



99TH GENERAL ASSEMBLY

State of Illinois

2015 and 2016

SB1948

Introduced 2/20/2015, by Sen. Andy Manar

SYNOPSIS AS INTRODUCED:

20 ILCS 689/15	
20 ILCS 689/20	
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, on or after July 1, 2015 and on or before December 31, 2018, the taxes imposed under the Acts apply to 90% of the proceeds of sales of gasohol and 80% of the proceeds of sales of mid-range ethanol blends. Amends the Illinois Renewable Fuels Development Program Act. Provides that grants may be awarded for the following programs: a next generation renewable fuels program, a majority blended ethanol and blender pump infrastructure program, and a research and development program for sustainable corn production and corn-based renewable fuel production. Sets forth the maximum aggregate amount of grants that may be awarded under each program. Effective immediately.

LRB099 08471 HLH 28627 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 Illinois Renewable Fuels Development
5 Program Act is amended by changing Sections 15 and 20 as
6 follows:

7 (20 ILCS 689/15)

8 Sec. 15. Illinois Renewable Fuels Development Program.

9 (a) The Department must develop and administer the Illinois
10 Renewable Fuels Development Program to assist in the
11 construction, modification, alteration, or retrofitting of
12 renewable fuel plants in Illinois. The recipient of a grant
13 under this Section must:

14 (1) be constructing, modifying, altering, or
15 retrofitting a plant in the State of Illinois;

16 (2) be constructing, modifying, altering, or
17 retrofitting a plant that has annual production capacity of
18 no less than 5,000,000 gallons of renewable fuel per year;
19 and

20 (3) enter into a project labor agreement, whenever
21 practicable, as prescribed by Section 25 of this Act.

22 (b) Grant applications must be made on forms provided by
23 and in accordance with procedures established by the

1 Department.

2 (c) The Department must give preference to applicants that
3 use Illinois agricultural products in the production of
4 renewable fuel at the plant for which the grant is being
5 requested.

6 (Source: P.A. 96-140, eff. 1-1-10.)

7 (20 ILCS 689/20)

8 Sec. 20. Grants. Subject to appropriation, the Director is
9 authorized to award grants to eligible applicants for the
10 following programs.

11 (1) Next generation ethanol/renewable fuels. Eligible
12 next generation ethanol/renewable fuel projects include
13 those renewable fuel facilities installing new
14 technologies to reduce water and energy usage as well as
15 technologies to reduce greenhouse gas emissions. Projects
16 that will result in more efficient processes, new
17 co-products, fuels and chemicals are also eligible for
18 funding. The annual aggregate amount of grants awarded
19 under this item (1) for next generation ethanol/renewable
20 fuel projects shall not exceed: \$5,000,000 in Fiscal Year
21 2016, \$10,000,000 in Fiscal Year 2017, and \$10,000,000 in
22 Fiscal Year 2018.

23 (2) Majority blended ethanol and blender pump
24 infrastructure program. The Department shall establish a
25 grant program to provide funds for the installation of

1 majority blended ethanol and blender pump fueling
2 facilities. The annual aggregate amount of grants awarded
3 under this item (2) shall not exceed: \$15,000,000 in Fiscal
4 Year 2016, \$10,000,000 in Fiscal Year 2017, and \$10,000,000
5 in Fiscal Year 2018.

6 (3) Research and development program for sustainable
7 corn production and corn-based renewable fuel production.
8 The Department shall establish a grant program to provide
9 funds for research and development projects to reduce the
10 carbon footprint of corn based renewable fuels through new
11 co-products, new process technologies, and new fuels. The
12 Department shall also establish a grant program to fund
13 research on increasing the sustainability of corn
14 production through better nitrogen utilization, new best
15 management practices for improved soil health, water
16 conservation, and reduced environmental concerns. Eligible
17 projects include those that will increase corn
18 productivity with lower inputs and less risk. The annual
19 aggregate amount of grants awarded under this item (3)
20 shall not exceed: \$5,000,000 in Fiscal Year 2016,
21 \$5,000,000 in Fiscal Year 2017, and \$5,000,000 in Fiscal
22 Year 2018.

