



Sen. Sue Rezin

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LRB100 07766 HLH 24536 a

1 AMENDMENT TO SENATE BILL 1193

2 AMENDMENT NO. _____. Amend Senate Bill 1193 by replacing
3 everything after the enacting clause with the following:

4 "Section 5. The Use Tax Act is amended by changing Sections
5 2a, 3-5, 3-25, and 3-50 as follows:

6 (35 ILCS 105/2a) (from Ch. 120, par. 439.2a)

7 Sec. 2a. Pollution control facilities.

8 (a) As used in this subsection (a), "pollution" ~~"Pollution~~
9 control facilities" means any system, method, construction,
10 device or appliance appurtenant thereto sold or used or
11 intended for the primary purpose of eliminating, preventing, or
12 reducing air and water pollution as the term "air pollution" or
13 "water pollution" is defined in the "Environmental Protection
14 Act", enacted by the 76th General Assembly, or for the primary
15 purpose of treating, pretreating, modifying or disposing of any
16 potential solid, liquid or gaseous pollutant which if released

1 without such treatment, pretreatment, modification or disposal
2 might be harmful, detrimental or offensive to human, plant or
3 animal life, or to property, excepting sorbents used for
4 mercury control in the process of sorbent injection as used to
5 comply with the Environmental Protection Act or the federal
6 Clean Air Act, consistent with Sections 2j and 3 of the
7 Retailers' Occupation Tax Act and Section 9 of the Use Tax Act.

8 Until July 1, 2003, the purchase, employment and transfer
9 of such tangible personal property as pollution control
10 facilities is not a purchase, use or sale of tangible personal
11 property.

12 (b) Notwithstanding the second paragraph of subsection (a)
13 of this Section, beginning June 1, 2017 and ending January 1,
14 2027, the purchase, employment, and transfer of tangible
15 personal property constituting or comprising pollution control
16 facilities, as defined in subsection (a), for installation at a
17 coal-fueled electric generation facility, generating for
18 wholesale and retail sale, is not a purchase, use, or sale of
19 tangible personal property and shall not be subject to the tax
20 imposed by this Act.

21 (Source: P.A. 93-24, eff. 6-20-03.)

22 (35 ILCS 105/3-5)

23 Sec. 3-5. Exemptions. Use of the following tangible
24 personal property is exempt from the tax imposed by this Act:

25 (1) Personal property purchased from a corporation,

1 society, association, foundation, institution, or
2 organization, other than a limited liability company, that is
3 organized and operated as a not-for-profit service enterprise
4 for the benefit of persons 65 years of age or older if the
5 personal property was not purchased by the enterprise for the
6 purpose of resale by the enterprise.

7 (2) Personal property purchased by a not-for-profit
8 Illinois county fair association for use in conducting,
9 operating, or promoting the county fair.

10 (3) Personal property purchased by a not-for-profit arts or
11 cultural organization that establishes, by proof required by
12 the Department by rule, that it has received an exemption under
13 Section 501(c)(3) of the Internal Revenue Code and that is
14 organized and operated primarily for the presentation or
15 support of arts or cultural programming, activities, or
16 services. These organizations include, but are not limited to,
17 music and dramatic arts organizations such as symphony
18 orchestras and theatrical groups, arts and cultural service
19 organizations, local arts councils, visual arts organizations,
20 and media arts organizations. On and after the effective date
21 of this amendatory Act of the 92nd General Assembly, however,
22 an entity otherwise eligible for this exemption shall not make
23 tax-free purchases unless it has an active identification
24 number issued by the Department.

25 (4) Personal property purchased by a governmental body, by
26 a corporation, society, association, foundation, or

1 institution organized and operated exclusively for charitable,
2 religious, or educational purposes, or by a not-for-profit
3 corporation, society, association, foundation, institution, or
4 organization that has no compensated officers or employees and
5 that is organized and operated primarily for the recreation of
6 persons 55 years of age or older. A limited liability company
7 may qualify for the exemption under this paragraph only if the
8 limited liability company is organized and operated
9 exclusively for educational purposes. On and after July 1,
10 1987, however, no entity otherwise eligible for this exemption
11 shall make tax-free purchases unless it has an active exemption
12 identification number issued by the Department.

13 (5) Until July 1, 2003, a passenger car that is a
14 replacement vehicle to the extent that the purchase price of
15 the car is subject to the Replacement Vehicle Tax.

16 (6) Until July 1, 2003 and beginning again on September 1,
17 2004 through August 30, 2014, graphic arts machinery and
18 equipment, including repair and replacement parts, both new and
19 used, and including that manufactured on special order,
20 certified by the purchaser to be used primarily for graphic
21 arts production, and including machinery and equipment
22 purchased for lease. Equipment includes chemicals or chemicals
23 acting as catalysts but only if the chemicals or chemicals
24 acting as catalysts effect a direct and immediate change upon a
25 graphic arts product.

26 (7) Farm chemicals.

1 (8) Legal tender, currency, medallions, or gold or silver
2 coinage issued by the State of Illinois, the government of the
3 United States of America, or the government of any foreign
4 country, and bullion.

5 (9) Personal property purchased from a teacher-sponsored
6 student organization affiliated with an elementary or
7 secondary school located in Illinois.

8 (10) A motor vehicle that is used for automobile renting,
9 as defined in the Automobile Renting Occupation and Use Tax
10 Act.

11 (11) Farm machinery and equipment, both new and used,
12 including that manufactured on special order, certified by the
13 purchaser to be used primarily for production agriculture or
14 State or federal agricultural programs, including individual
15 replacement parts for the machinery and equipment, including
16 machinery and equipment purchased for lease, and including
17 implements of husbandry defined in Section 1-130 of the
18 Illinois Vehicle Code, farm machinery and agricultural
19 chemical and fertilizer spreaders, and nurse wagons required to
20 be registered under Section 3-809 of the Illinois Vehicle Code,
21 but excluding other motor vehicles required to be registered
22 under the Illinois Vehicle Code. Horticultural polyhouses or
23 hoop houses used for propagating, growing, or overwintering
24 plants shall be considered farm machinery and equipment under
25 this item (11). Agricultural chemical tender tanks and dry
26 boxes shall include units sold separately from a motor vehicle

1 required to be licensed and units sold mounted on a motor
2 vehicle required to be licensed if the selling price of the
3 tender is separately stated.

4 Farm machinery and equipment shall include precision
5 farming equipment that is installed or purchased to be
6 installed on farm machinery and equipment including, but not
7 limited to, tractors, harvesters, sprayers, planters, seeders,
8 or spreaders. Precision farming equipment includes, but is not
9 limited to, soil testing sensors, computers, monitors,
10 software, global positioning and mapping systems, and other
11 such equipment.

12 Farm machinery and equipment also includes computers,
13 sensors, software, and related equipment used primarily in the
14 computer-assisted operation of production agriculture
15 facilities, equipment, and activities such as, but not limited
16 to, the collection, monitoring, and correlation of animal and
17 crop data for the purpose of formulating animal diets and
18 agricultural chemicals. This item (11) is exempt from the
19 provisions of Section 3-90.

20 (12) Until June 30, 2013, fuel and petroleum products sold
21 to or used by an air common carrier, certified by the carrier
22 to be used for consumption, shipment, or storage in the conduct
23 of its business as an air common carrier, for a flight destined
24 for or returning from a location or locations outside the
25 United States without regard to previous or subsequent domestic
26 stopovers.

1 Beginning July 1, 2013, fuel and petroleum products sold to
2 or used by an air carrier, certified by the carrier to be used
3 for consumption, shipment, or storage in the conduct of its
4 business as an air common carrier, for a flight that (i) is
5 engaged in foreign trade or is engaged in trade between the
6 United States and any of its possessions and (ii) transports at
7 least one individual or package for hire from the city of
8 origination to the city of final destination on the same
9 aircraft, without regard to a change in the flight number of
10 that aircraft.

11 (13) Proceeds of mandatory service charges separately
12 stated on customers' bills for the purchase and consumption of
13 food and beverages purchased at retail from a retailer, to the
14 extent that the proceeds of the service charge are in fact
15 turned over as tips or as a substitute for tips to the
16 employees who participate directly in preparing, serving,
17 hosting or cleaning up the food or beverage function with
18 respect to which the service charge is imposed.

19 (14) Until July 1, 2003, oil field exploration, drilling,
20 and production equipment, including (i) rigs and parts of rigs,
21 rotary rigs, cable tool rigs, and workover rigs, (ii) pipe and
22 tubular goods, including casing and drill strings, (iii) pumps
23 and pump-jack units, (iv) storage tanks and flow lines, (v) any
24 individual replacement part for oil field exploration,
25 drilling, and production equipment, and (vi) machinery and
26 equipment purchased for lease; but excluding motor vehicles

1 required to be registered under the Illinois Vehicle Code.

2 (15) Photoprocessing machinery and equipment, including
3 repair and replacement parts, both new and used, including that
4 manufactured on special order, certified by the purchaser to be
5 used primarily for photoprocessing, and including
6 photoprocessing machinery and equipment purchased for lease.

7 (16) Coal and aggregate exploration, mining, off-highway
8 hauling, processing, maintenance, and reclamation equipment,
9 including replacement parts and equipment, and including
10 equipment purchased for lease, but excluding motor vehicles
11 required to be registered under the Illinois Vehicle Code. The
12 changes made to this Section by Public Act 97-767 apply on and
13 after July 1, 2003, but no claim for credit or refund is
14 allowed on or after August 16, 2013 (the effective date of
15 Public Act 98-456) for such taxes paid during the period
16 beginning July 1, 2003 and ending on August 16, 2013 (the
17 effective date of Public Act 98-456).

18 (17) Until July 1, 2003, distillation machinery and
19 equipment, sold as a unit or kit, assembled or installed by the
20 retailer, certified by the user to be used only for the
21 production of ethyl alcohol that will be used for consumption
22 as motor fuel or as a component of motor fuel for the personal
23 use of the user, and not subject to sale or resale.

24 (18) Manufacturing and assembling machinery and equipment
25 used primarily in the process of manufacturing or assembling
26 tangible personal property for wholesale or retail sale or

1 lease, whether that sale or lease is made directly by the
2 manufacturer or by some other person, whether the materials
3 used in the process are owned by the manufacturer or some other
4 person, or whether that sale or lease is made apart from or as
5 an incident to the seller's engaging in the service occupation
6 of producing machines, tools, dies, jigs, patterns, gauges, or
7 other similar items of no commercial value on special order for
8 a particular purchaser. The exemption provided by this
9 paragraph (18) does not include machinery and equipment used in
10 (i) ~~the generation of electricity for wholesale or retail sale;~~
11 ~~(ii)~~ the generation or treatment of natural or artificial gas
12 for wholesale or retail sale that is delivered to customers
13 through pipes, pipelines, or mains; or (ii) ~~(iii)~~ the treatment
14 of water for wholesale or retail sale that is delivered to
15 customers through pipes, pipelines, or mains. The provisions of
16 Public Act 98-583 are declaratory of existing law as to the
17 meaning and scope of this exemption.

18 (19) Personal property delivered to a purchaser or
19 purchaser's donee inside Illinois when the purchase order for
20 that personal property was received by a florist located
21 outside Illinois who has a florist located inside Illinois
22 deliver the personal property.

23 (20) Semen used for artificial insemination of livestock
24 for direct agricultural production.

25 (21) Horses, or interests in horses, registered with and
26 meeting the requirements of any of the Arabian Horse Club

1 Registry of America, Appaloosa Horse Club, American Quarter
2 Horse Association, United States Trotting Association, or
3 Jockey Club, as appropriate, used for purposes of breeding or
4 racing for prizes. This item (21) is exempt from the provisions
5 of Section 3-90, and the exemption provided for under this item
6 (21) applies for all periods beginning May 30, 1995, but no
7 claim for credit or refund is allowed on or after January 1,
8 2008 for such taxes paid during the period beginning May 30,
9 2000 and ending on January 1, 2008.

10 (22) Computers and communications equipment utilized for
11 any hospital purpose and equipment used in the diagnosis,
12 analysis, or treatment of hospital patients purchased by a
13 lessor who leases the equipment, under a lease of one year or
14 longer executed or in effect at the time the lessor would
15 otherwise be subject to the tax imposed by this Act, to a
16 hospital that has been issued an active tax exemption
17 identification number by the Department under Section 1g of the
18 Retailers' Occupation Tax Act. If the equipment is leased in a
19 manner that does not qualify for this exemption or is used in
20 any other non-exempt manner, the lessor shall be liable for the
21 tax imposed under this Act or the Service Use Tax Act, as the
22 case may be, based on the fair market value of the property at
23 the time the non-qualifying use occurs. No lessor shall collect
24 or attempt to collect an amount (however designated) that
25 purports to reimburse that lessor for the tax imposed by this
26 Act or the Service Use Tax Act, as the case may be, if the tax

1 has not been paid by the lessor. If a lessor improperly
2 collects any such amount from the lessee, the lessee shall have
3 a legal right to claim a refund of that amount from the lessor.
4 If, however, that amount is not refunded to the lessee for any
5 reason, the lessor is liable to pay that amount to the
6 Department.

7 (23) Personal property purchased by a lessor who leases the
8 property, under a lease of one year or longer executed or in
9 effect at the time the lessor would otherwise be subject to the
10 tax imposed by this Act, to a governmental body that has been
11 issued an active sales tax exemption identification number by
12 the Department under Section 1g of the Retailers' Occupation
13 Tax Act. If the property is leased in a manner that does not
14 qualify for this exemption or used in any other non-exempt
15 manner, the lessor shall be liable for the tax imposed under
16 this Act or the Service Use Tax Act, as the case may be, based
17 on the fair market value of the property at the time the
18 non-qualifying use occurs. No lessor shall collect or attempt
19 to collect an amount (however designated) that purports to
20 reimburse that lessor for the tax imposed by this Act or the
21 Service Use Tax Act, as the case may be, if the tax has not been
22 paid by the lessor. If a lessor improperly collects any such
23 amount from the lessee, the lessee shall have a legal right to
24 claim a refund of that amount from the lessor. If, however,
25 that amount is not refunded to the lessee for any reason, the
26 lessor is liable to pay that amount to the Department.

1 (24) Beginning with taxable years ending on or after
2 December 31, 1995 and ending with taxable years ending on or
3 before December 31, 2004, personal property that is donated for
4 disaster relief to be used in a State or federally declared
5 disaster area in Illinois or bordering Illinois by a
6 manufacturer or retailer that is registered in this State to a
7 corporation, society, association, foundation, or institution
8 that has been issued a sales tax exemption identification
9 number by the Department that assists victims of the disaster
10 who reside within the declared disaster area.

11 (25) Beginning with taxable years ending on or after
12 December 31, 1995 and ending with taxable years ending on or
13 before December 31, 2004, personal property that is used in the
14 performance of infrastructure repairs in this State, including
15 but not limited to municipal roads and streets, access roads,
16 bridges, sidewalks, waste disposal systems, water and sewer
17 line extensions, water distribution and purification
18 facilities, storm water drainage and retention facilities, and
19 sewage treatment facilities, resulting from a State or
20 federally declared disaster in Illinois or bordering Illinois
21 when such repairs are initiated on facilities located in the
22 declared disaster area within 6 months after the disaster.

23 (26) Beginning July 1, 1999, game or game birds purchased
24 at a "game breeding and hunting preserve area" as that term is
25 used in the Wildlife Code. This paragraph is exempt from the
26 provisions of Section 3-90.

1 (27) A motor vehicle, as that term is defined in Section
2 1-146 of the Illinois Vehicle Code, that is donated to a
3 corporation, limited liability company, society, association,
4 foundation, or institution that is determined by the Department
5 to be organized and operated exclusively for educational
6 purposes. For purposes of this exemption, "a corporation,
7 limited liability company, society, association, foundation,
8 or institution organized and operated exclusively for
9 educational purposes" means all tax-supported public schools,
10 private schools that offer systematic instruction in useful
11 branches of learning by methods common to public schools and
12 that compare favorably in their scope and intensity with the
13 course of study presented in tax-supported schools, and
14 vocational or technical schools or institutes organized and
15 operated exclusively to provide a course of study of not less
16 than 6 weeks duration and designed to prepare individuals to
17 follow a trade or to pursue a manual, technical, mechanical,
18 industrial, business, or commercial occupation.

19 (28) Beginning January 1, 2000, personal property,
20 including food, purchased through fundraising events for the
21 benefit of a public or private elementary or secondary school,
22 a group of those schools, or one or more school districts if
23 the events are sponsored by an entity recognized by the school
24 district that consists primarily of volunteers and includes
25 parents and teachers of the school children. This paragraph
26 does not apply to fundraising events (i) for the benefit of

1 private home instruction or (ii) for which the fundraising
2 entity purchases the personal property sold at the events from
3 another individual or entity that sold the property for the
4 purpose of resale by the fundraising entity and that profits
5 from the sale to the fundraising entity. This paragraph is
6 exempt from the provisions of Section 3-90.

7 (29) Beginning January 1, 2000 and through December 31,
8 2001, new or used automatic vending machines that prepare and
9 serve hot food and beverages, including coffee, soup, and other
10 items, and replacement parts for these machines. Beginning
11 January 1, 2002 and through June 30, 2003, machines and parts
12 for machines used in commercial, coin-operated amusement and
13 vending business if a use or occupation tax is paid on the
14 gross receipts derived from the use of the commercial,
15 coin-operated amusement and vending machines. This paragraph
16 is exempt from the provisions of Section 3-90.

