter.

6 With respect to biodiesel blends with no less than 1% and  
7 no more than 10% biodiesel, the tax imposed by this Act applies  
8 to (i) 80% of the proceeds of sales made on or after July 1,  
9 2003 and on or before December 31, 2013 and (ii) 100% of the  
10 proceeds of sales made thereafter. If, at any time, however,  
11 the tax under this Act on sales of biodiesel blends with no  
12 less than 1% and no more than 10% biodiesel is imposed at the  
13 rate of 1.25%, then the tax imposed by this Act applies to 100%  
14 of the proceeds of sales of biodiesel blends with no less than  
15 1% and no more than 10% biodiesel made during that time.

16 With respect to 100% biodiesel and biodiesel blends with  
17 more than 10% but no more than 99% biodiesel, the tax imposed  
18 by this Act does not apply to the proceeds of sales made on or  
19 after July 1, 2003 and on or before December 31, 2013 but  
20 applies to 100% of the proceeds of sales made thereafter.

21 With respect to food for human consumption that is to be  
22 consumed off the premises where it is sold (other than  
23 alcoholic beverages, soft drinks, and food that has been  
24 prepared for immediate consumption) and prescription and  
25 nonprescription medicines, drugs, medical appliances,  
26 modifications to a motor vehicle for the purpose of rendering  
27 it usable by a disabled person, and insulin, urine testing  
28 materials, syringes, and needles used by diabetics, for human  
29 use, the tax is imposed at the rate of 1%. For the purposes of  
30 this Section, the term "soft drinks" means any complete,  
31 finished, ready-to-use, non-alcoholic drink, whether  
32 carbonated or not, including but not limited to soda water,  
33 cola, fruit juice, vegetable juice, carbonated water, and all  
34 other preparations commonly known as soft drinks of whatever  
35 kind or description that are contained in any closed or sealed  
36 bottle, can, carton, or container, regardless of size. "Soft

1 drinks" does not include coffee, tea, non-carbonated water,  
2 infant formula, milk or milk products as defined in the Grade A  
3 Pasteurized Milk and Milk Products Act, or drinks containing  
4 50% or more natural fruit or vegetable juice.

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

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

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

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

21 (35 ILCS 110/3-10) (from Ch. 120, par. 439.33-10)

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

28 Beginning on July 1, 2000 and through December 31, 2000 and  
29 beginning again on May 1, 2006 through September 30, 2006, with  
30 respect to motor fuel, as defined in Section 1.1 of the Motor  
31 Fuel Tax Law, and gasohol, as defined in Section 3-40 of the  
32 Use Tax Act, the tax is imposed at the rate of 1.25%.

33 With respect to gasohol, as defined in the Use Tax Act, the  
34 tax imposed by this Act applies to (i) 70% of the selling price

1 of property transferred as an incident to the sale of service  
2 on or after January 1, 1990, and before July 1, 2003, (ii) 80%  
3 of the selling price of property transferred as an incident to  
4 the sale of service on or after July 1, 2003 and on or before  
5 December 31, 2013, and (iii) 100% of the selling price  
6 thereafter. If, at any time, however, the tax under this Act on  
7 sales of gasohol, as defined in the Use Tax Act, is imposed at  
8 the rate of 1.25%, then the tax imposed by this Act applies to  
9 100% of the proceeds of sales of gasohol 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 selling price of property transferred as an incident to  
13 the sale of service on or after July 1, 2003 and on or before  
14 December 31, 2013 but applies to 100% of the selling price  
15 thereafter.

16 With respect to biodiesel blends, as defined in the Use Tax  
17 Act, with no less than 1% and no more than 10% biodiesel, the  
18 tax imposed by this Act applies to (i) 80% of the selling price  
19 of property transferred as an incident to the sale of service  
20 on or after July 1, 2003 and on or before December 31, 2013 and  
21 (ii) 100% of the proceeds of the selling price thereafter. If,  
22 at any time, however, the tax under this Act on sales of  
23 biodiesel blends, as defined in the Use Tax Act, with no less  
24 than 1% and no more than 10% biodiesel 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 biodiesel blends with no less than 1%  
27 and no more than 10% biodiesel made during that time.