23 ~~The annual aggregate amount of grants awarded shall not exceed~~
24 ~~\$20,000,000, except that this amount does not include amounts,~~
25 ~~up to \$4,000,000 per grant, that may be awarded to each~~
26 ~~eligible applicant who installs advanced technologies for~~

1 ~~water usage, carbon footprint reduction, and other blending~~
2 ~~improvements designed to optimize processes at the applicant's~~
3 ~~renewable fuels facility.~~

4 (Source: P.A. 96-173, eff. 8-10-09.)

5 Section 10. The Use Tax Act is amended by changing Sections
6 3-10, 3-40, and 3-44 and by adding Section 3-44.3 as follows:

7 (35 ILCS 105/3-10)

8 Sec. 3-10. Rate of tax. Unless otherwise provided in this
9 Section, the tax imposed by this Act is at the rate of 6.25% of
10 either the selling price or the fair market value, if any, of
11 the tangible personal property. In all cases where property
12 functionally used or consumed is the same as the property that
13 was purchased at retail, then the tax is imposed on the selling
14 price of the property. In all cases where property functionally
15 used or consumed is a by-product or waste product that has been
16 refined, manufactured, or produced from property purchased at
17 retail, then the tax is imposed on the lower of the fair market
18 value, if any, of the specific property so used in this State
19 or on the selling price of the property purchased at retail.
20 For purposes of this Section "fair market value" means the
21 price at which property would change hands between a willing
22 buyer and a willing seller, neither being under any compulsion
23 to buy or sell and both having reasonable knowledge of the
24 relevant facts. The fair market value shall be established by

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

12 With respect to gasohol, the tax imposed by this Act
13 applies to (i) 70% of the proceeds of sales made on or after
14 January 1, 1990, and before July 1, 2003, (ii) 80% of the
15 proceeds of sales made on or after July 1, 2003 and on or
16 before June 30, 2015, (iii) 90% of the proceeds of sales made
17 on or after July 1, 2015 and on or before December 31, 2018,
18 and (iv) ~~(iii)~~ 100% of the proceeds of sales made thereafter.
19 If, at any time, however, the tax under this Act on sales of
20 gasohol is imposed at the rate of 1.25%, then the tax imposed
21 by this Act applies to 100% of the proceeds of sales of gasohol
22 made during that time.

23 With respect to mid-range ethanol blends, the tax imposed
24 by this Act applies to (i) 80% of the proceeds of sales made on
25 or after July 1, 2015 and on or before December 31, 2018 and
26 (ii) 100% of the proceeds of sales made thereafter. If, at any

1 time, however, the tax under this Act on sales of mid-range
2 ethanol blends is imposed at the rate of 1.25%, then the tax
3 imposed by this Act applies to 100% of the proceeds of sales of
4 mid-range ethanol blends made during that time.

5 With respect to majority blended ethanol fuel, the tax
6 imposed by this Act does not apply to the proceeds of sales
7 made on or after July 1, 2003 and on or before December 31,
8 2018 but applies to 100% of the proceeds of sales made
9 thereafter.

10 With respect to biodiesel blends with no less than 1% and
11 no more than 10% biodiesel, the tax imposed by this Act applies
12 to (i) 80% of the proceeds of sales made on or after July 1,
13 2003 and on or before December 31, 2018 and (ii) 100% of the
14 proceeds of sales made thereafter. If, at any time, however,
15 the tax under this Act on sales of biodiesel blends with no
16 less than 1% and no more than 10% biodiesel is imposed at the
17 rate of 1.25%, then the tax imposed by this Act applies to 100%
18 of the proceeds of sales of biodiesel blends with no less than
19 1% and no more than 10% biodiesel made during that time.

20 With respect to 100% biodiesel and biodiesel blends with
21 more than 10% but no more than 99% biodiesel, the tax imposed
22 by this Act does not apply to the proceeds of sales made on or
23 after July 1, 2003 and on or before December 31, 2018 but
24 applies to 100% of the proceeds of sales made thereafter.