17 (30) Beginning January 1, 2001 and through June 30, 2016,
18 food for human consumption that is to be consumed off the
19 premises where it is sold (other than alcoholic beverages, soft
20 drinks, and food that has been prepared for immediate
21 consumption) and prescription and nonprescription medicines,
22 drugs, medical appliances, and insulin, urine testing
23 materials, syringes, and needles used by diabetics, for human
24 use, when purchased for use by a person receiving medical
25 assistance under Article V of the Illinois Public Aid Code who
26 resides in a licensed long-term care facility, as defined in

1 the Nursing Home Care Act, or in a licensed facility as defined
2 in the ID/DD Community Care Act, the MC/DD Act, or the
3 Specialized Mental Health Rehabilitation Act of 2013.

4 (31) Beginning on the effective date of this amendatory Act
5 of the 92nd General Assembly, computers and communications
6 equipment utilized for any hospital purpose and equipment used
7 in the diagnosis, analysis, or treatment of hospital patients
8 purchased by a lessor who leases the equipment, under a lease
9 of one year or longer executed or in effect at the time the
10 lessor would otherwise be subject to the tax imposed by this
11 Act, to a hospital that has been issued an active tax exemption
12 identification number by the Department under Section 1g of the
13 Retailers' Occupation Tax Act. If the equipment is leased in a
14 manner that does not qualify for this exemption or is used in
15 any other nonexempt manner, the lessor shall be liable for the
16 tax imposed under this Act or the Service Use Tax Act, as the
17 case may be, based on the fair market value of the property at
18 the time the nonqualifying use occurs. No lessor shall collect
19 or attempt to collect an amount (however designated) that
20 purports to reimburse that lessor for the tax imposed by this
21 Act or the Service Use Tax Act, as the case may be, if the tax
22 has not been paid by the lessor. If a lessor improperly
23 collects any such amount from the lessee, the lessee shall have
24 a legal right to claim a refund of that amount from the lessor.
25 If, however, that amount is not refunded to the lessee for any
26 reason, the lessor is liable to pay that amount to the

1 Department. This paragraph is exempt from the provisions of
2 Section 3-90.

3 (32) Beginning on the effective date of this amendatory Act
4 of the 92nd General Assembly, personal property purchased by a
5 lessor who leases the property, under a lease of one year or
6 longer executed or in effect at the time the lessor would
7 otherwise be subject to the tax imposed by this Act, to a
8 governmental body that has been issued an active sales tax
9 exemption identification number by the Department under
10 Section 1g of the Retailers' Occupation Tax Act. If the
11 property is leased in a manner that does not qualify for this
12 exemption or used in any other nonexempt manner, the lessor
13 shall be liable for the tax imposed under this Act or the
14 Service Use Tax Act, as the case may be, based on the fair
15 market value of the property at the time the nonqualifying use
16 occurs. No lessor shall collect or attempt to collect an amount
17 (however designated) that purports to reimburse that lessor for
18 the tax imposed by this Act or the Service Use Tax Act, as the
19 case may be, if the tax has not been paid by the lessor. If a
20 lessor improperly collects any such amount from the lessee, the
21 lessee shall have a legal right to claim a refund of that
22 amount from the lessor. If, however, that amount is not
23 refunded to the lessee for any reason, the lessor is liable to
24 pay that amount to the Department. This paragraph is exempt
25 from the provisions of Section 3-90.

26 (33) On and after July 1, 2003 and through June 30, 2004,

1 the use in this State of motor vehicles of the second division
2 with a gross vehicle weight in excess of 8,000 pounds and that
3 are subject to the commercial distribution fee imposed under
4 Section 3-815.1 of the Illinois Vehicle Code. Beginning on July
5 1, 2004 and through June 30, 2005, the use in this State of
6 motor vehicles of the second division: (i) with a gross vehicle
7 weight rating in excess of 8,000 pounds; (ii) that are subject
8 to the commercial distribution fee imposed under Section
9 3-815.1 of the Illinois Vehicle Code; and (iii) that are
10 primarily used for commercial purposes. Through June 30, 2005,
11 this exemption applies to repair and replacement parts added
12 after the initial purchase of such a motor vehicle if that
13 motor vehicle is used in a manner that would qualify for the
14 rolling stock exemption otherwise provided for in this Act. For
15 purposes of this paragraph, the term "used for commercial
16 purposes" means the transportation of persons or property in
17 furtherance of any commercial or industrial enterprise,
18 whether for-hire or not.

19 (34) Beginning January 1, 2008, tangible personal property
20 used in the construction or maintenance of a community water
21 supply, as defined under Section 3.145 of the Environmental
22 Protection Act, that is operated by a not-for-profit
23 corporation that holds a valid water supply permit issued under
24 Title IV of the Environmental Protection Act. This paragraph is
25 exempt from the provisions of Section 3-90.

26 (35) Beginning January 1, 2010, materials, parts,

1 equipment, components, and furnishings incorporated into or
2 upon an aircraft as part of the modification, refurbishment,
3 completion, replacement, repair, or maintenance of the
4 aircraft. This exemption includes consumable supplies used in
5 the modification, refurbishment, completion, replacement,
6 repair, and maintenance of aircraft, but excludes any
7 materials, parts, equipment, components, and consumable
8 supplies used in the modification, replacement, repair, and
9 maintenance of aircraft engines or power plants, whether such
10 engines or power plants are installed or uninstalled upon any
11 such aircraft. "Consumable supplies" include, but are not
12 limited to, adhesive, tape, sandpaper, general purpose
13 lubricants, cleaning solution, latex gloves, and protective
14 films. This exemption applies only to the use of qualifying
15 tangible personal property by persons who modify, refurbish,
16 complete, repair, replace, or maintain aircraft and who (i)
17 hold an Air Agency Certificate and are empowered to operate an
18 approved repair station by the Federal Aviation
19 Administration, (ii) have a Class IV Rating, and (iii) conduct
20 operations in accordance with Part 145 of the Federal Aviation
21 Regulations. The exemption does not include aircraft operated
22 by a commercial air carrier providing scheduled passenger air
23 service pursuant to authority issued under Part 121 or Part 129
24 of the Federal Aviation Regulations. The changes made to this
25 paragraph (35) by Public Act 98-534 are declarative of existing
26 law.

1 (36) Tangible personal property purchased by a
2 public-facilities corporation, as described in Section
3 11-65-10 of the Illinois Municipal Code, for purposes of
4 constructing or furnishing a municipal convention hall, but
5 only if the legal title to the municipal convention hall is
6 transferred to the municipality without any further
7 consideration by or on behalf of the municipality at the time
8 of the completion of the municipal convention hall or upon the
9 retirement or redemption of any bonds or other debt instruments
10 issued by the public-facilities corporation in connection with
11 the development of the municipal convention hall. This
12 exemption includes existing public-facilities corporations as
13 provided in Section 11-65-25 of the Illinois Municipal Code.
14 This paragraph is exempt from the provisions of Section 3-90.

15 (37) Beginning January 1, 2017, menstrual pads, tampons,
16 and menstrual cups.

17 (38) Coal used in the generation of electricity for
18 wholesale or retail sale. This paragraph is exempt from the
19 provisions of Section 3-90.

20 (Source: P.A. 98-104, eff. 7-22-13; 98-422, eff. 8-16-13;
21 98-456, eff. 8-16-13; 98-534, eff. 8-23-13; 98-574, eff.
22 1-1-14; 98-583, eff. 1-1-14; 98-756, eff. 7-16-14; 99-180, eff.
23 7-29-15; 99-855, eff. 8-19-16.)

24 (35 ILCS 105/3-25) (from Ch. 120, par. 439.3-25)

25 Sec. 3-25. Computer software. For the purposes of this Act,

1 "computer software" means a set of statements, data, or
2 instructions to be used directly or indirectly in a computer in
3 order to bring about a certain result in any form in which
4 those statements, data, or instructions may be embodied,
5 transmitted, or fixed, by any method now known or hereafter
6 developed, regardless of whether the statements, data, or
7 instructions are capable of being perceived by or communicated
8 to humans, and includes prewritten or canned software that is
9 held for repeated sale or lease, and all associated
10 documentation and materials, if any, whether contained on
11 magnetic tapes, discs, cards, or other devices or media, but
12 does not include software that is adapted to specific
13 individualized requirements of a purchaser, custom-made and
14 modified software designed for a particular or limited use by a
15 purchaser, or software used to operate exempt machinery and
16 equipment used in the process of manufacturing or assembling
17 tangible personal property for wholesale or retail sale or
18 lease. Software used to operate machinery and equipment used in
19 ~~(i) the generation of electricity for wholesale or retail sale;~~
20 ~~(ii) the generation or treatment of natural or artificial gas~~
21 ~~for wholesale or retail sale that is delivered to customers~~
22 ~~through pipes, pipelines, or mains; or (ii) (iii) the treatment~~
23 ~~of water for wholesale or retail sale that is delivered to~~
24 ~~customers through pipes, pipelines, or mains is considered~~
25 "computer software". The provisions of this amendatory Act of
26 the 98th General Assembly are declaratory of existing law as to

1 the meaning and scope of this exemption.

2 For the purposes of this Act, computer software shall be
3 considered to be tangible personal property.

4 (Source: P.A. 98-583, eff. 1-1-14.)

5 (35 ILCS 105/3-50) (from Ch. 120, par. 439.3-50)

6 Sec. 3-50. Manufacturing and assembly exemption. The
7 manufacturing and assembling machinery and equipment exemption
8 includes machinery and equipment that replaces machinery and
9 equipment in an existing manufacturing facility as well as
10 machinery and equipment that are for use in an expanded or new
11 manufacturing facility. The machinery and equipment exemption
12 also includes machinery and equipment used in the general
13 maintenance or repair of exempt machinery and equipment or for
14 in-house manufacture of exempt machinery and equipment. The
15 machinery and equipment exemption does not include machinery
16 and equipment used in (i) ~~the generation of electricity for~~
17 ~~wholesale or retail sale;~~ (ii) the generation or treatment of
18 natural or artificial gas for wholesale or retail sale that is
19 delivered to customers through pipes, pipelines, or mains; or
20 (ii) ~~(iii)~~ the treatment of water for wholesale or retail sale
21 that is delivered to customers through pipes, pipelines, or
22 mains. The provisions of this amendatory Act of the 98th
23 General Assembly are declaratory of existing law as to the
24 meaning and scope of this exemption. For the purposes of this
25 exemption, terms have the following meanings:

1 (1) "Manufacturing process" means the production of an
2 article of tangible personal property, whether the article
3 is a finished product or an article for use in the process
4 of manufacturing or assembling a different article of
5 tangible personal property, by a procedure commonly
6 regarded as manufacturing, processing, fabricating, or
7 refining that changes some existing material into a
8 material with a different form, use, or name. In relation
9 to a recognized integrated business composed of a series of
10 operations that collectively constitute manufacturing, or
11 individually constitute manufacturing operations, the
12 manufacturing process commences with the first operation
13 or stage of production in the series and does not end until
14 the completion of the final product in the last operation
15 or stage of production in the series. For purposes of this
16 exemption, photoprocessing is a manufacturing process of
17 tangible personal property for wholesale or retail sale.

18 (2) "Assembling process" means the production of an
19 article of tangible personal property, whether the article
20 is a finished product or an article for use in the process
21 of manufacturing or assembling a different article of
22 tangible personal property, by the combination of existing
23 materials in a manner commonly regarded as assembling that
24 results in an article or material of a different form, use,
25 or name.

26 (3) "Machinery" means major mechanical machines or

1 major components of those machines contributing to a
2 manufacturing or assembling process.

3 (4) "Equipment" includes an independent device or tool
4 separate from machinery but essential to an integrated
5 manufacturing or assembly process; including computers
6 used primarily in a manufacturer's computer assisted
7 design, computer assisted manufacturing (CAD/CAM) system;
8 any subunit or assembly comprising a component of any
9 machinery or auxiliary, adjunct, or attachment parts of
10 machinery, such as tools, dies, jigs, fixtures, patterns,
11 and molds; and any parts that require periodic replacement
12 in the course of normal operation; but does not include
13 hand tools. Equipment includes chemicals or chemicals
14 acting as catalysts but only if the chemicals or chemicals
15 acting as catalysts effect a direct and immediate change
16 upon a product being manufactured or assembled for
17 wholesale or retail sale or lease.

18 (5) "Production related tangible personal property"
19 means all tangible personal property that is used or
20 consumed by the purchaser in a manufacturing facility in
21 which a manufacturing process takes place and includes,
22 without limitation, tangible personal property that is
23 purchased for incorporation into real estate within a
24 manufacturing facility and tangible personal property that
25 is used or consumed in activities such as research and
26 development, preproduction material handling, receiving,

1 quality control, inventory control, storage, staging, and
2 packaging for shipping and transportation purposes.
3 "Production related tangible personal property" does not
4 include (i) tangible personal property that is used, within
5 or without a manufacturing facility, in sales, purchasing,
6 accounting, fiscal management, marketing, personnel
7 recruitment or selection, or landscaping or (ii) tangible
8 personal property that is required to be titled or
9 registered with a department, agency, or unit of federal,
10 State, or local government.

11 The manufacturing and assembling machinery and equipment
12 exemption includes production related tangible personal
13 property that is purchased on or after July 1, 2007 and on or
14 before June 30, 2008. The exemption for production related
15 tangible personal property is subject to both of the following
16 limitations:

17 (1) The maximum amount of the exemption for any one
18 taxpayer may not exceed 5% of the purchase price of
19 production related tangible personal property that is
20 purchased on or after July 1, 2007 and on or before June
21 30, 2008. A credit under Section 3-85 of this Act may not
22 be earned by the purchase of production related tangible
23 personal property for which an exemption is received under
24 this Section.

25 (2) The maximum aggregate amount of the exemptions for
26 production related tangible personal property awarded

1 under this Act and the Retailers' Occupation Tax Act to all
2 taxpayers may not exceed \$10,000,000. If the claims for the
3 exemption exceed \$10,000,000, then the Department shall
4 reduce the amount of the exemption to each taxpayer on a
5 pro rata basis.

6 The Department may adopt rules to implement and administer the
7 exemption for production related tangible personal property.

8 The manufacturing and assembling machinery and equipment
9 exemption includes the sale of materials to a purchaser who
10 produces exempted types of machinery, equipment, or tools and
11 who rents or leases that machinery, equipment, or tools to a
12 manufacturer of tangible personal property. This exemption
13 also includes the sale of materials to a purchaser who
14 manufactures those materials into an exempted type of
15 machinery, equipment, or tools that the purchaser uses himself
16 or herself in the manufacturing of tangible personal property.
17 This exemption includes the sale of exempted types of machinery
18 or equipment to a purchaser who is not the manufacturer, but
19 who rents or leases the use of the property to a manufacturer.
20 The purchaser of the machinery and equipment who has an active
21 resale registration number shall furnish that number to the
22 seller at the time of purchase. A user of the machinery,
23 equipment, or tools without an active resale registration
24 number shall prepare a certificate of exemption for each
25 transaction stating facts establishing the exemption for that
26 transaction, and that certificate shall be available to the

1 Department for inspection or audit. The Department shall
2 prescribe the form of the certificate. Informal rulings,
3 opinions, or letters issued by the Department in response to an
4 inquiry or request for an opinion from any person regarding the
5 coverage and applicability of this exemption to specific
6 devices shall be published, maintained as a public record, and
7 made available for public inspection and copying. If the
8 informal ruling, opinion, or letter contains trade secrets or
9 other confidential information, where possible, the Department
10 shall delete that information before publication. Whenever
11 informal rulings, opinions, or letters contain a policy of
12 general applicability, the Department shall formulate and
13 adopt that policy as a rule in accordance with the Illinois
14 Administrative Procedure Act.

15 (Source: P.A. 98-583, eff. 1-1-14.)

16 Section 10. The Service Use Tax Act is amended by changing
17 Sections 2, 2a, 3-5, and 3-25 as follows:

18 (35 ILCS 110/2) (from Ch. 120, par. 439.32)

19 Sec. 2. Definitions.

20 "Use" means the exercise by any person of any right or
21 power over tangible personal property incident to the ownership
22 of that property, but does not include the sale or use for
23 demonstration by him of that property in any form as tangible
24 personal property in the regular course of business. "Use" does

1 not mean the interim use of tangible personal property nor the
2 physical incorporation of tangible personal property, as an
3 ingredient or constituent, into other tangible personal
4 property, (a) which is sold in the regular course of business
5 or (b) which the person incorporating such ingredient or
6 constituent therein has undertaken at the time of such purchase
7 to cause to be transported in interstate commerce to
8 destinations outside the State of Illinois.

9 "Purchased from a serviceman" means the acquisition of the
10 ownership of, or title to, tangible personal property through a
11 sale of service.

12 "Purchaser" means any person who, through a sale of
13 service, acquires the ownership of, or title to, any tangible
14 personal property.

15 "Cost price" means the consideration paid by the serviceman
16 for a purchase valued in money, whether paid in money or
17 otherwise, including cash, credits and services, and shall be
18 determined without any deduction on account of the supplier's
19 cost of the property sold or on account of any other expense
20 incurred by the supplier. When a serviceman contracts out part
21 or all of the services required in his sale of service, it
22 shall be presumed that the cost price to the serviceman of the
23 property transferred to him or her by his or her subcontractor
24 is equal to 50% of the subcontractor's charges to the
25 serviceman in the absence of proof of the consideration paid by
26 the subcontractor for the purchase of such property.

1 "Selling price" means the consideration for a sale valued
2 in money whether received in money or otherwise, including
3 cash, credits and service, and shall be determined without any
4 deduction on account of the serviceman's cost of the property
5 sold, the cost of materials used, labor or service cost or any
6 other expense whatsoever, but does not include interest or
7 finance charges which appear as separate items on the bill of
8 sale or sales contract nor charges that are added to prices by
9 sellers on account of the seller's duty to collect, from the
10 purchaser, the tax that is imposed by this Act.

11 "Department" means the Department of Revenue.

12 "Person" means any natural individual, firm, partnership,
13 association, joint stock company, joint venture, public or
14 private corporation, limited liability company, and any
15 receiver, executor, trustee, guardian or other representative
16 appointed by order of any court.