28 With respect to 100% biodiesel, as defined in the Use Tax  
29 Act, and biodiesel blends, as defined in the Use Tax Act, with  
30 more than 10% but no more than 99% biodiesel, the tax imposed  
31 by this Act does not apply to the proceeds of the selling price  
32 of property transferred as an incident to the sale of service  
33 on or after July 1, 2003 and on or before December 31, 2013 but  
34 applies to 100% of the selling price thereafter.

35 At the election of any registered serviceman made for each  
36 fiscal year, sales of service in which the aggregate annual

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

9 The tax shall be imposed at the rate of 1% on food prepared  
10 for immediate consumption and transferred incident to a sale of  
11 service subject to this Act or the Service Occupation Tax Act  
12 by an entity licensed under the Hospital Licensing Act, the  
13 Nursing Home Care Act, or the Child Care Act of 1969. The tax  
14 shall also be imposed at the rate of 1% on food for human  
15 consumption that is to be consumed off the premises where it is  
16 sold (other than alcoholic beverages, soft drinks, and food  
17 that has been prepared for immediate consumption and is not  
18 otherwise included in this paragraph) and prescription and  
19 nonprescription medicines, drugs, medical appliances,  
20 modifications to a motor vehicle for the purpose of rendering  
21 it usable by a disabled person, and insulin, urine testing  
22 materials, syringes, and needles used by diabetics, for human  
23 use. For the purposes of this Section, the term "soft drinks"  
24 means any complete, finished, ready-to-use, non-alcoholic  
25 drink, whether carbonated or not, including but not limited to  
26 soda water, cola, fruit juice, vegetable juice, carbonated  
27 water, and all other preparations commonly known as soft drinks  
28 of whatever kind or description that are contained in any  
29 closed or sealed bottle, can, carton, or container, regardless  
30 of size. "Soft drinks" does not include coffee, tea,  
31 non-carbonated water, infant formula, milk or milk products as  
32 defined in the Grade A Pasteurized Milk and Milk Products Act,  
33 or drinks containing 50% or more natural fruit or vegetable  
34 juice.

35 Notwithstanding any other provisions of this Act, "food for  
36 human consumption that is to be consumed off the premises where

1 it is sold" includes all food sold through a vending machine,  
2 except soft drinks and food products that are dispensed hot  
3 from a vending machine, regardless of the location of the  
4 vending machine.

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

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

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

15 (35 ILCS 115/3-10) (from Ch. 120, par. 439.103-10)

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

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

1 beginning again on May 1, 2006 through September 30, 2006, with  
2 respect to motor fuel, as defined in Section 1.1 of the Motor  
3 Fuel Tax Law, and gasohol, as defined in Section 3-40 of the  
4 Use Tax Act, the tax is imposed at the rate of 1.25%.

5 With respect to gasohol, as defined in the Use Tax Act, the  
6 tax imposed by this Act shall apply to (i) 70% of the cost  
7 price of property transferred as an incident to the sale of  
8 service on or after January 1, 1990, and before July 1, 2003,  
9 (ii) 80% of the selling price of property transferred as an  
10 incident to the sale of service on or after July 1, 2003 and on  
11 or before December 31, 2013, and (iii) 100% of the cost price  
12 thereafter. If, at any time, however, the tax under this Act on  
13 sales of gasohol, as defined in the Use Tax Act, is imposed at  
14 the rate of 1.25%, then the tax imposed by this Act applies to  
15 100% of the proceeds of sales of gasohol made during that time.