25 With respect to food for human consumption that is to be
26 consumed off the premises where it is sold (other than

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

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

26 Until August 1, 2009, and notwithstanding any other

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

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

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

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

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

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

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

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

24 (Source: P.A. 97-636, eff. 6-1-12; 98-122, eff. 1-1-14.)

25 (35 ILCS 105/3-40) (from Ch. 120, par. 439.3-40)

1 Sec. 3-40. Gasohol. As used in this Act, "gasohol" means
2 motor fuel that is a denatured ethanol and gasoline blend ~~of~~
3 ~~denatured ethanol and gasoline~~ that contains (i) no more than
4 1.25% water by weight and (ii) the maximum proportion of
5 ethanol authorized by the United States Environmental
6 Protection Agency under Section 211 of the Clean Air Act. ~~The~~
7 ~~blend must contain 90% gasoline and 10% denatured ethanol.~~ A
8 maximum of one percent error factor in the amount of denatured
9 ethanol used in the blend is allowable to compensate for
10 blending equipment variations. Any person who knowingly sells
11 or represents as gasohol any fuel that does not qualify as
12 gasohol under this Act is guilty of a business offense and
13 shall be fined not more than \$100 for each day that the sale or
14 representation takes place after notification from the
15 Department of Agriculture that the fuel in question does not
16 qualify as gasohol.

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

18 (35 ILCS 105/3-44)

19 Sec. 3-44. Majority blended ethanol fuel. "Majority
20 blended ethanol fuel" means motor fuel that (i) contains not
21 less than 51% and no more than 83% by volume ethanol, as
22 specified in ASTM Standard DS798-11 and (ii) is capable of
23 being used in the operation of flexible fuel vehicles. ~~70% and~~
24 ~~no more than 90% denatured ethanol and no less than 10% and no~~
25 ~~more than 30% gasoline.~~

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

2 (35 ILCS 105/3-44.3 new)

3 Sec. 3-44.3. Mid-range ethanol blend. "Mid-range ethanol
4 blend" means a blend of gasoline and denatured ethanol that
5 contains not less than 20% but less than 51% denatured ethanol.

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

8 (35 ILCS 110/3-10) (from Ch. 120, par. 439.33-10)

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 of tangible personal property transferred as
12 an incident to the sale of service, but, for the purpose of
13 computing this tax, in no event shall the selling price be less
14 than the cost price of the property to the serviceman.

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

1 the sale of service on or after July 1, 2003 and on or before
2 June 30, 2015, (iii) 90% of the selling price of property
3 transferred as an incident to the sale of service on or after
4 July 1, 2015, and on or before December 31, 2018, and (iv)
5 ~~(iii)~~ 100% of the selling price thereafter. If, at any time,
6 however, the tax under this Act on sales of gasohol, as defined
7 in the Use Tax Act, is imposed at the rate of 1.25%, then the
8 tax imposed by this Act applies to 100% of the proceeds of
9 sales of gasohol made during that time.

10 With respect to mid-range ethanol blends, as defined in the
11 Use Tax Act, the tax imposed by this Act applies to (i) 80% of
12 the selling price of property transferred as an incident to the
13 sale of service on or after July 1, 2015 and on or before
14 December 31, 2018 and (ii) 100% of the selling price
15 thereafter. If, at any time, however, the tax under this Act on
16 sales of mid-range ethanol blends is imposed at the rate of
17 1.25%, then the tax imposed by this Act applies to 100% of the
18 proceeds of sales of mid-range ethanol blends made during that
19 time.

20 With respect to majority blended ethanol fuel, as defined
21 in the Use Tax Act, the tax imposed by this Act does not apply
22 to the selling price of property transferred as an incident to
23 the sale of service on or after July 1, 2003 and on or before
24 December 31, 2018 but applies to 100% of the selling price
25 thereafter.