17 "Sale of service" means any transaction except:

18 (1) a retail sale of tangible personal property taxable
19 under the Retailers' Occupation Tax Act or under the Use
20 Tax Act.

21 (2) a sale of tangible personal property for the
22 purpose of resale made in compliance with Section 2c of the
23 Retailers' Occupation Tax Act.

24 (3) except as hereinafter provided, a sale or transfer
25 of tangible personal property as an incident to the
26 rendering of service for or by any governmental body, or

1 for or by any corporation, society, association,
2 foundation or institution organized and operated
3 exclusively for charitable, religious or educational
4 purposes or any not-for-profit corporation, society,
5 association, foundation, institution or organization which
6 has no compensated officers or employees and which is
7 organized and operated primarily for the recreation of
8 persons 55 years of age or older. A limited liability
9 company may qualify for the exemption under this paragraph
10 only if the limited liability company is organized and
11 operated exclusively for educational purposes.

12 (4) a sale or transfer of tangible personal property as
13 an incident to the rendering of service for interstate
14 carriers for hire for use as rolling stock moving in
15 interstate commerce or by lessors under a lease of one year
16 or longer, executed or in effect at the time of purchase of
17 personal property, to interstate carriers for hire for use
18 as rolling stock moving in interstate commerce so long as
19 so used by such interstate carriers for hire, and equipment
20 operated by a telecommunications provider, licensed as a
21 common carrier by the Federal Communications Commission,
22 which is permanently installed in or affixed to aircraft
23 moving in interstate commerce.

24 (4a) a sale or transfer of tangible personal property
25 as an incident to the rendering of service for owners,
26 lessors, or shippers of tangible personal property which is

1 utilized by interstate carriers for hire for use as rolling
2 stock moving in interstate commerce so long as so used by
3 interstate carriers for hire, and equipment operated by a
4 telecommunications provider, licensed as a common carrier
5 by the Federal Communications Commission, which is
6 permanently installed in or affixed to aircraft moving in
7 interstate commerce.

8 (4a-5) on and after July 1, 2003 and through June 30,
9 2004, a sale or transfer of a motor vehicle of the second
10 division with a gross vehicle weight in excess of 8,000
11 pounds as an incident to the rendering of service if that
12 motor vehicle is subject to the commercial distribution fee
13 imposed under Section 3-815.1 of the Illinois Vehicle Code.
14 Beginning on July 1, 2004 and through June 30, 2005, the
15 use in this State of motor vehicles of the second division:
16 (i) with a gross vehicle weight rating in excess of 8,000
17 pounds; (ii) that are subject to the commercial
18 distribution fee imposed under Section 3-815.1 of the
19 Illinois Vehicle Code; and (iii) that are primarily used
20 for commercial purposes. Through June 30, 2005, this
21 exemption applies to repair and replacement parts added
22 after the initial purchase of such a motor vehicle if that
23 motor vehicle is used in a manner that would qualify for
24 the rolling stock exemption otherwise provided for in this
25 Act. For purposes of this paragraph, "used for commercial
26 purposes" means the transportation of persons or property

1 in furtherance of any commercial or industrial enterprise
2 whether for-hire or not.

3 (5) a sale or transfer of machinery and equipment used
4 primarily in the process of the manufacturing or
5 assembling, either in an existing, an expanded or a new
6 manufacturing facility, of tangible personal property for
7 wholesale or retail sale or lease, whether such sale or
8 lease is made directly by the manufacturer or by some other
9 person, whether the materials used in the process are owned
10 by the manufacturer or some other person, or whether such
11 sale or lease is made apart from or as an incident to the
12 seller's engaging in a service occupation and the
13 applicable tax is a Service Use Tax or Service Occupation
14 Tax, rather than Use Tax or Retailers' Occupation Tax. The
15 exemption provided by this paragraph (5) does not include
16 machinery and equipment used in (i) ~~the generation of~~
17 ~~electricity for wholesale or retail sale;~~ (ii) the
18 generation or treatment of natural or artificial gas for
19 wholesale or retail sale that is delivered to customers
20 through pipes, pipelines, or mains; or (ii) ~~(iii)~~ the
21 treatment of water for wholesale or retail sale that is
22 delivered to customers through pipes, pipelines, or mains.
23 The provisions of this amendatory Act of the 98th General
24 Assembly are declaratory of existing law as to the meaning
25 and scope of this exemption.

26 (5a) the repairing, reconditioning or remodeling, for

1 a common carrier by rail, of tangible personal property
2 which belongs to such carrier for hire, and as to which
3 such carrier receives the physical possession of the
4 repaired, reconditioned or remodeled item of tangible
5 personal property in Illinois, and which such carrier
6 transports, or shares with another common carrier in the
7 transportation of such property, out of Illinois on a
8 standard uniform bill of lading showing the person who
9 repaired, reconditioned or remodeled the property to a
10 destination outside Illinois, for use outside Illinois.

11 (5b) a sale or transfer of tangible personal property
12 which is produced by the seller thereof on special order in
13 such a way as to have made the applicable tax the Service
14 Occupation Tax or the Service Use Tax, rather than the
15 Retailers' Occupation Tax or the Use Tax, for an interstate
16 carrier by rail which receives the physical possession of
17 such property in Illinois, and which transports such
18 property, or shares with another common carrier in the
19 transportation of such property, out of Illinois on a
20 standard uniform bill of lading showing the seller of the
21 property as the shipper or consignor of such property to a
22 destination outside Illinois, for use outside Illinois.

23 (6) until July 1, 2003, a sale or transfer of
24 distillation machinery and equipment, sold as a unit or kit
25 and assembled or installed by the retailer, which machinery
26 and equipment is certified by the user to be used only for

1 the production of ethyl alcohol that will be used for
2 consumption as motor fuel or as a component of motor fuel
3 for the personal use of such user and not subject to sale
4 or resale.

5 (7) at the election of any serviceman not required to
6 be otherwise registered as a retailer under Section 2a of
7 the Retailers' Occupation Tax Act, made for each fiscal
8 year sales of service in which the aggregate annual cost
9 price of tangible personal property transferred as an
10 incident to the sales of service is less than 35%, or 75%
11 in the case of servicemen transferring prescription drugs
12 or servicemen engaged in graphic arts production, of the
13 aggregate annual total gross receipts from all sales of
14 service. The purchase of such tangible personal property by
15 the serviceman shall be subject to tax under the Retailers'
16 Occupation Tax Act and the Use Tax Act. However, if a
17 primary serviceman who has made the election described in
18 this paragraph subcontracts service work to a secondary
19 serviceman who has also made the election described in this
20 paragraph, the primary serviceman does not incur a Use Tax
21 liability if the secondary serviceman (i) has paid or will
22 pay Use Tax on his or her cost price of any tangible
23 personal property transferred to the primary serviceman
24 and (ii) certifies that fact in writing to the primary
25 serviceman.

26 Tangible personal property transferred incident to the

1 completion of a maintenance agreement is exempt from the tax
2 imposed pursuant to this Act.

3 Exemption (5) also includes machinery and equipment used in
4 the general maintenance or repair of such exempt machinery and
5 equipment or for in-house manufacture of exempt machinery and
6 equipment. The machinery and equipment exemption does not
7 include machinery and equipment used in (i) the generation of
8 electricity for wholesale or retail sale; (ii) the generation
9 or treatment of natural or artificial gas for wholesale or
10 retail sale that is delivered to customers through pipes,
11 pipelines, or mains; or (iii) the treatment of water for
12 wholesale or retail sale that is delivered to customers through
13 pipes, pipelines, or mains. The provisions of this amendatory
14 Act of the 98th General Assembly are declaratory of existing
15 law as to the meaning and scope of this exemption. For the
16 purposes of exemption (5), each of these terms shall have the
17 following meanings: (1) "manufacturing process" shall mean the
18 production of any article of tangible personal property,
19 whether such article is a finished product or an article for
20 use in the process of manufacturing or assembling a different
21 article of tangible personal property, by procedures commonly
22 regarded as manufacturing, processing, fabricating, or
23 refining which changes some existing material or materials into
24 a material with a different form, use or name. In relation to a
25 recognized integrated business composed of a series of
26 operations which collectively constitute manufacturing, or

1 individually constitute manufacturing operations, the
2 manufacturing process shall be deemed to commence with the
3 first operation or stage of production in the series, and shall
4 not be deemed to end until the completion of the final product
5 in the last operation or stage of production in the series; and
6 further, for purposes of exemption (5), photoprocessing is
7 deemed to be a manufacturing process of tangible personal
8 property for wholesale or retail sale; (2) "assembling process"
9 shall mean the production of any article of tangible personal
10 property, whether such article is a finished product or an
11 article for use in the process of manufacturing or assembling a
12 different article of tangible personal property, by the
13 combination of existing materials in a manner commonly regarded
14 as assembling which results in a material of a different form,
15 use or name; (3) "machinery" shall mean major mechanical
16 machines or major components of such machines contributing to a
17 manufacturing or assembling process; and (4) "equipment" shall
18 include any independent device or tool separate from any
19 machinery but essential to an integrated manufacturing or
20 assembly process; including computers used primarily in a
21 manufacturer's computer assisted design, computer assisted
22 manufacturing (CAD/CAM) system; or any subunit or assembly
23 comprising a component of any machinery or auxiliary, adjunct
24 or attachment parts of machinery, such as tools, dies, jigs,
25 fixtures, patterns and molds; or any parts which require
26 periodic replacement in the course of normal operation; but

1 shall not include hand tools. Equipment includes chemicals or
2 chemicals acting as catalysts but only if the chemicals or
3 chemicals acting as catalysts effect a direct and immediate
4 change upon a product being manufactured or assembled for
5 wholesale or retail sale or lease. The purchaser of such
6 machinery and equipment who has an active resale registration
7 number shall furnish such number to the seller at the time of
8 purchase. The user of such machinery and equipment and tools
9 without an active resale registration number shall prepare a
10 certificate of exemption for each transaction stating facts
11 establishing the exemption for that transaction, which
12 certificate shall be available to the Department for inspection
13 or audit. The Department shall prescribe the form of the
14 certificate.

15 Any informal rulings, opinions or letters issued by the
16 Department in response to an inquiry or request for any opinion
17 from any person regarding the coverage and applicability of
18 exemption (5) to specific devices shall be published,
19 maintained as a public record, and made available for public
20 inspection and copying. If the informal ruling, opinion or
21 letter contains trade secrets or other confidential
22 information, where possible the Department shall delete such
23 information prior to publication. Whenever such informal
24 rulings, opinions, or letters contain any policy of general
25 applicability, the Department shall formulate and adopt such
26 policy as a rule in accordance with the provisions of the

1 Illinois Administrative Procedure Act.

2 On and after July 1, 1987, no entity otherwise eligible
3 under exemption (3) of this Section shall make tax free
4 purchases unless it has an active exemption identification
5 number issued by the Department.

6 The purchase, employment and transfer of such tangible
7 personal property as newsprint and ink for the primary purpose
8 of conveying news (with or without other information) is not a
9 purchase, use or sale of service or of tangible personal
10 property within the meaning of this Act.

11 "Serviceman" means any person who is engaged in the
12 occupation of making sales of service.

13 "Sale at retail" means "sale at retail" as defined in the
14 Retailers' Occupation Tax Act.

15 "Supplier" means any person who makes sales of tangible
16 personal property to servicemen for the purpose of resale as an
17 incident to a sale of service.

18 "Serviceman maintaining a place of business in this State",
19 or any like term, means and includes any serviceman:

20 1. having or maintaining within this State, directly or
21 by a subsidiary, an office, distribution house, sales
22 house, warehouse or other place of business, or any agent
23 or other representative operating within this State under
24 the authority of the serviceman or its subsidiary,
25 irrespective of whether such place of business or agent or
26 other representative is located here permanently or

1 temporarily, or whether such serviceman or subsidiary is
2 licensed to do business in this State;

3 1.1. having a contract with a person located in this
4 State under which the person, for a commission or other
5 consideration based on the sale of service by the
6 serviceman, directly or indirectly refers potential
7 customers to the serviceman by providing to the potential
8 customers a promotional code or other mechanism that allows
9 the serviceman to track purchases referred by such persons.
10 Examples of mechanisms that allow the serviceman to track
11 purchases referred by such persons include but are not
12 limited to the use of a link on the person's Internet
13 website, promotional codes distributed through the
14 person's hand-delivered or mailed material, and
15 promotional codes distributed by the person through radio
16 or other broadcast media. The provisions of this paragraph
17 1.1 shall apply only if the cumulative gross receipts from
18 sales of service by the serviceman to customers who are
19 referred to the serviceman by all persons in this State
20 under such contracts exceed \$10,000 during the preceding 4
21 quarterly periods ending on the last day of March, June,
22 September, and December; a serviceman meeting the
23 requirements of this paragraph 1.1 shall be presumed to be
24 maintaining a place of business in this State but may rebut
25 this presumption by submitting proof that the referrals or
26 other activities pursued within this State by such persons

1 were not sufficient to meet the nexus standards of the
2 United States Constitution during the preceding 4
3 quarterly periods;

4 1.2. beginning July 1, 2011, having a contract with a
5 person located in this State under which:

6 A. the serviceman sells the same or substantially
7 similar line of services as the person located in this
8 State and does so using an identical or substantially
9 similar name, trade name, or trademark as the person
10 located in this State; and

11 B. the serviceman provides a commission or other
12 consideration to the person located in this State based
13 upon the sale of services by the serviceman.

14 The provisions of this paragraph 1.2 shall apply only if
15 the cumulative gross receipts from sales of service by the
16 serviceman to customers in this State under all such
17 contracts exceed \$10,000 during the preceding 4 quarterly
18 periods ending on the last day of March, June, September,
19 and December;

20 2. soliciting orders for tangible personal property by
21 means of a telecommunication or television shopping system
22 (which utilizes toll free numbers) which is intended by the
23 retailer to be broadcast by cable television or other means
24 of broadcasting, to consumers located in this State;

25 3. pursuant to a contract with a broadcaster or
26 publisher located in this State, soliciting orders for

1 tangible personal property by means of advertising which is
2 disseminated primarily to consumers located in this State
3 and only secondarily to bordering jurisdictions;

4 4. soliciting orders for tangible personal property by
5 mail if the solicitations are substantial and recurring and
6 if the retailer benefits from any banking, financing, debt
7 collection, telecommunication, or marketing activities
8 occurring in this State or benefits from the location in
9 this State of authorized installation, servicing, or
10 repair facilities;

11 5. being owned or controlled by the same interests
12 which own or control any retailer engaging in business in
13 the same or similar line of business in this State;

14 6. having a franchisee or licensee operating under its
15 trade name if the franchisee or licensee is required to
16 collect the tax under this Section;

17 7. pursuant to a contract with a cable television
18 operator located in this State, soliciting orders for
19 tangible personal property by means of advertising which is
20 transmitted or distributed over a cable television system
21 in this State; or

22 8. engaging in activities in Illinois, which
23 activities in the state in which the supply business
24 engaging in such activities is located would constitute
25 maintaining a place of business in that state.

26 (Source: P.A. 98-583, eff. 1-1-14; 98-1089, eff. 1-1-15.)

1 (35 ILCS 110/2a) (from Ch. 120, par. 439.32a)

2 Sec. 2a. Pollution control facilities.

3 (a) As used in this subsection (a), "pollution ~~"Pollution~~
4 control facilities" means any system, method, construction,
5 device or appliance appurtenant thereto used in this State
6 acquired as an incident to the purchase of a service from a
7 serviceman for the primary purpose of eliminating, preventing,
8 or reducing air and water pollution as the term "air pollution"
9 or "water pollution" is defined in the "Environmental
10 Protection Act", enacted by the 76th General Assembly, or for
11 the primary purpose of treating, pretreating, modifying or
12 disposing of any potential solid, liquid or gaseous pollutant
13 which if released without such treatment, pretreatment,
14 modification or disposal might be harmful, detrimental or
15 offensive to human, plant or animal life, or to property,
16 excepting sorbents used for mercury control in the process of
17 sorbent injection as used to comply with the Environmental
18 Protection Act or the federal Clean Air Act, consistent with
19 Sections 2j and 3 of the Retailers' Occupation Tax Act and
20 Section 9 of the Use Tax Act.

21 Until July 1, 2003, the purchase, employment or transfer of
22 such tangible personal property as pollution control
23 facilities is not a purchase, use or sale of service or of
24 tangible personal property within the meaning of this Act.

25 (b) Notwithstanding the second paragraph of subsection (a)

1 of this Section, beginning June 1, 2017 and ending January 1,
2 2027, the purchase, employment, and transfer of tangible
3 personal property constituting or comprising pollution control
4 facilities, as defined in subsection (a), for installation at a
5 coal-fueled electric generation facility, generating for
6 wholesale and retail sale, is not a purchase, use, or sale of
7 tangible personal property and shall not be subject to the tax
8 imposed by this Act.

9 (Source: P.A. 93-24, eff. 6-20-03.)

10 (35 ILCS 110/3-5)

11 Sec. 3-5. Exemptions. Use of the following tangible
12 personal property is exempt from the tax imposed by this Act:

13 (1) Personal property purchased from a corporation,
14 society, association, foundation, institution, or
15 organization, other than a limited liability company, that is
16 organized and operated as a not-for-profit service enterprise
17 for the benefit of persons 65 years of age or older if the
18 personal property was not purchased by the enterprise for the
19 purpose of resale by the enterprise.

20 (2) Personal property purchased by a non-profit Illinois
21 county fair association for use in conducting, operating, or
22 promoting the county fair.