16 With respect to majority blended ethanol fuel, as defined  
17 in the Use Tax Act, the tax imposed by this Act does not apply  
18 to the selling price of property transferred as an incident to  
19 the sale of service on or after July 1, 2003 and on or before  
20 December 31, 2013 but applies to 100% of the selling price  
21 thereafter.

22 With respect to biodiesel blends, as defined in the Use Tax  
23 Act, with no less than 1% and no more than 10% biodiesel, the  
24 tax imposed by this Act applies to (i) 80% of the selling price  
25 of property transferred as an incident to the sale of service  
26 on or after July 1, 2003 and on or before December 31, 2013 and  
27 (ii) 100% of the proceeds of the selling price thereafter. If,  
28 at any time, however, the tax under this Act on sales of  
29 biodiesel blends, as defined in the Use Tax Act, with no less  
30 than 1% and no more than 10% biodiesel is imposed at the rate  
31 of 1.25%, then the tax imposed by this Act applies to 100% of  
32 the proceeds of sales of biodiesel blends with no less than 1%  
33 and no more than 10% biodiesel made during that time.

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

1 imposed by this Act does not apply to the proceeds of the  
2 selling price of property transferred as an incident to the  
3 sale of service on or after July 1, 2003 and on or before  
4 December 31, 2013 but applies to 100% of the selling price  
5 thereafter.

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 aggregate  
12 annual total gross receipts from all sales of service, the tax  
13 imposed by this Act shall be based on the serviceman's cost  
14 price of the tangible personal property transferred incident to  
15 the sale of those services.

16 The tax shall be imposed at the rate of 1% on food prepared  
17 for immediate consumption and transferred incident to a sale of  
18 service subject to this Act or the Service Occupation Tax Act  
19 by an entity licensed under the Hospital Licensing Act, the  
20 Nursing Home Care Act, or the Child Care Act of 1969. The tax  
21 shall also be imposed at the rate of 1% on food for human  
22 consumption that is to be consumed off the premises where it is  
23 sold (other than alcoholic beverages, soft drinks, and food  
24 that has been prepared for immediate consumption and is not  
25 otherwise included in this paragraph) and prescription and  
26 nonprescription medicines, drugs, medical appliances,  
27 modifications to a motor vehicle for the purpose of rendering  
28 it usable by a disabled person, and insulin, urine testing  
29 materials, syringes, and needles used by diabetics, for human  
30 use. For the purposes of this Section, the term "soft drinks"  
31 means any complete, finished, ready-to-use, non-alcoholic  
32 drink, whether carbonated or not, including but not limited to  
33 soda water, cola, fruit juice, vegetable juice, carbonated  
34 water, and all other preparations commonly known as soft drinks  
35 of whatever kind or description that are contained in any  
36 closed or sealed can, carton, or container, regardless of size.

1 "Soft drinks" does not include coffee, tea, non-carbonated  
2 water, infant formula, milk or milk products as defined in the  
3 Grade A Pasteurized Milk and Milk Products Act, or drinks  
4 containing 50% or more natural fruit or vegetable juice.

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

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

12 Section 25. The Retailers' Occupation Tax Act is amended by  
13 changing Section 2-10 as follows:

14 (35 ILCS 120/2-10) (from Ch. 120, par. 441-10)

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

19 Beginning on July 1, 2000 and through December 31, 2000 and  
20 beginning again on May 1, 2006 through September 30, 2006, with  
21 respect to motor fuel, as defined in Section 1.1 of the Motor  
22 Fuel Tax Law, and gasohol, as defined in Section 3-40 of the  
23 Use Tax Act, the tax is imposed at the rate of 1.25%.