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

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

12 With respect to 100% biodiesel, as defined in the Use Tax
13 Act, and biodiesel blends, as defined in the Use Tax Act, with
14 more than 10% but no more than 99% biodiesel, the tax imposed
15 by this Act does not apply to the proceeds of the selling price
16 of property transferred as an incident to the sale of service
17 on or after July 1, 2003 and on or before December 31, 2018 but
18 applies to 100% of the selling price thereafter.

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

1 price of the tangible personal property transferred as an
2 incident to the sale of those services.

3 The tax shall be imposed at the rate of 1% on food prepared
4 for 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 ID/DD Community Care Act, the
8 Specialized Mental Health Rehabilitation Act of 2013, or the
9 Child Care Act of 1969. The tax shall also be imposed at the
10 rate of 1% on food for human consumption that is to be consumed
11 off the premises where it is sold (other than alcoholic
12 beverages, soft drinks, and food that has been prepared for
13 immediate consumption and is not otherwise included in this
14 paragraph) and prescription and nonprescription medicines,
15 drugs, medical appliances, modifications to a motor vehicle for
16 the purpose of rendering it usable by a disabled person, and
17 insulin, urine testing materials, syringes, and needles used by
18 diabetics, for human use. For the purposes of this Section,
19 until September 1, 2009: the term "soft drinks" means any
20 complete, finished, ready-to-use, non-alcoholic drink, whether
21 carbonated or not, including but not limited to soda water,
22 cola, fruit juice, vegetable juice, carbonated water, and all
23 other preparations commonly known as soft drinks of whatever
24 kind or description that are contained in any closed or sealed
25 bottle, can, carton, or container, regardless of size; but
26 "soft drinks" does not include coffee, tea, non-carbonated

1 water, infant formula, milk or milk products as defined in the
2 Grade A Pasteurized Milk and Milk Products Act, or drinks
3 containing 50% or more natural fruit or vegetable juice.

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

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

22 Notwithstanding any other provisions of this Act,
23 beginning September 1, 2009, "food for human consumption that
24 is to be consumed off the premises where it is sold" does not
25 include candy. For purposes of this Section, "candy" means a
26 preparation of sugar, honey, or other natural or artificial

1 sweeteners in combination with chocolate, fruits, nuts or other
2 ingredients or flavorings in the form of bars, drops, or
3 pieces. "Candy" does not include any preparation that contains
4 flour or requires refrigeration.

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

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

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

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

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

8 (Source: P.A. 97-38, eff. 6-28-11; 97-227, eff. 1-1-12; 97-636,
9 eff. 6-1-12; 98-104, eff. 7-22-13; 98-122, eff. 1-1-14; 98-756,
10 eff. 7-16-14.)

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

13 (35 ILCS 115/3-10) (from Ch. 120, par. 439.103-10)

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

1 tangible personal property is deemed to be 50% of the
2 serviceman's entire billing to the service customer. When,
3 however, a serviceman contracts to design, develop, and produce
4 special order machinery or equipment, the tax imposed by this
5 Act shall be based on the serviceman's cost price of the
6 tangible personal property transferred incident to the
7 completion of the contract.

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

12 With respect to gasohol, as defined in the Use Tax Act, the
13 tax imposed by this Act shall apply to (i) 70% of the cost
14 price of property transferred as an incident to the sale of
15 service on or after January 1, 1990, and before July 1, 2003,
16 (ii) 80% of the selling price of property transferred as an
17 incident to the sale of service on or after July 1, 2003 and on
18 or before June 30, 2015, (iii) 90% of the selling price of
19 property transferred as an incident to the sale of service on
20 or after July 1, 2015, and on or before December 31, 2018, and
21 (iv) ~~(iii)~~ 100% of the cost price thereafter. If, at any time,
22 however, the tax under this Act on sales of gasohol, as defined
23 in the Use Tax Act, is imposed at the rate of 1.25%, then the
24 tax imposed by this Act applies to 100% of the proceeds of
25 sales of gasohol made during that time.