23 (3) Personal property purchased by a not-for-profit arts or
24 cultural organization that establishes, by proof required by
25 the Department by rule, that it has received an exemption under

1 Section 501(c)(3) of the Internal Revenue Code and that is
2 organized and operated primarily for the presentation or
3 support of arts or cultural programming, activities, or
4 services. These organizations include, but are not limited to,
5 music and dramatic arts organizations such as symphony
6 orchestras and theatrical groups, arts and cultural service
7 organizations, local arts councils, visual arts organizations,
8 and media arts organizations. On and after the effective date
9 of this amendatory Act of the 92nd General Assembly, however,
10 an entity otherwise eligible for this exemption shall not make
11 tax-free purchases unless it has an active identification
12 number issued by the Department.

13 (4) Legal tender, currency, medallions, or gold or silver
14 coinage issued by the State of Illinois, the government of the
15 United States of America, or the government of any foreign
16 country, and bullion.

17 (5) Until July 1, 2003 and beginning again on September 1,
18 2004 through August 30, 2014, graphic arts machinery and
19 equipment, including repair and replacement parts, both new and
20 used, and including that manufactured on special order or
21 purchased for lease, certified by the purchaser to be used
22 primarily for graphic arts production. Equipment includes
23 chemicals or chemicals acting as catalysts but only if the
24 chemicals or chemicals acting as catalysts effect a direct and
25 immediate change upon a graphic arts product.

26 (6) Personal property purchased from a teacher-sponsored

1 student organization affiliated with an elementary or
2 secondary school located in Illinois.

3 (7) Farm machinery and equipment, both new and used,
4 including that manufactured on special order, certified by the
5 purchaser to be used primarily for production agriculture or
6 State or federal agricultural programs, including individual
7 replacement parts for the machinery and equipment, including
8 machinery and equipment purchased for lease, and including
9 implements of husbandry defined in Section 1-130 of the
10 Illinois Vehicle Code, farm machinery and agricultural
11 chemical and fertilizer spreaders, and nurse wagons required to
12 be registered under Section 3-809 of the Illinois Vehicle Code,
13 but excluding other motor vehicles required to be registered
14 under the Illinois Vehicle Code. Horticultural polyhouses or
15 hoop houses used for propagating, growing, or overwintering
16 plants shall be considered farm machinery and equipment under
17 this item (7). Agricultural chemical tender tanks and dry boxes
18 shall include units sold separately from a motor vehicle
19 required to be licensed and units sold mounted on a motor
20 vehicle required to be licensed if the selling price of the
21 tender is separately stated.

22 Farm machinery and equipment shall include precision
23 farming equipment that is installed or purchased to be
24 installed on farm machinery and equipment including, but not
25 limited to, tractors, harvesters, sprayers, planters, seeders,
26 or spreaders. Precision farming equipment includes, but is not

1 limited to, soil testing sensors, computers, monitors,
2 software, global positioning and mapping systems, and other
3 such equipment.

4 Farm machinery and equipment also includes computers,
5 sensors, software, and related equipment used primarily in the
6 computer-assisted operation of production agriculture
7 facilities, equipment, and activities such as, but not limited
8 to, the collection, monitoring, and correlation of animal and
9 crop data for the purpose of formulating animal diets and
10 agricultural chemicals. This item (7) is exempt from the
11 provisions of Section 3-75.

12 (8) Until June 30, 2013, fuel and petroleum products sold
13 to or used by an air common carrier, certified by the carrier
14 to be used for consumption, shipment, or storage in the conduct
15 of its business as an air common carrier, for a flight destined
16 for or returning from a location or locations outside the
17 United States without regard to previous or subsequent domestic
18 stopovers.

19 Beginning July 1, 2013, fuel and petroleum products sold to
20 or used by an air carrier, certified by the carrier to be used
21 for consumption, shipment, or storage in the conduct of its
22 business as an air common carrier, for a flight that (i) is
23 engaged in foreign trade or is engaged in trade between the
24 United States and any of its possessions and (ii) transports at
25 least one individual or package for hire from the city of
26 origination to the city of final destination on the same

1 aircraft, without regard to a change in the flight number of
2 that aircraft.

3 (9) Proceeds of mandatory service charges separately
4 stated on customers' bills for the purchase and consumption of
5 food and beverages acquired as an incident to the purchase of a
6 service from a serviceman, to the extent that the proceeds of
7 the service charge are in fact turned over as tips or as a
8 substitute for tips to the employees who participate directly
9 in preparing, serving, hosting or cleaning up the food or
10 beverage function with respect to which the service charge is
11 imposed.

12 (10) Until July 1, 2003, oil field exploration, drilling,
13 and production equipment, including (i) rigs and parts of rigs,
14 rotary rigs, cable tool rigs, and workover rigs, (ii) pipe and
15 tubular goods, including casing and drill strings, (iii) pumps
16 and pump-jack units, (iv) storage tanks and flow lines, (v) any
17 individual replacement part for oil field exploration,
18 drilling, and production equipment, and (vi) machinery and
19 equipment purchased for lease; but excluding motor vehicles
20 required to be registered under the Illinois Vehicle Code.

21 (11) Proceeds from the sale of photoprocessing machinery
22 and equipment, including repair and replacement parts, both new
23 and used, including that manufactured on special order,
24 certified by the purchaser to be used primarily for
25 photoprocessing, and including photoprocessing machinery and
26 equipment purchased for lease.

1 (12) Coal and aggregate exploration, mining, off-highway
2 hauling, processing, maintenance, and reclamation equipment,
3 including replacement parts and equipment, and including
4 equipment purchased for lease, but excluding motor vehicles
5 required to be registered under the Illinois Vehicle Code. The
6 changes made to this Section by Public Act 97-767 apply on and
7 after July 1, 2003, but no claim for credit or refund is
8 allowed on or after August 16, 2013 (the effective date of
9 Public Act 98-456) for such taxes paid during the period
10 beginning July 1, 2003 and ending on August 16, 2013 (the
11 effective date of Public Act 98-456).

12 (13) Semen used for artificial insemination of livestock
13 for direct agricultural production.

14 (14) Horses, or interests in horses, registered with and
15 meeting the requirements of any of the Arabian Horse Club
16 Registry of America, Appaloosa Horse Club, American Quarter
17 Horse Association, United States Trotting Association, or
18 Jockey Club, as appropriate, used for purposes of breeding or
19 racing for prizes. This item (14) is exempt from the provisions
20 of Section 3-75, and the exemption provided for under this item
21 (14) applies for all periods beginning May 30, 1995, but no
22 claim for credit or refund is allowed on or after the effective
23 date of this amendatory Act of the 95th General Assembly for
24 such taxes paid during the period beginning May 30, 2000 and
25 ending on the effective date of this amendatory Act of the 95th
26 General Assembly.

1 (15) Computers and communications equipment utilized for
2 any hospital purpose and equipment used in the diagnosis,
3 analysis, or treatment of hospital patients purchased by a
4 lessor who leases the equipment, under a lease of one year or
5 longer executed or in effect at the time the lessor would
6 otherwise be subject to the tax imposed by this Act, to a
7 hospital that has been issued an active tax exemption
8 identification number by the Department under Section 1g of the
9 Retailers' Occupation Tax Act. If the equipment is leased in a
10 manner that does not qualify for this exemption or is used in
11 any other non-exempt manner, the lessor shall be liable for the
12 tax imposed under this Act or the Use Tax Act, as the case may
13 be, based on the fair market value of the property at the time
14 the non-qualifying use occurs. No lessor shall collect or
15 attempt to collect an amount (however designated) that purports
16 to reimburse that lessor for the tax imposed by this Act or the
17 Use Tax Act, as the case may be, if the tax has not been paid by
18 the lessor. If a lessor improperly collects any such amount
19 from the lessee, the lessee shall have a legal right to claim a
20 refund of that amount from the lessor. If, however, that amount
21 is not refunded to the lessee for any reason, the lessor is
22 liable to pay that amount to the Department.

23 (16) Personal property purchased by a lessor who leases the
24 property, under a lease of one year or longer executed or in
25 effect at the time the lessor would otherwise be subject to the
26 tax imposed by this Act, to a governmental body that has been

1 issued an active tax exemption identification number by the
2 Department under Section 1g of the Retailers' Occupation Tax
3 Act. If the property is leased in a manner that does not
4 qualify for this exemption or is used in any other non-exempt
5 manner, the lessor shall be liable for the tax imposed under
6 this Act or the Use Tax Act, as the case may be, based on the
7 fair market value of the property at the time the
8 non-qualifying use occurs. No lessor shall collect or attempt
9 to collect an amount (however designated) that purports to
10 reimburse that lessor for the tax imposed by this Act or the
11 Use Tax Act, as the case may be, if the tax has not been paid by
12 the lessor. If a lessor improperly collects any such amount
13 from the lessee, the lessee shall have a legal right to claim a
14 refund of that amount from the lessor. If, however, that amount
15 is not refunded to the lessee for any reason, the lessor is
16 liable to pay that amount to the Department.

17 (17) Beginning with taxable years ending on or after
18 December 31, 1995 and ending with taxable years ending on or
19 before December 31, 2004, personal property that is donated for
20 disaster relief to be used in a State or federally declared
21 disaster area in Illinois or bordering Illinois by a
22 manufacturer or retailer that is registered in this State to a
23 corporation, society, association, foundation, or institution
24 that has been issued a sales tax exemption identification
25 number by the Department that assists victims of the disaster
26 who reside within the declared disaster area.

1 (18) Beginning with taxable years ending on or after
2 December 31, 1995 and ending with taxable years ending on or
3 before December 31, 2004, personal property that is used in the
4 performance of infrastructure repairs in this State, including
5 but not limited to municipal roads and streets, access roads,
6 bridges, sidewalks, waste disposal systems, water and sewer
7 line extensions, water distribution and purification
8 facilities, storm water drainage and retention facilities, and
9 sewage treatment facilities, resulting from a State or
10 federally declared disaster in Illinois or bordering Illinois
11 when such repairs are initiated on facilities located in the
12 declared disaster area within 6 months after the disaster.

13 (19) Beginning July 1, 1999, game or game birds purchased
14 at a "game breeding and hunting preserve area" as that term is
15 used in the Wildlife Code. This paragraph is exempt from the
16 provisions of Section 3-75.

17 (20) A motor vehicle, as that term is defined in Section
18 1-146 of the Illinois Vehicle Code, that is donated to a
19 corporation, limited liability company, society, association,
20 foundation, or institution that is determined by the Department
21 to be organized and operated exclusively for educational
22 purposes. For purposes of this exemption, "a corporation,
23 limited liability company, society, association, foundation,
24 or institution organized and operated exclusively for
25 educational purposes" means all tax-supported public schools,
26 private schools that offer systematic instruction in useful

1 branches of learning by methods common to public schools and
2 that compare favorably in their scope and intensity with the
3 course of study presented in tax-supported schools, and
4 vocational or technical schools or institutes organized and
5 operated exclusively to provide a course of study of not less
6 than 6 weeks duration and designed to prepare individuals to
7 follow a trade or to pursue a manual, technical, mechanical,
8 industrial, business, or commercial occupation.

9 (21) Beginning January 1, 2000, personal property,
10 including food, purchased through fundraising events for the
11 benefit of a public or private elementary or secondary school,
12 a group of those schools, or one or more school districts if
13 the events are sponsored by an entity recognized by the school
14 district that consists primarily of volunteers and includes
15 parents and teachers of the school children. This paragraph
16 does not apply to fundraising events (i) for the benefit of
17 private home instruction or (ii) for which the fundraising
18 entity purchases the personal property sold at the events from
19 another individual or entity that sold the property for the
20 purpose of resale by the fundraising entity and that profits
21 from the sale to the fundraising entity. This paragraph is
22 exempt from the provisions of Section 3-75.

23 (22) Beginning January 1, 2000 and through December 31,
24 2001, new or used automatic vending machines that prepare and
25 serve hot food and beverages, including coffee, soup, and other
26 items, and replacement parts for these machines. Beginning

1 January 1, 2002 and through June 30, 2003, machines and parts
2 for machines used in commercial, coin-operated amusement and
3 vending business if a use or occupation tax is paid on the
4 gross receipts derived from the use of the commercial,
5 coin-operated amusement and vending machines. This paragraph
6 is exempt from the provisions of Section 3-75.

7 (23) Beginning August 23, 2001 and through June 30, 2016,
8 food for human consumption that is to be consumed off the
9 premises where it is sold (other than alcoholic beverages, soft
10 drinks, and food that has been prepared for immediate
11 consumption) and prescription and nonprescription medicines,
12 drugs, medical appliances, and insulin, urine testing
13 materials, syringes, and needles used by diabetics, for human
14 use, when purchased for use by a person receiving medical
15 assistance under Article V of the Illinois Public Aid Code who
16 resides in a licensed long-term care facility, as defined in
17 the Nursing Home Care Act, or in a licensed facility as defined
18 in the ID/DD Community Care Act, the MC/DD Act, or the
19 Specialized Mental Health Rehabilitation Act of 2013.

20 (24) Beginning on the effective date of this amendatory Act
21 of the 92nd General Assembly, computers and communications
22 equipment utilized for any hospital purpose and equipment used
23 in the diagnosis, analysis, or treatment of hospital patients
24 purchased by a lessor who leases the equipment, under a lease
25 of one year or longer executed or in effect at the time the
26 lessor would otherwise be subject to the tax imposed by this

1 Act, to a hospital that has been issued an active tax exemption
2 identification number by the Department under Section 1g of the
3 Retailers' Occupation Tax Act. If the equipment is leased in a
4 manner that does not qualify for this exemption or is used in
5 any other nonexempt manner, the lessor shall be liable for the
6 tax imposed under this Act or the Use Tax Act, as the case may
7 be, based on the fair market value of the property at the time
8 the nonqualifying use occurs. No lessor shall collect or
9 attempt to collect an amount (however designated) that purports
10 to reimburse that lessor for the tax imposed by this Act or the
11 Use Tax Act, as the case may be, if the tax has not been paid by
12 the lessor. If a lessor improperly collects any such amount
13 from the lessee, the lessee shall have a legal right to claim a
14 refund of that amount from the lessor. If, however, that amount
15 is not refunded to the lessee for any reason, the lessor is
16 liable to pay that amount to the Department. This paragraph is
17 exempt from the provisions of Section 3-75.

18 (25) Beginning on the effective date of this amendatory Act
19 of the 92nd General Assembly, personal property purchased by a
20 lessor who leases the property, under a lease of one year or
21 longer executed or in effect at the time the lessor would
22 otherwise be subject to the tax imposed by this Act, to a
23 governmental body that has been issued an active tax exemption
24 identification number by the Department under Section 1g of the
25 Retailers' Occupation Tax Act. If the property is leased in a
26 manner that does not qualify for this exemption or is used in

1 any other nonexempt manner, the lessor shall be liable for the
2 tax imposed under this Act or the Use Tax Act, as the case may
3 be, based on the fair market value of the property at the time
4 the nonqualifying use occurs. No lessor shall collect or
5 attempt to collect an amount (however designated) that purports
6 to reimburse that lessor for the tax imposed by this Act or the
7 Use Tax Act, as the case may be, if the tax has not been paid by
8 the lessor. If a lessor improperly collects any such amount
9 from the lessee, the lessee shall have a legal right to claim a
10 refund of that amount from the lessor. If, however, that amount
11 is not refunded to the lessee for any reason, the lessor is
12 liable to pay that amount to the Department. This paragraph is
13 exempt from the provisions of Section 3-75.

14 (26) Beginning January 1, 2008, tangible personal property
15 used in the construction or maintenance of a community water
16 supply, as defined under Section 3.145 of the Environmental
17 Protection Act, that is operated by a not-for-profit
18 corporation that holds a valid water supply permit issued under
19 Title IV of the Environmental Protection Act. This paragraph is
20 exempt from the provisions of Section 3-75.

21 (27) Beginning January 1, 2010, materials, parts,
22 equipment, components, and furnishings incorporated into or
23 upon an aircraft as part of the modification, refurbishment,
24 completion, replacement, repair, or maintenance of the
25 aircraft. This exemption includes consumable supplies used in
26 the modification, refurbishment, completion, replacement,

1 repair, and maintenance of aircraft, but excludes any
2 materials, parts, equipment, components, and consumable
3 supplies used in the modification, replacement, repair, and
4 maintenance of aircraft engines or power plants, whether such
5 engines or power plants are installed or uninstalled upon any
6 such aircraft. "Consumable supplies" include, but are not
7 limited to, adhesive, tape, sandpaper, general purpose
8 lubricants, cleaning solution, latex gloves, and protective
9 films. This exemption applies only to the use of qualifying
10 tangible personal property transferred incident to the
11 modification, refurbishment, completion, replacement, repair,
12 or maintenance of aircraft by persons who (i) hold an Air
13 Agency Certificate and are empowered to operate an approved
14 repair station by the Federal Aviation Administration, (ii)
15 have a Class IV Rating, and (iii) conduct operations in
16 accordance with Part 145 of the Federal Aviation Regulations.
17 The exemption does not include aircraft operated by a
18 commercial air carrier providing scheduled passenger air
19 service pursuant to authority issued under Part 121 or Part 129
20 of the Federal Aviation Regulations. The changes made to this
21 paragraph (27) by Public Act 98-534 are declarative of existing
22 law.

23 (28) Tangible personal property purchased by a
24 public-facilities corporation, as described in Section
25 11-65-10 of the Illinois Municipal Code, for purposes of
26 constructing or furnishing a municipal convention hall, but

1 only if the legal title to the municipal convention hall is
2 transferred to the municipality without any further
3 consideration by or on behalf of the municipality at the time
4 of the completion of the municipal convention hall or upon the
5 retirement or redemption of any bonds or other debt instruments
6 issued by the public-facilities corporation in connection with
7 the development of the municipal convention hall. This
8 exemption includes existing public-facilities corporations as
9 provided in Section 11-65-25 of the Illinois Municipal Code.
10 This paragraph is exempt from the provisions of Section 3-75.

11 (29) Beginning January 1, 2017, menstrual pads, tampons,
12 and menstrual cups.