24 Within 14 days after the effective date of this amendatory  
25 Act of the 91st General Assembly, each retailer of motor fuel  
26 and gasohol shall cause the following notice to be posted in a  
27 prominently visible place on each retail dispensing device that  
28 is used to dispense motor fuel or gasohol in the State of  
29 Illinois: "As of July 1, 2000, the State of Illinois has  
30 eliminated the State's share of sales tax on motor fuel and  
31 gasohol through December 31, 2000. The price on this pump  
32 should reflect the elimination of the tax." The notice shall be  
33 printed in bold print on a sign that is no smaller than 4  
34 inches by 8 inches. The sign shall be clearly visible to



1 customers. Any retailer who fails to post or maintain a  
2 required sign through December 31, 2000 is guilty of a petty  
3 offense for which the fine shall be \$500 per day per each  
4 retail premises where a violation occurs.

5 With respect to gasohol, as defined in the Use Tax Act, the  
6 tax imposed by this Act applies to (i) 70% of the proceeds of  
7 sales made on or after January 1, 1990, and before July 1,  
8 2003, (ii) 80% of the proceeds of sales made on or after July  
9 1, 2003 and on or before December 31, 2013, and (iii) 100% of  
10 the proceeds of sales made thereafter. If, at any time,  
11 however, the tax under this Act on sales of gasohol, as defined  
12 in the Use Tax Act, is imposed at the rate of 1.25%, then the  
13 tax imposed by this Act applies to 100% of the proceeds of  
14 sales of gasohol made during that time.

15 With respect to majority blended ethanol fuel, as defined  
16 in the Use Tax Act, the tax imposed by this Act does not apply  
17 to the proceeds of sales made on or after July 1, 2003 and on or  
18 before December 31, 2013 but applies to 100% of the proceeds of  
19 sales made thereafter.

20 With respect to biodiesel blends, as defined in the Use Tax  
21 Act, with no less than 1% and no more than 10% biodiesel, the  
22 tax imposed by this Act applies to (i) 80% of the proceeds of  
23 sales made on or after July 1, 2003 and on or before December  
24 31, 2013 and (ii) 100% of the proceeds of sales made  
25 thereafter. If, at any time, however, the tax under this Act on  
26 sales of biodiesel blends, as defined in the Use Tax Act, with  
27 no less than 1% and no more than 10% biodiesel is imposed at  
28 the rate of 1.25%, then the tax imposed by this Act applies to  
29 100% of the proceeds of sales of biodiesel blends with no less  
30 than 1% and no more than 10% biodiesel made during that time.

31 With respect to 100% biodiesel, as defined in the Use Tax  
32 Act, and biodiesel blends, as defined in the Use Tax Act, with  
33 more than 10% but no more than 99% biodiesel, the tax imposed  
34 by this Act does not apply to the proceeds of sales made on or  
35 after July 1, 2003 and on or before December 31, 2013 but  
36 applies to 100% of the proceeds of sales made thereafter.

1           With respect to food for human consumption that is to be  
2 consumed off the premises where it is sold (other than  
3 alcoholic beverages, soft drinks, and food that has been  
4 prepared for immediate consumption) and prescription and  
5 nonprescription medicines, drugs, medical appliances,  
6 modifications to a motor vehicle for the purpose of rendering  
7 it usable by a disabled person, and insulin, urine testing  
8 materials, syringes, and needles used by diabetics, for human  
9 use, the tax is imposed at the rate of 1%. For the purposes of  
10 this Section, the term "soft drinks" means any complete,  
11 finished, ready-to-use, non-alcoholic drink, whether  
12 carbonated or not, including but not limited to soda water,  
13 cola, fruit juice, vegetable juice, carbonated water, and all  
14 other preparations commonly known as soft drinks of whatever  
15 kind or description that are contained in any closed or sealed  
16 bottle, can, carton, or container, regardless of size. "Soft  
17 drinks" does not include coffee, tea, non-carbonated water,  
18 infant formula, milk or milk products as defined in the Grade A  
19 Pasteurized Milk and Milk Products Act, or drinks containing  
20 50% or more natural fruit or vegetable juice.

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

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

28           Section 99. Effective date. This Act takes effect upon  
29 becoming law.