26 With respect to mid-range ethanol blends, as defined in the

1 Use Tax Act, the tax imposed by this Act applies to (i) 80% of
2 the selling price of property transferred as an incident to the
3 sale of service on or after July 1, 2015 and on or before
4 December 31, 2018 and (ii) 100% of the selling price
5 thereafter. If, at any time, however, the tax under this Act on
6 sales of mid-range ethanol blends is imposed at the rate of
7 1.25%, then the tax imposed by this Act applies to 100% of the
8 proceeds of sales of mid-range ethanol blends made during that
9 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, 2018 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, 2018 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%

1 and no more than 10% biodiesel made during that time.

2 With respect to 100% biodiesel, as defined in the Use Tax
3 Act, and biodiesel blends, as defined in the Use Tax Act, with
4 more than 10% but no more than 99% biodiesel material, the tax
5 imposed by this Act does not apply to the proceeds of the
6 selling price of property transferred as an incident to the
7 sale of service on or after July 1, 2003 and on or before
8 December 31, 2018 but applies to 100% of the selling price
9 thereafter.

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

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

1 rate of 1% on food for human consumption that is to be consumed
2 off the premises where it is sold (other than alcoholic
3 beverages, soft drinks, and food that has been prepared for
4 immediate consumption and is not otherwise included in this
5 paragraph) and prescription and nonprescription medicines,
6 drugs, medical appliances, modifications to a motor vehicle for
7 the purpose of rendering it usable by a disabled person, and
8 insulin, urine testing materials, syringes, and needles used by
9 diabetics, for human use. For the purposes of this Section,
10 until September 1, 2009: the term "soft drinks" means any
11 complete, finished, ready-to-use, non-alcoholic drink, whether
12 carbonated or not, including but not limited to soda water,
13 cola, fruit juice, vegetable juice, carbonated water, and all
14 other preparations commonly known as soft drinks of whatever
15 kind or description that are contained in any closed or sealed
16 can, carton, or container, regardless of size; but "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,
22 beginning September 1, 2009, "soft drinks" means non-alcoholic
23 beverages that contain natural or artificial sweeteners. "Soft
24 drinks" do not include beverages that contain milk or milk
25 products, soy, rice or similar milk substitutes, or greater
26 than 50% of vegetable or fruit juice by volume.

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

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

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

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

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

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

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

18 (Source: P.A. 97-38, eff. 6-28-11; 97-227, eff. 1-1-12; 97-636,
19 eff. 6-1-12; 98-104, eff. 7-22-13; 98-122, eff. 1-1-14; 98-756,
20 eff. 7-16-14.)

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

23 (35 ILCS 120/2-10)

24 Sec. 2-10. Rate of tax. Unless otherwise provided in this

1 Section, the tax imposed by this Act is at the rate of 6.25% of
2 gross receipts from sales of tangible personal property made in
3 the course of business.

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

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

11 Within 14 days after the effective date of this amendatory
12 Act of the 91st General Assembly, each retailer of motor fuel
13 and gasohol shall cause the following notice to be posted in a
14 prominently visible place on each retail dispensing device that
15 is used to dispense motor fuel or gasohol in the State of
16 Illinois: "As of July 1, 2000, the State of Illinois has
17 eliminated the State's share of sales tax on motor fuel and
18 gasohol through December 31, 2000. The price on this pump
19 should reflect the elimination of the tax." The notice shall be
20 printed in bold print on a sign that is no smaller than 4
21 inches by 8 inches. The sign shall be clearly visible to
22 customers. Any retailer who fails to post or maintain a
23 required sign through December 31, 2000 is guilty of a petty
24 offense for which the fine shall be \$500 per day per each
25 retail premises where a violation occurs.

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

1 tax imposed by this Act applies to (i) 70% of the proceeds of
2 sales made on or after January 1, 1990, and before July 1,
3 2003, (ii) 80% of the proceeds of sales made on or after July
4 1, 2003 and on or before June 30, 2015, (iii) 90% of the
5 proceeds of sales made on or after July 1, 2015 and on or
6 before December 31, 2018, and (iv) (iii) 100% of the proceeds
7 of sales made thereafter. If, at any time, however, the tax
8 under this Act on sales of gasohol, as defined in the Use Tax
9 Act, is imposed at the rate of 1.25%, then the tax imposed by
10 this Act applies to 100% of the proceeds of sales of gasohol
11 made during that time.