13 (30) Coal used in the generation of electricity for
14 wholesale or retail sale. This paragraph is exempt from the
15 provisions of Section 3-75.

16 (Source: P.A. 98-104, eff. 7-22-13; 98-422, eff. 8-16-13;
17 98-456, eff. 8-16-13; 98-534, eff. 8-23-13; 98-756, eff.
18 7-16-14; 99-180, eff. 7-29-15; 99-855, eff. 8-19-16.)

19 (35 ILCS 110/3-25) (from Ch. 120, par. 439.33-25)

20 Sec. 3-25. Computer software. For the purposes of this Act,
21 "computer software" means a set of statements, data, or
22 instructions to be used directly or indirectly in a computer in
23 order to bring about a certain result in any form in which
24 those statements, data, or instructions may be embodied,
25 transmitted, or fixed, by any method now known or hereafter

1 developed, regardless of whether the statements, data, or
2 instructions are capable of being perceived by or communicated
3 to humans, and includes prewritten or canned software that is
4 held for repeated sale or lease, and all associated
5 documentation and materials, if any, whether contained on
6 magnetic tapes, discs, cards, or other devices or media, but
7 does not include software that is adapted to specific
8 individualized requirements of a purchaser, custom-made and
9 modified software designed for a particular or limited use by a
10 purchaser, or software used to operate exempt machinery and
11 equipment used in the process of manufacturing or assembling
12 tangible personal property for wholesale or retail sale or
13 lease. Software used to operate machinery and equipment used in
14 ~~(i) the generation of electricity for wholesale or retail sale;~~
15 ~~(ii)~~ the generation or treatment of natural or artificial gas
16 for wholesale or retail sale that is delivered to customers
17 through pipes, pipelines, or mains; or (ii) ~~(iii)~~ the treatment
18 of water for wholesale or retail sale that is delivered to
19 customers through pipes, pipelines, or mains is considered
20 "computer software". The provisions of this amendatory Act of
21 the 98th General Assembly are declaratory of existing law as to
22 the meaning and scope of this exemption.

23 For the purposes of this Act, computer software shall be
24 considered to be tangible personal property.

25 (Source: P.A. 98-583, eff. 1-1-14.)

1 Section 15. The Service Occupation Tax Act is amended by
2 changing Sections 2, 2a, 3-5, and 3-25 as follows:

3 (35 ILCS 115/2) (from Ch. 120, par. 439.102)

4 Sec. 2. "Transfer" means any transfer of the title to
5 property or of the ownership of property whether or not the
6 transferor retains title as security for the payment of amounts
7 due him from the transferee.

8 "Cost Price" means the consideration paid by the serviceman
9 for a purchase valued in money, whether paid in money or
10 otherwise, including cash, credits and services, and shall be
11 determined without any deduction on account of the supplier's
12 cost of the property sold or on account of any other expense
13 incurred by the supplier. When a serviceman contracts out part
14 or all of the services required in his sale of service, it
15 shall be presumed that the cost price to the serviceman of the
16 property transferred to him by his or her subcontractor is
17 equal to 50% of the subcontractor's charges to the serviceman
18 in the absence of proof of the consideration paid by the
19 subcontractor for the purchase of such property.

20 "Department" means the Department of Revenue.

21 "Person" means any natural individual, firm, partnership,
22 association, joint stock company, joint venture, public or
23 private corporation, limited liability company, and any
24 receiver, executor, trustee, guardian or other representative
25 appointed by order of any court.

1 "Sale of Service" means any transaction except:

2 (a) A retail sale of tangible personal property taxable
3 under the Retailers' Occupation Tax Act or under the Use Tax
4 Act.

5 (b) A sale of tangible personal property for the purpose of
6 resale made in compliance with Section 2c of the Retailers'
7 Occupation Tax Act.

8 (c) Except as hereinafter provided, a sale or transfer of
9 tangible personal property as an incident to the rendering of
10 service for or by any governmental body or for or by any
11 corporation, society, association, foundation or institution
12 organized and operated exclusively for charitable, religious
13 or educational purposes or any not-for-profit corporation,
14 society, association, foundation, institution or organization
15 which has no compensated officers or employees and which is
16 organized and operated primarily for the recreation of persons
17 55 years of age or older. A limited liability company may
18 qualify for the exemption under this paragraph only if the
19 limited liability company is organized and operated
20 exclusively for educational purposes.

21 (d) A sale or transfer of tangible personal property as an
22 incident to the rendering of service for interstate carriers
23 for hire for use as rolling stock moving in interstate commerce
24 or lessors under leases of one year or longer, executed or in
25 effect at the time of purchase, to interstate carriers for hire
26 for use as rolling stock moving in interstate commerce, and

1 equipment operated by a telecommunications provider, licensed
2 as a common carrier by the Federal Communications Commission,
3 which is permanently installed in or affixed to aircraft moving
4 in interstate commerce.

5 (d-1) A sale or transfer of tangible personal property as
6 an incident to the rendering of service for owners, lessors or
7 shippers of tangible personal property which is utilized by
8 interstate carriers for hire for use as rolling stock moving in
9 interstate commerce, and equipment operated by a
10 telecommunications provider, licensed as a common carrier by
11 the Federal Communications Commission, which is permanently
12 installed in or affixed to aircraft moving in interstate
13 commerce.

14 (d-1.1) On and after July 1, 2003 and through June 30,
15 2004, a sale or transfer of a motor vehicle of the second
16 division with a gross vehicle weight in excess of 8,000 pounds
17 as an incident to the rendering of service if that motor
18 vehicle is subject to the commercial distribution fee imposed
19 under Section 3-815.1 of the Illinois Vehicle Code. Beginning
20 on July 1, 2004 and through June 30, 2005, the use in this
21 State of motor vehicles of the second division: (i) with a
22 gross vehicle weight rating in excess of 8,000 pounds; (ii)
23 that are subject to the commercial distribution fee imposed
24 under Section 3-815.1 of the Illinois Vehicle Code; and (iii)
25 that are primarily used for commercial purposes. Through June
26 30, 2005, this exemption applies to repair and replacement

1 parts added after the initial purchase of such a motor vehicle
2 if that motor vehicle is used in a manner that would qualify
3 for the rolling stock exemption otherwise provided for in this
4 Act. For purposes of this paragraph, "used for commercial
5 purposes" means the transportation of persons or property in
6 furtherance of any commercial or industrial enterprise whether
7 for-hire or not.

8 (d-2) The repairing, reconditioning or remodeling, for a
9 common carrier by rail, of tangible personal property which
10 belongs to such carrier for hire, and as to which such carrier
11 receives the physical possession of the repaired,
12 reconditioned or remodeled item of tangible personal property
13 in Illinois, and which such carrier transports, or shares with
14 another common carrier in the transportation of such property,
15 out of Illinois on a standard uniform bill of lading showing
16 the person who repaired, reconditioned or remodeled the
17 property as the shipper or consignor of such property to a
18 destination outside Illinois, for use outside Illinois.

19 (d-3) A sale or transfer of tangible personal property
20 which is produced by the seller thereof on special order in
21 such a way as to have made the applicable tax the Service
22 Occupation Tax or the Service Use Tax, rather than the
23 Retailers' Occupation Tax or the Use Tax, for an interstate
24 carrier by rail which receives the physical possession of such
25 property in Illinois, and which transports such property, or
26 shares with another common carrier in the transportation of

1 such property, out of Illinois on a standard uniform bill of
2 lading showing the seller of the property as the shipper or
3 consignor of such property to a destination outside Illinois,
4 for use outside Illinois.

5 (d-4) Until January 1, 1997, a sale, by a registered
6 serviceman paying tax under this Act to the Department, of
7 special order printed materials delivered outside Illinois and
8 which are not returned to this State, if delivery is made by
9 the seller or agent of the seller, including an agent who
10 causes the product to be delivered outside Illinois by a common
11 carrier or the U.S. postal service.

12 (e) A sale or transfer of machinery and equipment used
13 primarily in the process of the manufacturing or assembling,
14 either in an existing, an expanded or a new manufacturing
15 facility, of tangible personal property for wholesale or retail
16 sale or lease, whether such sale or lease is made directly by
17 the manufacturer or by some other person, whether the materials
18 used in the process are owned by the manufacturer or some other
19 person, or whether such sale or lease is made apart from or as
20 an incident to the seller's engaging in a service occupation
21 and the applicable tax is a Service Occupation Tax or Service
22 Use Tax, rather than Retailers' Occupation Tax or Use Tax. The
23 exemption provided by this paragraph (e) does not include
24 machinery and equipment used in (i) ~~the generation of~~
25 ~~electricity for wholesale or retail sale;~~ (ii) the generation
26 or treatment of natural or artificial gas for wholesale or

1 retail sale that is delivered to customers through pipes,
2 pipelines, or mains; or (ii) ~~(iii)~~ the treatment of water for
3 wholesale or retail sale that is delivered to customers through
4 pipes, pipelines, or mains. The provisions of this amendatory
5 Act of the 98th General Assembly are declaratory of existing
6 law as to the meaning and scope of this exemption.

7 (f) Until July 1, 2003, the sale or transfer of
8 distillation machinery and equipment, sold as a unit or kit and
9 assembled or installed by the retailer, which machinery and
10 equipment is certified by the user to be used only for the
11 production of ethyl alcohol that will be used for consumption
12 as motor fuel or as a component of motor fuel for the personal
13 use of such user and not subject to sale or resale.

14 (g) At the election of any serviceman not required to be
15 otherwise registered as a retailer under Section 2a of the
16 Retailers' Occupation Tax Act, made for each fiscal year sales
17 of service in which the aggregate annual cost price of tangible
18 personal property transferred as an incident to the sales of
19 service is less than 35% (75% in the case of servicemen
20 transferring prescription drugs or servicemen engaged in
21 graphic arts production) of the aggregate annual total gross
22 receipts from all sales of service. The purchase of such
23 tangible personal property by the serviceman shall be subject
24 to tax under the Retailers' Occupation Tax Act and the Use Tax
25 Act. However, if a primary serviceman who has made the election
26 described in this paragraph subcontracts service work to a

1 secondary serviceman who has also made the election described
2 in this paragraph, the primary serviceman does not incur a Use
3 Tax liability if the secondary serviceman (i) has paid or will
4 pay Use Tax on his or her cost price of any tangible personal
5 property transferred to the primary serviceman and (ii)
6 certifies that fact in writing to the primary serviceman.

7 Tangible personal property transferred incident to the
8 completion of a maintenance agreement is exempt from the tax
9 imposed pursuant to this Act.

10 Exemption (e) also includes machinery and equipment used in
11 the general maintenance or repair of such exempt machinery and
12 equipment or for in-house manufacture of exempt machinery and
13 equipment. The machinery and equipment exemption does not
14 include machinery and equipment used in (i) the generation of
15 electricity for wholesale or retail sale; (ii) the generation
16 or treatment of natural or artificial gas for wholesale or
17 retail sale that is delivered to customers through pipes,
18 pipelines, or mains; or (iii) the treatment of water for
19 wholesale or retail sale that is delivered to customers through
20 pipes, pipelines, or mains. The provisions of this amendatory
21 Act of the 98th General Assembly are declaratory of existing
22 law as to the meaning and scope of this exemption. For the
23 purposes of exemption (e), each of these terms shall have the
24 following meanings: (1) "manufacturing process" shall mean the
25 production of any article of tangible personal property,
26 whether such article is a finished product or an article for

1 use in the process of manufacturing or assembling a different
2 article of tangible personal property, by procedures commonly
3 regarded as manufacturing, processing, fabricating, or
4 refining which changes some existing material or materials into
5 a material with a different form, use or name. In relation to a
6 recognized integrated business composed of a series of
7 operations which collectively constitute manufacturing, or
8 individually constitute manufacturing operations, the
9 manufacturing process shall be deemed to commence with the
10 first operation or stage of production in the series, and shall
11 not be deemed to end until the completion of the final product
12 in the last operation or stage of production in the series; and
13 further for purposes of exemption (e), photoprocessing is
14 deemed to be a manufacturing process of tangible personal
15 property for wholesale or retail sale; (2) "assembling process"
16 shall mean the production of any article of tangible personal
17 property, whether such article is a finished product or an
18 article for use in the process of manufacturing or assembling a
19 different article of tangible personal property, by the
20 combination of existing materials in a manner commonly regarded
21 as assembling which results in a material of a different form,
22 use or name; (3) "machinery" shall mean major mechanical
23 machines or major components of such machines contributing to a
24 manufacturing or assembling process; and (4) "equipment" shall
25 include any independent device or tool separate from any
26 machinery but essential to an integrated manufacturing or

1 assembly process; including computers used primarily in a
2 manufacturer's computer assisted design, computer assisted
3 manufacturing (CAD/CAM) system; or any subunit or assembly
4 comprising a component of any machinery or auxiliary, adjunct
5 or attachment parts of machinery, such as tools, dies, jigs,
6 fixtures, patterns and molds; or any parts which require
7 periodic replacement in the course of normal operation; but
8 shall not include hand tools. Equipment includes chemicals or
9 chemicals acting as catalysts but only if the chemicals or
10 chemicals acting as catalysts effect a direct and immediate
11 change upon a product being manufactured or assembled for
12 wholesale or retail sale or lease. The purchaser of such
13 machinery and equipment who has an active resale registration
14 number shall furnish such number to the seller at the time of
15 purchase. The purchaser of such machinery and equipment and
16 tools without an active resale registration number shall
17 furnish to the seller a certificate of exemption for each
18 transaction stating facts establishing the exemption for that
19 transaction, which certificate shall be available to the
20 Department for inspection or audit.

21 Except as provided in Section 2d of this Act, the rolling
22 stock exemption applies to rolling stock used by an interstate
23 carrier for hire, even just between points in Illinois, if such
24 rolling stock transports, for hire, persons whose journeys or
25 property whose shipments originate or terminate outside
26 Illinois.

1 Any informal rulings, opinions or letters issued by the
2 Department in response to an inquiry or request for any opinion
3 from any person regarding the coverage and applicability of
4 exemption (e) to specific devices shall be published,
5 maintained as a public record, and made available for public
6 inspection and copying. If the informal ruling, opinion or
7 letter contains trade secrets or other confidential
8 information, where possible the Department shall delete such
9 information prior to publication. Whenever such informal
10 rulings, opinions, or letters contain any policy of general
11 applicability, the Department shall formulate and adopt such
12 policy as a rule in accordance with the provisions of the
13 Illinois Administrative Procedure Act.

14 On and after July 1, 1987, no entity otherwise eligible
15 under exemption (c) of this Section shall make tax free
16 purchases unless it has an active exemption identification
17 number issued by the Department.

18 "Serviceman" means any person who is engaged in the
19 occupation of making sales of service.

20 "Sale at Retail" means "sale at retail" as defined in the
21 Retailers' Occupation Tax Act.

22 "Supplier" means any person who makes sales of tangible
23 personal property to servicemen for the purpose of resale as an
24 incident to a sale of service.

25 (Source: P.A. 98-583, eff. 1-1-14.)

1 (35 ILCS 115/2a) (from Ch. 120, par. 439.102a)

2 Sec. 2a. Pollution control facilities.

3 (a) As used in this subsection (a), "pollution ~~"Pollution~~
4 control facilities" means any system, method, construction,
5 device or appliance appurtenant thereto transferred by a
6 serviceman for the primary purpose of eliminating, preventing,
7 or reducing air and water pollution as the term "air pollution"
8 or "water pollution" is defined in the "Environmental
9 Protection Act", enacted by the 76th General Assembly, or for
10 the primary purpose of treating, pretreating, modifying or
11 disposing of any potential solid, liquid or gaseous pollutant
12 which if released without such treatment, pretreatment,
13 modification or disposal might be harmful, detrimental or
14 offensive to human, plant or animal life, or to property,
15 excepting sorbents used for mercury control in the process of
16 sorbent injection as used to comply with the Environmental
17 Protection Act or the federal Clean Air Act, consistent with
18 Sections 2j and 3 of the Retailers' Occupation Tax Act and
19 Section 9 of the Use Tax Act.

20 Until July 1, 2003, the purchase, employment and transfer
21 of such tangible personal property as pollution control
22 facilities shall not be deemed to be a purchase, use or sale of
23 service or of tangible personal property, but shall be deemed
24 to be intangible personal property.

25 (b) Notwithstanding the second paragraph of subsection (a)
26 of this Section, beginning June 1, 2017 and ending January 1,

1 2027, the purchase, employment, and transfer of tangible
2 personal property constituting or comprising pollution control
3 facilities, as defined in subsection (a), for installation at a
4 coal-fueled electric generation facility, generating for
5 wholesale and retail sale, is not a purchase, use, or sale of
6 tangible personal property and shall not be subject to the tax
7 imposed by this Act.

8 (Source: P.A. 93-24, eff. 6-20-03.)

9 (35 ILCS 115/3-5)

10 Sec. 3-5. Exemptions. The following tangible personal
11 property is exempt from the tax imposed by this Act:

12 (1) Personal property sold by a corporation, society,
13 association, foundation, institution, or organization, other
14 than a limited liability company, that is organized and
15 operated as a not-for-profit service enterprise for the benefit
16 of persons 65 years of age or older if the personal property
17 was not purchased by the enterprise for the purpose of resale
18 by the enterprise.

19 (2) Personal property purchased by a not-for-profit
20 Illinois county fair association for use in conducting,
21 operating, or promoting the county fair.

22 (3) Personal property purchased by any not-for-profit arts
23 or cultural organization that establishes, by proof required by
24 the Department by rule, that it has received an exemption under
25 Section 501(c)(3) of the Internal Revenue Code and that is

1 organized and operated primarily for the presentation or
2 support of arts or cultural programming, activities, or
3 services. These organizations include, but are not limited to,
4 music and dramatic arts organizations such as symphony
5 orchestras and theatrical groups, arts and cultural service
6 organizations, local arts councils, visual arts organizations,
7 and media arts organizations. On and after the effective date
8 of this amendatory Act of the 92nd General Assembly, however,
9 an entity otherwise eligible for this exemption shall not make
10 tax-free purchases unless it has an active identification
11 number issued by the Department.

12 (4) Legal tender, currency, medallions, or gold or silver
13 coinage issued by the State of Illinois, the government of the
14 United States of America, or the government of any foreign
15 country, and bullion.

16 (5) Until July 1, 2003 and beginning again on September 1,
17 2004 through August 30, 2014, graphic arts machinery and
18 equipment, including repair and replacement parts, both new and
19 used, and including that manufactured on special order or
20 purchased for lease, certified by the purchaser to be used
21 primarily for graphic arts production. Equipment includes
22 chemicals or chemicals acting as catalysts but only if the
23 chemicals or chemicals acting as catalysts effect a direct and
24 immediate change upon a graphic arts product.

25 (6) Personal property sold by a teacher-sponsored student
26 organization affiliated with an elementary or secondary school

1 located in Illinois.

2 (7) Farm machinery and equipment, both new and used,
3 including that manufactured on special order, certified by the
4 purchaser to be used primarily for production agriculture or
5 State or federal agricultural programs, including individual
6 replacement parts for the machinery and equipment, including
7 machinery and equipment purchased for lease, and including
8 implements of husbandry defined in Section 1-130 of the
9 Illinois Vehicle Code, farm machinery and agricultural
10 chemical and fertilizer spreaders, and nurse wagons required to
11 be registered under Section 3-809 of the Illinois Vehicle Code,
12 but excluding other motor vehicles required to be registered
13 under the Illinois Vehicle Code. Horticultural polyhouses or
14 hoop houses used for propagating, growing, or overwintering
15 plants shall be considered farm machinery and equipment under
16 this item (7). Agricultural chemical tender tanks and dry boxes
17 shall include units sold separately from a motor vehicle
18 required to be licensed and units sold mounted on a motor
19 vehicle required to be licensed if the selling price of the
20 tender is separately stated.

21 Farm machinery and equipment shall include precision
22 farming equipment that is installed or purchased to be
23 installed on farm machinery and equipment including, but not
24 limited to, tractors, harvesters, sprayers, planters, seeders,
25 or spreaders. Precision farming equipment includes, but is not
26 limited to, soil testing sensors, computers, monitors,

1 software, global positioning and mapping systems, and other
2 such equipment.

3 Farm machinery and equipment also includes computers,
4 sensors, software, and related equipment used primarily in the
5 computer-assisted operation of production agriculture
6 facilities, equipment, and activities such as, but not limited
7 to, the collection, monitoring, and correlation of animal and
8 crop data for the purpose of formulating animal diets and
9 agricultural chemicals. This item (7) is exempt from the
10 provisions of Section 3-55.

11 (8) Until June 30, 2013, fuel and petroleum products sold
12 to or used by an air common carrier, certified by the carrier
13 to be used for consumption, shipment, or storage in the conduct
14 of its business as an air common carrier, for a flight destined
15 for or returning from a location or locations outside the
16 United States without regard to previous or subsequent domestic
17 stopovers.

18 Beginning July 1, 2013, fuel and petroleum products sold to
19 or used by an air carrier, certified by the carrier to be used
20 for consumption, shipment, or storage in the conduct of its
21 business as an air common carrier, for a flight that (i) is
22 engaged in foreign trade or is engaged in trade between the
23 United States and any of its possessions and (ii) transports at
24 least one individual or package for hire from the city of
25 origination to the city of final destination on the same
26 aircraft, without regard to a change in the flight number of

1 that aircraft.

2 (9) Proceeds of mandatory service charges separately
3 stated on customers' bills for the purchase and consumption of
4 food and beverages, to the extent that the proceeds of the
5 service charge are in fact turned over as tips or as a
6 substitute for tips to the employees who participate directly
7 in preparing, serving, hosting or cleaning up the food or
8 beverage function with respect to which the service charge is
9 imposed.

10 (10) Until July 1, 2003, oil field exploration, drilling,
11 and production equipment, including (i) rigs and parts of rigs,
12 rotary rigs, cable tool rigs, and workover rigs, (ii) pipe and
13 tubular goods, including casing and drill strings, (iii) pumps
14 and pump-jack units, (iv) storage tanks and flow lines, (v) any
15 individual replacement part for oil field exploration,
16 drilling, and production equipment, and (vi) machinery and
17 equipment purchased for lease; but excluding motor vehicles
18 required to be registered under the Illinois Vehicle Code.

19 (11) Photoprocessing machinery and equipment, including
20 repair and replacement parts, both new and used, including that
21 manufactured on special order, certified by the purchaser to be
22 used primarily for photoprocessing, and including
23 photoprocessing machinery and equipment purchased for lease.

24 (12) Coal and aggregate exploration, mining, off-highway
25 hauling, processing, maintenance, and reclamation equipment,
26 including replacement parts and equipment, and including

1 equipment purchased for lease, but excluding motor vehicles
2 required to be registered under the Illinois Vehicle Code. The
3 changes made to this Section by Public Act 97-767 apply on and
4 after July 1, 2003, but no claim for credit or refund is
5 allowed on or after August 16, 2013 (the effective date of
6 Public Act 98-456) for such taxes paid during the period
7 beginning July 1, 2003 and ending on August 16, 2013 (the
8 effective date of Public Act 98-456).

9 (13) Beginning January 1, 1992 and through June 30, 2016,
10 food for human consumption that is to be consumed off the
11 premises where it is sold (other than alcoholic beverages, soft
12 drinks and food that has been prepared for immediate
13 consumption) and prescription and non-prescription medicines,
14 drugs, medical appliances, and insulin, urine testing
15 materials, syringes, and needles used by diabetics, for human
16 use, when purchased for use by a person receiving medical
17 assistance under Article V of the Illinois Public Aid Code who
18 resides in a licensed long-term care facility, as defined in
19 the Nursing Home Care Act, or in a licensed facility as defined
20 in the ID/DD Community Care Act, the MC/DD Act, or the
21 Specialized Mental Health Rehabilitation Act of 2013.

22 (14) Semen used for artificial insemination of livestock
23 for direct agricultural production.

24 (15) Horses, or interests in horses, registered with and
25 meeting the requirements of any of the Arabian Horse Club
26 Registry of America, Appaloosa Horse Club, American Quarter

1 Horse Association, United States Trotting Association, or
2 Jockey Club, as appropriate, used for purposes of breeding or
3 racing for prizes. This item (15) is exempt from the provisions
4 of Section 3-55, and the exemption provided for under this item
5 (15) applies for all periods beginning May 30, 1995, but no
6 claim for credit or refund is allowed on or after January 1,
7 2008 (the effective date of Public Act 95-88) for such taxes
8 paid during the period beginning May 30, 2000 and ending on
9 January 1, 2008 (the effective date of Public Act 95-88).

10 (16) Computers and communications equipment utilized for
11 any hospital purpose and equipment used in the diagnosis,
12 analysis, or treatment of hospital patients sold to a lessor
13 who leases the equipment, under a lease of one year or longer
14 executed or in effect at the time of the purchase, to a
15 hospital that has been issued an active tax exemption
16 identification number by the Department under Section 1g of the
17 Retailers' Occupation Tax Act.

18 (17) Personal property sold to a lessor who leases the
19 property, under a lease of one year or longer executed or in
20 effect at the time of the purchase, to a governmental body that
21 has been issued an active tax exemption identification number
22 by the Department under Section 1g of the Retailers' Occupation
23 Tax Act.

24 (18) Beginning with taxable years ending on or after
25 December 31, 1995 and ending with taxable years ending on or
26 before December 31, 2004, personal property that is donated for

1 disaster relief to be used in a State or federally declared
2 disaster area in Illinois or bordering Illinois by a
3 manufacturer or retailer that is registered in this State to a
4 corporation, society, association, foundation, or institution
5 that has been issued a sales tax exemption identification
6 number by the Department that assists victims of the disaster
7 who reside within the declared disaster area.

8 (19) Beginning with taxable years ending on or after
9 December 31, 1995 and ending with taxable years ending on or
10 before December 31, 2004, personal property that is used in the
11 performance of infrastructure repairs in this State, including
12 but not limited to municipal roads and streets, access roads,
13 bridges, sidewalks, waste disposal systems, water and sewer
14 line extensions, water distribution and purification
15 facilities, storm water drainage and retention facilities, and
16 sewage treatment facilities, resulting from a State or
17 federally declared disaster in Illinois or bordering Illinois
18 when such repairs are initiated on facilities located in the
19 declared disaster area within 6 months after the disaster.

20 (20) Beginning July 1, 1999, game or game birds sold at a
21 "game breeding and hunting preserve area" as that term is used
22 in the Wildlife Code. This paragraph is exempt from the
23 provisions of Section 3-55.

24 (21) A motor vehicle, as that term is defined in Section
25 1-146 of the Illinois Vehicle Code, that is donated to a
26 corporation, limited liability company, society, association,

1 foundation, or institution that is determined by the Department
2 to be organized and operated exclusively for educational
3 purposes. For purposes of this exemption, "a corporation,
4 limited liability company, society, association, foundation,
5 or institution organized and operated exclusively for
6 educational purposes" means all tax-supported public schools,
7 private schools that offer systematic instruction in useful
8 branches of learning by methods common to public schools and
9 that compare favorably in their scope and intensity with the
10 course of study presented in tax-supported schools, and
11 vocational or technical schools or institutes organized and
12 operated exclusively to provide a course of study of not less
13 than 6 weeks duration and designed to prepare individuals to
14 follow a trade or to pursue a manual, technical, mechanical,
15 industrial, business, or commercial occupation.

16 (22) Beginning January 1, 2000, personal property,
17 including food, purchased through fundraising events for the
18 benefit of a public or private elementary or secondary school,
19 a group of those schools, or one or more school districts if
20 the events are sponsored by an entity recognized by the school
21 district that consists primarily of volunteers and includes
22 parents and teachers of the school children. This paragraph
23 does not apply to fundraising events (i) for the benefit of
24 private home instruction or (ii) for which the fundraising
25 entity purchases the personal property sold at the events from
26 another individual or entity that sold the property for the

1 purpose of resale by the fundraising entity and that profits
2 from the sale to the fundraising entity. This paragraph is
3 exempt from the provisions of Section 3-55.

4 (23) Beginning January 1, 2000 and through December 31,
5 2001, new or used automatic vending machines that prepare and
6 serve hot food and beverages, including coffee, soup, and other
7 items, and replacement parts for these machines. Beginning
8 January 1, 2002 and through June 30, 2003, machines and parts
9 for machines used in commercial, coin-operated amusement and
10 vending business if a use or occupation tax is paid on the
11 gross receipts derived from the use of the commercial,
12 coin-operated amusement and vending machines. This paragraph
13 is exempt from the provisions of Section 3-55.

14 (24) Beginning on the effective date of this amendatory Act
15 of the 92nd General Assembly, computers and communications
16 equipment utilized for any hospital purpose and equipment used
17 in the diagnosis, analysis, or treatment of hospital patients
18 sold to a lessor who leases the equipment, under a lease of one
19 year or longer executed or in effect at the time of the
20 purchase, to a hospital that has been issued an active tax
21 exemption identification number by the Department under
22 Section 1g of the Retailers' Occupation Tax Act. This paragraph
23 is exempt from the provisions of Section 3-55.

24 (25) Beginning on the effective date of this amendatory Act
25 of the 92nd General Assembly, personal property sold to a
26 lessor who leases the property, under a lease of one year or

1 longer executed or in effect at the time of the purchase, to a
2 governmental body that has been issued an active tax exemption
3 identification number by the Department under Section 1g of the
4 Retailers' Occupation Tax Act. This paragraph is exempt from
5 the provisions of Section 3-55.

6 (26) Beginning on January 1, 2002 and through June 30,
7 2016, tangible personal property purchased from an Illinois
8 retailer by a taxpayer engaged in centralized purchasing
9 activities in Illinois who will, upon receipt of the property
10 in Illinois, temporarily store the property in Illinois (i) for
11 the purpose of subsequently transporting it outside this State
12 for use or consumption thereafter solely outside this State or
13 (ii) for the purpose of being processed, fabricated, or
14 manufactured into, attached to, or incorporated into other
15 tangible personal property to be transported outside this State
16 and thereafter used or consumed solely outside this State. The
17 Director of Revenue shall, pursuant to rules adopted in
18 accordance with the Illinois Administrative Procedure Act,
19 issue a permit to any taxpayer in good standing with the
20 Department who is eligible for the exemption under this
21 paragraph (26). The permit issued under this paragraph (26)
22 shall authorize the holder, to the extent and in the manner
23 specified in the rules adopted under this Act, to purchase
24 tangible personal property from a retailer exempt from the
25 taxes imposed by this Act. Taxpayers shall maintain all
26 necessary books and records to substantiate the use and

1 consumption of all such tangible personal property outside of
2 the State of Illinois.

3 (27) Beginning January 1, 2008, tangible personal property
4 used in the construction or maintenance of a community water
5 supply, as defined under Section 3.145 of the Environmental
6 Protection Act, that is operated by a not-for-profit
7 corporation that holds a valid water supply permit issued under
8 Title IV of the Environmental Protection Act. This paragraph is
9 exempt from the provisions of Section 3-55.

10 (28) Tangible personal property sold to a
11 public-facilities corporation, as described in Section
12 11-65-10 of the Illinois Municipal Code, for purposes of
13 constructing or furnishing a municipal convention hall, but
14 only if the legal title to the municipal convention hall is
15 transferred to the municipality without any further
16 consideration by or on behalf of the municipality at the time
17 of the completion of the municipal convention hall or upon the
18 retirement or redemption of any bonds or other debt instruments
19 issued by the public-facilities corporation in connection with
20 the development of the municipal convention hall. This
21 exemption includes existing public-facilities corporations as
22 provided in Section 11-65-25 of the Illinois Municipal Code.
23 This paragraph is exempt from the provisions of Section 3-55.

24 (29) Beginning January 1, 2010, materials, parts,
25 equipment, components, and furnishings incorporated into or
26 upon an aircraft as part of the modification, refurbishment,

1 completion, replacement, repair, or maintenance of the
2 aircraft. This exemption includes consumable supplies used in
3 the modification, refurbishment, completion, replacement,
4 repair, and maintenance of aircraft, but excludes any
5 materials, parts, equipment, components, and consumable
6 supplies used in the modification, replacement, repair, and
7 maintenance of aircraft engines or power plants, whether such
8 engines or power plants are installed or uninstalled upon any
9 such aircraft. "Consumable supplies" include, but are not
10 limited to, adhesive, tape, sandpaper, general purpose
11 lubricants, cleaning solution, latex gloves, and protective
12 films. This exemption applies only to the transfer of
13 qualifying tangible personal property incident to the
14 modification, refurbishment, completion, replacement, repair,
15 or maintenance of an aircraft by persons who (i) hold an Air
16 Agency Certificate and are empowered to operate an approved
17 repair station by the Federal Aviation Administration, (ii)
18 have a Class IV Rating, and (iii) conduct operations in
19 accordance with Part 145 of the Federal Aviation Regulations.
20 The exemption does not include aircraft operated by a
21 commercial air carrier providing scheduled passenger air
22 service pursuant to authority issued under Part 121 or Part 129
23 of the Federal Aviation Regulations. The changes made to this
24 paragraph (29) by Public Act 98-534 are declarative of existing
25 law.

26 (30) Beginning January 1, 2017, menstrual pads, tampons,

1 and menstrual cups.

2 (31) Coal used in the generation of electricity for
3 wholesale or retail sale. This paragraph is exempt from the
4 provisions of Section 3-55.

5 (Source: P.A. 98-104, eff. 7-22-13; 98-422, eff. 8-16-13;
6 98-456, eff. 8-16-13; 98-534, eff. 8-23-13; 98-756, eff.
7 7-16-14; 99-180, eff. 7-29-15; 99-855, eff. 8-19-16.)

8 (35 ILCS 115/3-25) (from Ch. 120, par. 439.103-25)

9 Sec. 3-25. Computer software. For the purposes of this Act,
10 "computer software" means a set of statements, data, or
11 instructions to be used directly or indirectly in a computer in
12 order to bring about a certain result in any form in which
13 those statements, data, or instructions may be embodied,
14 transmitted, or fixed, by any method now known or hereafter
15 developed, regardless of whether the statements, data, or
16 instructions are capable of being perceived by or communicated
17 to humans, and includes prewritten or canned software that is
18 held for repeated sale or lease, and all associated
19 documentation and materials, if any, whether contained on
20 magnetic tapes, discs, cards, or other devices or media, but
21 does not include software that is adapted to specific
22 individualized requirements of a purchaser, custom-made and
23 modified software designed for a particular or limited use by a
24 purchaser, or software used to operate exempt machinery and
25 equipment used in the process of manufacturing or assembling

1 tangible personal property for wholesale or retail sale or
2 lease. Software used to operate machinery and equipment used in
3 ~~(i) the generation of electricity for wholesale or retail sale;~~
4 ~~(ii)~~ the generation or treatment of natural or artificial gas
5 for wholesale or retail sale that is delivered to customers
6 through pipes, pipelines, or mains; or (ii) ~~(iii)~~ the treatment
7 of water for wholesale or retail sale that is delivered to
8 customers through pipes, pipelines, or mains is considered
9 "computer software". The provisions of this amendatory Act of
10 the 98th General Assembly are declaratory of existing law as to
11 the meaning and scope of this exemption.

12 For the purposes of this Act, computer software shall be
13 considered to be tangible personal property.

14 (Source: P.A. 98-583, eff. 1-1-14.)