12 With respect to mid-range ethanol blends, as defined in the
13 Use Tax Act, the tax imposed by this Act applies to (i) 80% of
14 the proceeds of sales made on or after July 1, 2015 and on or
15 before December 31, 2018 and (ii) 100% of the proceeds of sales
16 made thereafter. If, at any time, however, the tax under this
17 Act on sales of mid-range ethanol blends is imposed at the rate
18 of 1.25%, then the tax imposed by this Act applies to 100% of
19 the proceeds of sales of mid-range ethanol blends made during
20 that time.

21 With respect to majority blended ethanol fuel, as defined
22 in the Use Tax Act, the tax imposed by this Act does not apply
23 to the proceeds of sales made on or after July 1, 2003 and on or
24 before December 31, 2018 but applies to 100% of the proceeds of
25 sales made thereafter.

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

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

11 With respect to 100% biodiesel, as defined in the Use Tax
12 Act, and biodiesel blends, as defined in the Use Tax Act, with
13 more than 10% but no more than 99% biodiesel, the tax imposed
14 by this Act does not apply to the proceeds of sales made on or
15 after July 1, 2003 and on or before December 31, 2018 but
16 applies to 100% of the proceeds of sales made thereafter.

17 With respect to food for human consumption that is to be
18 consumed off the premises where it is sold (other than
19 alcoholic beverages, soft drinks, and food that has been
20 prepared for immediate consumption) and prescription and
21 nonprescription medicines, drugs, medical appliances,
22 modifications to a motor vehicle for the purpose of rendering
23 it usable by a disabled person, and insulin, urine testing
24 materials, syringes, and needles used by diabetics, for human
25 use, the tax is imposed at the rate of 1%. For the purposes of
26 this Section, until September 1, 2009: the term "soft drinks"

1 means any complete, finished, ready-to-use, non-alcoholic
2 drink, whether carbonated or not, including but not limited to
3 soda water, cola, fruit juice, vegetable juice, carbonated
4 water, and all other preparations commonly known as soft drinks
5 of whatever kind or description that are contained in any
6 closed or sealed bottle, can, carton, or container, regardless
7 of size; but "soft drinks" does not include coffee, tea,
8 non-carbonated water, infant formula, milk or milk products as
9 defined in the Grade A Pasteurized Milk and Milk Products Act,
10 or drinks containing 50% or more natural fruit or vegetable
11 juice.

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

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

1 through a vending machine, except soft drinks, candy, and food
2 products that are dispensed hot from a vending machine,
3 regardless of the location of the vending machine.

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

13 Notwithstanding any other provisions of this Act,
14 beginning September 1, 2009, "nonprescription medicines and
15 drugs" does not include grooming and hygiene products. For
16 purposes of this Section, "grooming and hygiene products"
17 includes, but is not limited to, soaps and cleaning solutions,
18 shampoo, toothpaste, mouthwash, antiperspirants, and sun tan
19 lotions and screens, unless those products are available by
20 prescription only, regardless of whether the products meet the
21 definition of "over-the-counter-drugs". For the purposes of
22 this paragraph, "over-the-counter-drug" means a drug for human
23 use that contains a label that identifies the product as a drug
24 as required by 21 C.F.R. § 201.66. The "over-the-counter-drug"
25 label includes:

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

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

4 Beginning on the effective date of this amendatory Act of
5 the 98th General Assembly, "prescription and nonprescription
6 medicines and drugs" includes medical cannabis purchased from a
7 registered dispensing organization under the Compassionate Use
8 of Medical Cannabis Pilot Program Act.

9 (Source: P.A. 97-636, eff. 6-1-12; 98-122, eff. 1-1-14.)

10 Section 99. Effective date. This Act takes effect upon
11 becoming law.