15 Section 20. The Retailers' Occupation Tax Act is amended by
16 changing Sections 1a, 2-5, 2-25, and 2-45 as follows:

17 (35 ILCS 120/1a) (from Ch. 120, par. 440a)

18 Sec. 1a. Pollution control facilities.

19 (a) As used in this subsection (a), "pollution ~~"Pollution~~
20 control facilities" means any system, method, construction,
21 device or appliance appurtenant thereto sold or used or
22 intended for the primary purpose of eliminating, preventing, or
23 reducing air and water pollution as the term "air pollution" or
24 "water pollution" is defined in the "Environmental Protection

1 Act", enacted by the 76th General Assembly, or for the primary
2 purpose of treating, pretreating, modifying or disposing of any
3 potential solid, liquid or gaseous pollutant which if released
4 without such treatment, pretreatment, modification or disposal
5 might be harmful, detrimental or offensive to human, plant or
6 animal life, or to property, excepting sorbents used for
7 mercury control in the process of sorbent injection as used to
8 comply with the Environmental Protection Act or the federal
9 Clean Air Act, consistent with Sections 2j and 3 of the
10 Retailers' Occupation Tax Act and Section 9 of the Use Tax Act.

11 Until July 1, 2003, the purchase, employment and transfer
12 of such tangible personal property as pollution control
13 facilities is not a purchase, use or sale of tangible personal
14 property.

15 (b) Notwithstanding the second paragraph of subsection (a)
16 of this Section, beginning June 1, 2017 and ending January 1,
17 2027, the purchase, employment and transfer of tangible
18 personal property constituting or comprising pollution control
19 facilities, as defined in subsection (a), for installation at a
20 coal-fueled electric generation facility, generating for
21 wholesale and retail sale, is not a purchase, use, or sale of
22 tangible personal property and shall not be subject to the tax
23 imposed by this Act.

24 (Source: P.A. 93-24, eff. 6-20-03.)

1 Sec. 2-5. Exemptions. Gross receipts from proceeds from the
2 sale of the following tangible personal property are exempt
3 from the tax imposed by this Act:

4 (1) Farm chemicals.

5 (2) Farm machinery and equipment, both new and used,
6 including that manufactured on special order, certified by the
7 purchaser to be used primarily for production agriculture or
8 State or federal agricultural programs, including individual
9 replacement parts for the machinery and equipment, including
10 machinery and equipment purchased for lease, and including
11 implements of husbandry defined in Section 1-130 of the
12 Illinois Vehicle Code, farm machinery and agricultural
13 chemical and fertilizer spreaders, and nurse wagons required to
14 be registered under Section 3-809 of the Illinois Vehicle Code,
15 but excluding other motor vehicles required to be registered
16 under the Illinois Vehicle Code. Horticultural polyhouses or
17 hoop houses used for propagating, growing, or overwintering
18 plants shall be considered farm machinery and equipment under
19 this item (2). Agricultural chemical tender tanks and dry boxes
20 shall include units sold separately from a motor vehicle
21 required to be licensed and units sold mounted on a motor
22 vehicle required to be licensed, if the selling price of the
23 tender is separately stated.

24 Farm machinery and equipment shall include precision
25 farming equipment that is installed or purchased to be
26 installed on farm machinery and equipment including, but not

1 limited to, tractors, harvesters, sprayers, planters, seeders,
2 or spreaders. Precision farming equipment includes, but is not
3 limited to, soil testing sensors, computers, monitors,
4 software, global positioning and mapping systems, and other
5 such equipment.

6 Farm machinery and equipment also includes computers,
7 sensors, software, and related equipment used primarily in the
8 computer-assisted operation of production agriculture
9 facilities, equipment, and activities such as, but not limited
10 to, the collection, monitoring, and correlation of animal and
11 crop data for the purpose of formulating animal diets and
12 agricultural chemicals. This item (2) is exempt from the
13 provisions of Section 2-70.

14 (3) Until July 1, 2003, distillation machinery and
15 equipment, sold as a unit or kit, assembled or installed by the
16 retailer, certified by the user to be used only for the
17 production of ethyl alcohol that will be used for consumption
18 as motor fuel or as a component of motor fuel for the personal
19 use of the user, and not subject to sale or resale.

20 (4) Until July 1, 2003 and beginning again September 1,
21 2004 through August 30, 2014, graphic arts machinery and
22 equipment, including repair and replacement parts, both new and
23 used, and including that manufactured on special order or
24 purchased for lease, certified by the purchaser to be used
25 primarily for graphic arts production. Equipment includes
26 chemicals or chemicals acting as catalysts but only if the

1 chemicals or chemicals acting as catalysts effect a direct and
2 immediate change upon a graphic arts product.

3 (5) A motor vehicle that is used for automobile renting, as
4 defined in the Automobile Renting Occupation and Use Tax Act.
5 This paragraph is exempt from the provisions of Section 2-70.

6 (6) Personal property sold by a teacher-sponsored student
7 organization affiliated with an elementary or secondary school
8 located in Illinois.

9 (7) Until July 1, 2003, proceeds of that portion of the
10 selling price of a passenger car the sale of which is subject
11 to the Replacement Vehicle Tax.

12 (8) Personal property sold to an Illinois county fair
13 association for use in conducting, operating, or promoting the
14 county fair.

15 (9) Personal property sold to a not-for-profit arts or
16 cultural organization that establishes, by proof required by
17 the Department by rule, that it has received an exemption under
18 Section 501(c)(3) of the Internal Revenue Code and that is
19 organized and operated primarily for the presentation or
20 support of arts or cultural programming, activities, or
21 services. These organizations include, but are not limited to,
22 music and dramatic arts organizations such as symphony
23 orchestras and theatrical groups, arts and cultural service
24 organizations, local arts councils, visual arts organizations,
25 and media arts organizations. On and after the effective date
26 of this amendatory Act of the 92nd General Assembly, however,

1 an entity otherwise eligible for this exemption shall not make
2 tax-free purchases unless it has an active identification
3 number issued by the Department.

4 (10) Personal property sold by a corporation, society,
5 association, foundation, institution, or organization, other
6 than a limited liability company, that is organized and
7 operated as a not-for-profit service enterprise for the benefit
8 of persons 65 years of age or older if the personal property
9 was not purchased by the enterprise for the purpose of resale
10 by the enterprise.

11 (11) Personal property sold to a governmental body, to a
12 corporation, society, association, foundation, or institution
13 organized and operated exclusively for charitable, religious,
14 or educational purposes, or to a not-for-profit corporation,
15 society, association, foundation, institution, or organization
16 that has no compensated officers or employees and that is
17 organized and operated primarily for the recreation of persons
18 55 years of age or older. A limited liability company may
19 qualify for the exemption under this paragraph only if the
20 limited liability company is organized and operated
21 exclusively for educational purposes. On and after July 1,
22 1987, however, no entity otherwise eligible for this exemption
23 shall make tax-free purchases unless it has an active
24 identification number issued by the Department.

25 (12) Tangible personal property sold to interstate
26 carriers for hire for use as rolling stock moving in interstate

1 commerce or to lessors under leases of one year or longer
2 executed or in effect at the time of purchase by interstate
3 carriers for hire for use as rolling stock moving in interstate
4 commerce and equipment operated by a telecommunications
5 provider, licensed as a common carrier by the Federal
6 Communications Commission, which is permanently installed in
7 or affixed to aircraft moving in interstate commerce.

8 (12-5) On and after July 1, 2003 and through June 30, 2004,
9 motor vehicles of the second division with a gross vehicle
10 weight in excess of 8,000 pounds that are subject to the
11 commercial distribution fee imposed under Section 3-815.1 of
12 the Illinois Vehicle Code. Beginning on July 1, 2004 and
13 through June 30, 2005, the use in this State of motor vehicles
14 of the second division: (i) with a gross vehicle weight rating
15 in excess of 8,000 pounds; (ii) that are subject to the
16 commercial distribution fee imposed under Section 3-815.1 of
17 the Illinois Vehicle Code; and (iii) that are primarily used
18 for commercial purposes. Through June 30, 2005, this exemption
19 applies to repair and replacement parts added after the initial
20 purchase of such a motor vehicle if that motor vehicle is used
21 in a manner that would qualify for the rolling stock exemption
22 otherwise provided for in this Act. For purposes of this
23 paragraph, "used for commercial purposes" means the
24 transportation of persons or property in furtherance of any
25 commercial or industrial enterprise whether for-hire or not.

26 (13) Proceeds from sales to owners, lessors, or shippers of

1 tangible personal property that is utilized by interstate
2 carriers for hire for use as rolling stock moving in interstate
3 commerce and equipment operated by a telecommunications
4 provider, licensed as a common carrier by the Federal
5 Communications Commission, which is permanently installed in
6 or affixed to aircraft moving in interstate commerce.

7 (14) Machinery and equipment that will be used by the
8 purchaser, or a lessee of the purchaser, primarily in the
9 process of manufacturing or assembling tangible personal
10 property for wholesale or retail sale or lease, whether the
11 sale or lease is made directly by the manufacturer or by some
12 other person, whether the materials used in the process are
13 owned by the manufacturer or some other person, or whether the
14 sale or lease is made apart from or as an incident to the
15 seller's engaging in the service occupation of producing
16 machines, tools, dies, jigs, patterns, gauges, or other similar
17 items of no commercial value on special order for a particular
18 purchaser. The exemption provided by this paragraph (14) does
19 not include machinery and equipment used in (i) the generation
20 of electricity for wholesale or retail sale; (ii) the
21 generation or treatment of natural or artificial gas for
22 wholesale or retail sale that is delivered to customers through
23 pipes, pipelines, or mains; or (iii) the treatment of water for
24 wholesale or retail sale that is delivered to customers through
25 pipes, pipelines, or mains. The provisions of Public Act 98-583
26 are declaratory of existing law as to the meaning and scope of

1 this exemption.

2 (15) Proceeds of mandatory service charges separately
3 stated on customers' bills for purchase and consumption of food
4 and beverages, to the extent that the proceeds of the service
5 charge are in fact turned over as tips or as a substitute for
6 tips to the employees who participate directly in preparing,
7 serving, hosting or cleaning up the food or beverage function
8 with respect to which the service charge is imposed.

9 (16) Petroleum products sold to a purchaser if the seller
10 is prohibited by federal law from charging tax to the
11 purchaser.

12 (17) Tangible personal property sold to a common carrier by
13 rail or motor that receives the physical possession of the
14 property in Illinois and that transports the property, or
15 shares with another common carrier in the transportation of the
16 property, out of Illinois on a standard uniform bill of lading
17 showing the seller of the property as the shipper or consignor
18 of the property to a destination outside Illinois, for use
19 outside Illinois.

20 (18) Legal tender, currency, medallions, or gold or silver
21 coinage issued by the State of Illinois, the government of the
22 United States of America, or the government of any foreign
23 country, and bullion.

24 (19) Until July 1 2003, oil field exploration, drilling,
25 and production equipment, including (i) rigs and parts of rigs,
26 rotary rigs, cable tool rigs, and workover rigs, (ii) pipe and

1 tubular goods, including casing and drill strings, (iii) pumps
2 and pump-jack units, (iv) storage tanks and flow lines, (v) any
3 individual replacement part for oil field exploration,
4 drilling, and production equipment, and (vi) machinery and
5 equipment purchased for lease; but excluding motor vehicles
6 required to be registered under the Illinois Vehicle Code.

7 (20) Photoprocessing machinery and equipment, including
8 repair and replacement parts, both new and used, including that
9 manufactured on special order, certified by the purchaser to be
10 used primarily for photoprocessing, and including
11 photoprocessing machinery and equipment purchased for lease.

12 (21) Coal and aggregate exploration, mining, off-highway
13 hauling, processing, maintenance, and reclamation equipment,
14 including replacement parts and equipment, and including
15 equipment purchased for lease, but excluding motor vehicles
16 required to be registered under the Illinois Vehicle Code. The
17 changes made to this Section by Public Act 97-767 apply on and
18 after July 1, 2003, but no claim for credit or refund is
19 allowed on or after August 16, 2013 (the effective date of
20 Public Act 98-456) for such taxes paid during the period
21 beginning July 1, 2003 and ending on August 16, 2013 (the
22 effective date of Public Act 98-456).

23 (22) Until June 30, 2013, fuel and petroleum products sold
24 to or used by an air carrier, certified by the carrier to be
25 used for consumption, shipment, or storage in the conduct of
26 its business as an air common carrier, for a flight destined

1 for or returning from a location or locations outside the
2 United States without regard to previous or subsequent domestic
3 stopovers.

4 Beginning July 1, 2013, fuel and petroleum products sold to
5 or used by an air carrier, certified by the carrier to be used
6 for consumption, shipment, or storage in the conduct of its
7 business as an air common carrier, for a flight that (i) is
8 engaged in foreign trade or is engaged in trade between the
9 United States and any of its possessions and (ii) transports at
10 least one individual or package for hire from the city of
11 origination to the city of final destination on the same
12 aircraft, without regard to a change in the flight number of
13 that aircraft.

14 (23) A transaction in which the purchase order is received
15 by a florist who is located outside Illinois, but who has a
16 florist located in Illinois deliver the property to the
17 purchaser or the purchaser's donee in Illinois.

18 (24) Fuel consumed or used in the operation of ships,
19 barges, or vessels that are used primarily in or for the
20 transportation of property or the conveyance of persons for
21 hire on rivers bordering on this State if the fuel is delivered
22 by the seller to the purchaser's barge, ship, or vessel while
23 it is afloat upon that bordering river.

24 (25) Except as provided in item (25-5) of this Section, a
25 motor vehicle sold in this State to a nonresident even though
26 the motor vehicle is delivered to the nonresident in this

1 State, if the motor vehicle is not to be titled in this State,
2 and if a drive-away permit is issued to the motor vehicle as
3 provided in Section 3-603 of the Illinois Vehicle Code or if
4 the nonresident purchaser has vehicle registration plates to
5 transfer to the motor vehicle upon returning to his or her home
6 state. The issuance of the drive-away permit or having the
7 out-of-state registration plates to be transferred is prima
8 facie evidence that the motor vehicle will not be titled in
9 this State.

10 (25-5) The exemption under item (25) does not apply if the
11 state in which the motor vehicle will be titled does not allow
12 a reciprocal exemption for a motor vehicle sold and delivered
13 in that state to an Illinois resident but titled in Illinois.
14 The tax collected under this Act on the sale of a motor vehicle
15 in this State to a resident of another state that does not
16 allow a reciprocal exemption shall be imposed at a rate equal
17 to the state's rate of tax on taxable property in the state in
18 which the purchaser is a resident, except that the tax shall
19 not exceed the tax that would otherwise be imposed under this
20 Act. At the time of the sale, the purchaser shall execute a
21 statement, signed under penalty of perjury, of his or her
22 intent to title the vehicle in the state in which the purchaser
23 is a resident within 30 days after the sale and of the fact of
24 the payment to the State of Illinois of tax in an amount
25 equivalent to the state's rate of tax on taxable property in
26 his or her state of residence and shall submit the statement to

1 the appropriate tax collection agency in his or her state of
2 residence. In addition, the retailer must retain a signed copy
3 of the statement in his or her records. Nothing in this item
4 shall be construed to require the removal of the vehicle from
5 this state following the filing of an intent to title the
6 vehicle in the purchaser's state of residence if the purchaser
7 titles the vehicle in his or her state of residence within 30
8 days after the date of sale. The tax collected under this Act
9 in accordance with this item (25-5) shall be proportionately
10 distributed as if the tax were collected at the 6.25% general
11 rate imposed under this Act.

12 (25-7) Beginning on July 1, 2007, no tax is imposed under
13 this Act on the sale of an aircraft, as defined in Section 3 of
14 the Illinois Aeronautics Act, if all of the following
15 conditions are met:

16 (1) the aircraft leaves this State within 15 days after
17 the later of either the issuance of the final billing for
18 the sale of the aircraft, or the authorized approval for
19 return to service, completion of the maintenance record
20 entry, and completion of the test flight and ground test
21 for inspection, as required by 14 C.F.R. 91.407;

22 (2) the aircraft is not based or registered in this
23 State after the sale of the aircraft; and

24 (3) the seller retains in his or her books and records
25 and provides to the Department a signed and dated
26 certification from the purchaser, on a form prescribed by

1 the Department, certifying that the requirements of this
2 item (25-7) are met. The certificate must also include the
3 name and address of the purchaser, the address of the
4 location where the aircraft is to be titled or registered,
5 the address of the primary physical location of the
6 aircraft, and other information that the Department may
7 reasonably require.

8 For purposes of this item (25-7):

9 "Based in this State" means hangared, stored, or otherwise
10 used, excluding post-sale customizations as defined in this
11 Section, for 10 or more days in each 12-month period
12 immediately following the date of the sale of the aircraft.

13 "Registered in this State" means an aircraft registered
14 with the Department of Transportation, Aeronautics Division,
15 or titled or registered with the Federal Aviation
16 Administration to an address located in this State.

17 This paragraph (25-7) is exempt from the provisions of
18 Section 2-70.

19 (26) Semen used for artificial insemination of livestock
20 for direct agricultural production.

21 (27) Horses, or interests in horses, registered with and
22 meeting the requirements of any of the Arabian Horse Club
23 Registry of America, Appaloosa Horse Club, American Quarter
24 Horse Association, United States Trotting Association, or
25 Jockey Club, as appropriate, used for purposes of breeding or
26 racing for prizes. This item (27) is exempt from the provisions

1 of Section 2-70, and the exemption provided for under this item
2 (27) applies for all periods beginning May 30, 1995, but no
3 claim for credit or refund is allowed on or after January 1,
4 2008 (the effective date of Public Act 95-88) for such taxes
5 paid during the period beginning May 30, 2000 and ending on
6 January 1, 2008 (the effective date of Public Act 95-88).

7 (28) Computers and communications equipment utilized for
8 any hospital purpose and equipment used in the diagnosis,
9 analysis, or treatment of hospital patients sold to a lessor
10 who leases the equipment, under a lease of one year or longer
11 executed or in effect at the time of the purchase, to a
12 hospital that has been issued an active tax exemption
13 identification number by the Department under Section 1g of
14 this Act.

15 (29) Personal property sold to a lessor who leases the
16 property, under a lease of one year or longer executed or in
17 effect at the time of the purchase, to a governmental body that
18 has been issued an active tax exemption identification number
19 by the Department under Section 1g of this Act.

20 (30) Beginning with taxable years ending on or after
21 December 31, 1995 and ending with taxable years ending on or
22 before December 31, 2004, personal property that is donated for
23 disaster relief to be used in a State or federally declared
24 disaster area in Illinois or bordering Illinois by a
25 manufacturer or retailer that is registered in this State to a
26 corporation, society, association, foundation, or institution

1 that has been issued a sales tax exemption identification
2 number by the Department that assists victims of the disaster
3 who reside within the declared disaster area.

4 (31) Beginning with taxable years ending on or after
5 December 31, 1995 and ending with taxable years ending on or
6 before December 31, 2004, personal property that is used in the
7 performance of infrastructure repairs in this State, including
8 but not limited to municipal roads and streets, access roads,
9 bridges, sidewalks, waste disposal systems, water and sewer
10 line extensions, water distribution and purification
11 facilities, storm water drainage and retention facilities, and
12 sewage treatment facilities, resulting from a State or
13 federally declared disaster in Illinois or bordering Illinois
14 when such repairs are initiated on facilities located in the
15 declared disaster area within 6 months after the disaster.

16 (32) Beginning July 1, 1999, game or game birds sold at a
17 "game breeding and hunting preserve area" as that term is used
18 in the Wildlife Code. This paragraph is exempt from the
19 provisions of Section 2-70.

20 (33) A motor vehicle, as that term is defined in Section
21 1-146 of the Illinois Vehicle Code, that is donated to a
22 corporation, limited liability company, society, association,
23 foundation, or institution that is determined by the Department
24 to be organized and operated exclusively for educational
25 purposes. For purposes of this exemption, "a corporation,
26 limited liability company, society, association, foundation,

1 or institution organized and operated exclusively for
2 educational purposes" means all tax-supported public schools,
3 private schools that offer systematic instruction in useful
4 branches of learning by methods common to public schools and
5 that compare favorably in their scope and intensity with the
6 course of study presented in tax-supported schools, and
7 vocational or technical schools or institutes organized and
8 operated exclusively to provide a course of study of not less
9 than 6 weeks duration and designed to prepare individuals to
10 follow a trade or to pursue a manual, technical, mechanical,
11 industrial, business, or commercial occupation.

12 (34) Beginning January 1, 2000, personal property,
13 including food, purchased through fundraising events for the
14 benefit of a public or private elementary or secondary school,
15 a group of those schools, or one or more school districts if
16 the events are sponsored by an entity recognized by the school
17 district that consists primarily of volunteers and includes
18 parents and teachers of the school children. This paragraph
19 does not apply to fundraising events (i) for the benefit of
20 private home instruction or (ii) for which the fundraising
21 entity purchases the personal property sold at the events from
22 another individual or entity that sold the property for the
23 purpose of resale by the fundraising entity and that profits
24 from the sale to the fundraising entity. This paragraph is
25 exempt from the provisions of Section 2-70.

26 (35) Beginning January 1, 2000 and through December 31,

1 2001, new or used automatic vending machines that prepare and
2 serve hot food and beverages, including coffee, soup, and other
3 items, and replacement parts for these machines. Beginning
4 January 1, 2002 and through June 30, 2003, machines and parts
5 for machines used in commercial, coin-operated amusement and
6 vending business if a use or occupation tax is paid on the
7 gross receipts derived from the use of the commercial,
8 coin-operated amusement and vending machines. This paragraph
9 is exempt from the provisions of Section 2-70.

10 (35-5) Beginning August 23, 2001 and through June 30, 2016,
11 food for human consumption that is to be consumed off the
12 premises where it is sold (other than alcoholic beverages, soft
13 drinks, and food that has been prepared for immediate
14 consumption) and prescription and nonprescription medicines,
15 drugs, medical appliances, and insulin, urine testing
16 materials, syringes, and needles used by diabetics, for human
17 use, when purchased for use by a person receiving medical
18 assistance under Article V of the Illinois Public Aid Code who
19 resides in a licensed long-term care facility, as defined in
20 the Nursing Home Care Act, or a licensed facility as defined in
21 the ID/DD Community Care Act, the MC/DD Act, or the Specialized
22 Mental Health Rehabilitation Act of 2013.

23 (36) Beginning August 2, 2001, computers and
24 communications equipment utilized for any hospital purpose and
25 equipment used in the diagnosis, analysis, or treatment of
26 hospital patients sold to a lessor who leases the equipment,

1 under a lease of one year or longer executed or in effect at
2 the time of the purchase, to a hospital that has been issued an
3 active tax exemption identification number by the Department
4 under Section 1g of this Act. This paragraph is exempt from the
5 provisions of Section 2-70.

6 (37) Beginning August 2, 2001, personal property sold to a
7 lessor who leases the property, under a lease of one year or
8 longer executed or in effect at the time of the purchase, to a
9 governmental body that has been issued an active tax exemption
10 identification number by the Department under Section 1g of
11 this Act. This paragraph is exempt from the provisions of
12 Section 2-70.

13 (38) Beginning on January 1, 2002 and through June 30,
14 2016, tangible personal property purchased from an Illinois
15 retailer by a taxpayer engaged in centralized purchasing
16 activities in Illinois who will, upon receipt of the property
17 in Illinois, temporarily store the property in Illinois (i) for
18 the purpose of subsequently transporting it outside this State
19 for use or consumption thereafter solely outside this State or
20 (ii) for the purpose of being processed, fabricated, or
21 manufactured into, attached to, or incorporated into other
22 tangible personal property to be transported outside this State
23 and thereafter used or consumed solely outside this State. The
24 Director of Revenue shall, pursuant to rules adopted in
25 accordance with the Illinois Administrative Procedure Act,
26 issue a permit to any taxpayer in good standing with the

1 Department who is eligible for the exemption under this
2 paragraph (38). The permit issued under this paragraph (38)
3 shall authorize the holder, to the extent and in the manner
4 specified in the rules adopted under this Act, to purchase
5 tangible personal property from a retailer exempt from the
6 taxes imposed by this Act. Taxpayers shall maintain all
7 necessary books and records to substantiate the use and
8 consumption of all such tangible personal property outside of
9 the State of Illinois.

10 (39) Beginning January 1, 2008, tangible personal property
11 used in the construction or maintenance of a community water
12 supply, as defined under Section 3.145 of the Environmental
13 Protection Act, that is operated by a not-for-profit
14 corporation that holds a valid water supply permit issued under
15 Title IV of the Environmental Protection Act. This paragraph is
16 exempt from the provisions of Section 2-70.

17 (40) Beginning January 1, 2010, materials, parts,
18 equipment, components, and furnishings incorporated into or
19 upon an aircraft as part of the modification, refurbishment,
20 completion, replacement, repair, or maintenance of the
21 aircraft. This exemption includes consumable supplies used in
22 the modification, refurbishment, completion, replacement,
23 repair, and maintenance of aircraft, but excludes any
24 materials, parts, equipment, components, and consumable
25 supplies used in the modification, replacement, repair, and
26 maintenance of aircraft engines or power plants, whether such

1 engines or power plants are installed or uninstalled upon any
2 such aircraft. "Consumable supplies" include, but are not
3 limited to, adhesive, tape, sandpaper, general purpose
4 lubricants, cleaning solution, latex gloves, and protective
5 films. This exemption applies only to the sale of qualifying
6 tangible personal property to persons who modify, refurbish,
7 complete, replace, or maintain an aircraft and who (i) hold an
8 Air Agency Certificate and are empowered to operate an approved
9 repair station by the Federal Aviation Administration, (ii)
10 have a Class IV Rating, and (iii) conduct operations in
11 accordance with Part 145 of the Federal Aviation Regulations.
12 The exemption does not include aircraft operated by a
13 commercial air carrier providing scheduled passenger air
14 service pursuant to authority issued under Part 121 or Part 129
15 of the Federal Aviation Regulations. The changes made to this
16 paragraph (40) by Public Act 98-534 are declarative of existing
17 law.

18 (41) Tangible personal property sold to a
19 public-facilities corporation, as described in Section
20 11-65-10 of the Illinois Municipal Code, for purposes of
21 constructing or furnishing a municipal convention hall, but
22 only if the legal title to the municipal convention hall is
23 transferred to the municipality without any further
24 consideration by or on behalf of the municipality at the time
25 of the completion of the municipal convention hall or upon the
26 retirement or redemption of any bonds or other debt instruments

1 issued by the public-facilities corporation in connection with
2 the development of the municipal convention hall. This
3 exemption includes existing public-facilities corporations as
4 provided in Section 11-65-25 of the Illinois Municipal Code.
5 This paragraph is exempt from the provisions of Section 2-70.

6 (42) Beginning January 1, 2017, menstrual pads, tampons,
7 and menstrual cups.

8 (43) Coal used in the generation of electricity for
9 wholesale or retail sale. This paragraph is exempt from the
10 provisions of Section 2-70.

11 (Source: P.A. 98-104, eff. 7-22-13; 98-422, eff. 8-16-13;
12 98-456, eff. 8-16-13; 98-534, eff. 8-23-13; 98-574, eff.
13 1-1-14; 98-583, eff. 1-1-14; 98-756, eff. 7-16-14; 99-180, eff.
14 7-29-15; 99-855, eff. 8-19-16.)

15 (35 ILCS 120/2-25) (from Ch. 120, par. 441-25)

16 Sec. 2-25. Computer software. For the purposes of this Act,
17 "computer software" means a set of statements, data, or
18 instructions to be used directly or indirectly in a computer in
19 order to bring about a certain result in any form in which
20 those statements, data, or instructions may be embodied,
21 transmitted, or fixed, by any method now known or hereafter
22 developed, regardless of whether the statements, data, or
23 instructions are capable of being perceived by or communicated
24 to humans, and includes prewritten or canned software that is
25 held for repeated sale or lease, and all associated

1 documentation and materials, if any, whether contained on
2 magnetic tapes, discs, cards, or other devices or media, but
3 does not include software that is adapted to specific
4 individualized requirements of a purchaser, custom-made and
5 modified software designed for a particular or limited use by a
6 purchaser, or software used to operate exempt machinery and
7 equipment used in the process of manufacturing or assembling
8 tangible personal property for wholesale or retail sale or
9 lease. Software used to operate machinery and equipment used in
10 (i) ~~the generation of electricity for wholesale or retail sale;~~
11 ~~(ii)~~ the generation or treatment of natural or artificial gas
12 for wholesale or retail sale that is delivered to customers
13 through pipes, pipelines, or mains; or (ii) ~~(iii)~~ the treatment
14 of water for wholesale or retail sale that is delivered to
15 customers through pipes, pipelines, or mains is considered
16 "computer software". The provisions of this amendatory Act of
17 the 98th General Assembly are declaratory of existing law as to
18 the meaning and scope of this exemption.

19 For the purposes of this Act, computer software shall be
20 considered to be tangible personal property.

21 (Source: P.A. 98-583, eff. 1-1-14.)

22 (35 ILCS 120/2-45) (from Ch. 120, par. 441-45)

23 Sec. 2-45. Manufacturing and assembly exemption. The
24 manufacturing and assembly machinery and equipment exemption
25 includes machinery and equipment that replaces machinery and

1 equipment in an existing manufacturing facility as well as
2 machinery and equipment that are for use in an expanded or new
3 manufacturing facility.

4 The machinery and equipment exemption also includes
5 machinery and equipment used in the general maintenance or
6 repair of exempt machinery and equipment or for in-house
7 manufacture of exempt machinery and equipment. The machinery
8 and equipment exemption does not include machinery and
9 equipment used in (i) ~~the generation of electricity for~~
10 ~~wholesale or retail sale;~~ (ii) the generation or treatment of
11 natural or artificial gas for wholesale or retail sale that is
12 delivered to customers through pipes, pipelines, or mains; or
13 (ii) ~~(iii)~~ the treatment of water for wholesale or retail sale
14 that is delivered to customers through pipes, pipelines, or
15 mains. The provisions of this amendatory Act of the 98th
16 General Assembly are declaratory of existing law as to the
17 meaning and scope of this exemption. For the purposes of this
18 exemption, terms have the following meanings:

19 (1) "Manufacturing process" means the production of an
20 article of tangible personal property, whether the article
21 is a finished product or an article for use in the process
22 of manufacturing or assembling a different article of
23 tangible personal property, by a procedure commonly
24 regarded as manufacturing, processing, fabricating, or
25 refining that changes some existing material or materials
26 into a material with a different form, use, or name. In

1 relation to a recognized integrated business composed of a
2 series of operations that collectively constitute
3 manufacturing, or individually constitute manufacturing
4 operations, the manufacturing process commences with the
5 first operation or stage of production in the series and
6 does not end until the completion of the final product in
7 the last operation or stage of production in the series.
8 For purposes of this exemption, photoprocessing is a
9 manufacturing process of tangible personal property for
10 wholesale or retail sale.

11 (2) "Assembling process" means the production of an
12 article of tangible personal property, whether the article
13 is a finished product or an article for use in the process
14 of manufacturing or assembling a different article of
15 tangible personal property, by the combination of existing
16 materials in a manner commonly regarded as assembling that
17 results in a material of a different form, use, or name.

18 (3) "Machinery" means major mechanical machines or
19 major components of those machines contributing to a
20 manufacturing or assembling process.

21 (4) "Equipment" includes an independent device or tool
22 separate from machinery but essential to an integrated
23 manufacturing or assembly process; including computers
24 used primarily in a manufacturer's computer assisted
25 design, computer assisted manufacturing (CAD/CAM) system;
26 any subunit or assembly comprising a component of any

1 machinery or auxiliary, adjunct, or attachment parts of
2 machinery, such as tools, dies, jigs, fixtures, patterns,
3 and molds; and any parts that require periodic replacement
4 in the course of normal operation; but does not include
5 hand tools. Equipment includes chemicals or chemicals
6 acting as catalysts but only if the chemicals or chemicals
7 acting as catalysts effect a direct and immediate change
8 upon a product being manufactured or assembled for
9 wholesale or retail sale or lease.

10 (5) "Production related tangible personal property"
11 means all tangible personal property that is used or
12 consumed by the purchaser in a manufacturing facility in
13 which a manufacturing process takes place and includes,
14 without limitation, tangible personal property that is
15 purchased for incorporation into real estate within a
16 manufacturing facility and tangible personal property that
17 is used or consumed in activities such as research and
18 development, preproduction material handling, receiving,
19 quality control, inventory control, storage, staging, and
20 packaging for shipping and transportation purposes.
21 "Production related tangible personal property" does not
22 include (i) tangible personal property that is used, within
23 or without a manufacturing facility, in sales, purchasing,
24 accounting, fiscal management, marketing, personnel
25 recruitment or selection, or landscaping or (ii) tangible
26 personal property that is required to be titled or

1 registered with a department, agency, or unit of federal,
2 State, or local government.

3 The manufacturing and assembling machinery and equipment
4 exemption includes production related tangible personal
5 property that is purchased on or after July 1, 2007 and on or
6 before June 30, 2008. The exemption for production related
7 tangible personal property is subject to both of the following
8 limitations:

9 (1) The maximum amount of the exemption for any one
10 taxpayer may not exceed 5% of the purchase price of
11 production related tangible personal property that is
12 purchased on or after July 1, 2007 and on or before June
13 30, 2008. A credit under Section 3-85 of this Act may not
14 be earned by the purchase of production related tangible
15 personal property for which an exemption is received under
16 this Section.

17 (2) The maximum aggregate amount of the exemptions for
18 production related tangible personal property awarded
19 under this Act and the Use Tax Act to all taxpayers may not
20 exceed \$10,000,000. If the claims for the exemption exceed
21 \$10,000,000, then the Department shall reduce the amount of
22 the exemption to each taxpayer on a pro rata basis.

23 The Department may adopt rules to implement and administer the
24 exemption for production related tangible personal property.

25 The manufacturing and assembling machinery and equipment
26 exemption includes the sale of materials to a purchaser who

1 produces exempted types of machinery, equipment, or tools and
2 who rents or leases that machinery, equipment, or tools to a
3 manufacturer of tangible personal property. This exemption
4 also includes the sale of materials to a purchaser who
5 manufactures those materials into an exempted type of
6 machinery, equipment, or tools that the purchaser uses himself
7 or herself in the manufacturing of tangible personal property.
8 The purchaser of the machinery and equipment who has an active
9 resale registration number shall furnish that number to the
10 seller at the time of purchase. A purchaser of the machinery,
11 equipment, and tools without an active resale registration
12 number shall furnish to the seller a certificate of exemption
13 for each transaction stating facts establishing the exemption
14 for that transaction, and that certificate shall be available
15 to the Department for inspection or audit. Informal rulings,
16 opinions, or letters issued by the Department in response to an
17 inquiry or request for an opinion from any person regarding the
18 coverage and applicability of this exemption to specific
19 devices shall be published, maintained as a public record, and
20 made available for public inspection and copying. If the
21 informal ruling, opinion, or letter contains trade secrets or
22 other confidential information, where possible, the Department
23 shall delete that information before publication. Whenever
24 informal rulings, opinions, or letters contain a policy of
25 general applicability, the Department shall formulate and
26 adopt that policy as a rule in accordance with the Illinois

1 Administrative Procedure Act.

2 (Source: P.A. 98-583, eff. 1-1-14.)

3 Section 99. Effective date. This Act takes effect upon
4 becoming law.".