



Rep. Curtis J. Tarver, II

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1 AMENDMENT TO SENATE BILL 1963

2 AMENDMENT NO. _____. Amend Senate Bill 1963 by replacing
3 everything after the enacting clause with the following:

4 "ARTICLE 5. AIRCRAFT ENGINES

5 Section 5-5. The Use Tax Act is amended by changing
6 Section 3-5 as follows:

7 (35 ILCS 105/3-5)

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

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

1 purpose of resale by the enterprise.

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

5 (3) Personal property purchased by a not-for-profit arts
6 or cultural organization that establishes, by proof required
7 by the Department by rule, that it has received an exemption
8 under Section 501(c)(3) of the Internal Revenue Code and that
9 is organized and operated primarily for the presentation or
10 support of arts or cultural programming, activities, or
11 services. These organizations include, but are not limited to,
12 music and dramatic arts organizations such as symphony
13 orchestras and theatrical groups, arts and cultural service
14 organizations, local arts councils, visual arts organizations,
15 and media arts organizations. On and after July 1, 2001 (the
16 effective date of Public Act 92-35), however, an entity
17 otherwise eligible for this exemption shall not make tax-free
18 purchases unless it has an active identification number issued
19 by the Department.

20 (4) Personal property purchased by a governmental body, by
21 a corporation, society, association, foundation, or
22 institution organized and operated exclusively for charitable,
23 religious, or educational purposes, or by a not-for-profit
24 corporation, society, association, foundation, institution, or
25 organization that has no compensated officers or employees and
26 that is organized and operated primarily for the recreation of

1 persons 55 years of age or older. A limited liability company
2 may qualify for the exemption under this paragraph only if the
3 limited liability company is organized and operated
4 exclusively for educational purposes. On and after July 1,
5 1987, however, no entity otherwise eligible for this exemption
6 shall make tax-free purchases unless it has an active
7 exemption identification number issued by the Department.

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

11 (6) Until July 1, 2003 and beginning again on September 1,
12 2004 through August 30, 2014, graphic arts machinery and
13 equipment, including repair and replacement parts, both new
14 and used, and including that manufactured on special order,
15 certified by the purchaser to be used primarily for graphic
16 arts production, and including machinery and equipment
17 purchased for lease. Equipment includes chemicals or chemicals
18 acting as catalysts but only if the chemicals or chemicals
19 acting as catalysts effect a direct and immediate change upon
20 a graphic arts product. Beginning on July 1, 2017, graphic
21 arts machinery and equipment is included in the manufacturing
22 and assembling machinery and equipment exemption under
23 paragraph (18).

24 (7) Farm chemicals.

25 (8) Legal tender, currency, medallions, or gold or silver
26 coinage issued by the State of Illinois, the government of the

1 United States of America, or the government of any foreign
2 country, and bullion.

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

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

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

1 of the tender is separately stated.

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

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

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

25 Beginning July 1, 2013, fuel and petroleum products sold
26 to or used by an air carrier, certified by the carrier to be

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

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

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

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

6 (16) Until July 1, 2028, coal and aggregate exploration,
7 mining, off-highway hauling, processing, maintenance, and
8 reclamation equipment, including replacement parts and
9 equipment, and including equipment purchased for lease, but
10 excluding motor vehicles required to be registered under the
11 Illinois Vehicle Code. The changes made to this Section by
12 Public Act 97-767 apply on and after July 1, 2003, but no claim
13 for credit or refund is allowed on or after August 16, 2013
14 (the effective date of Public Act 98-456) for such taxes paid
15 during the period beginning July 1, 2003 and ending on August
16 16, 2013 (the effective date of Public Act 98-456).

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

23 (18) Manufacturing and assembling machinery and equipment
24 used primarily in the process of manufacturing or assembling
25 tangible personal property for wholesale or retail sale or
26 lease, whether that sale or lease is made directly by the

1 manufacturer or by some other person, whether the materials
2 used in the process are owned by the manufacturer or some other
3 person, or whether that sale or lease is made apart from or as
4 an incident to the seller's engaging in the service occupation
5 of producing machines, tools, dies, jigs, patterns, gauges, or
6 other similar items of no commercial value on special order
7 for a particular purchaser. The exemption provided by this
8 paragraph (18) includes production related tangible personal
9 property, as defined in Section 3-50, purchased on or after
10 July 1, 2019. The exemption provided by this paragraph (18)
11 does not include machinery and equipment used in (i) the
12 generation of electricity for wholesale or retail sale; (ii)
13 the generation or treatment of natural or artificial gas for
14 wholesale or retail sale that is delivered to customers
15 through pipes, pipelines, or mains; or (iii) the treatment of
16 water for wholesale or retail sale that is delivered to
17 customers through pipes, pipelines, or mains. The provisions
18 of Public Act 98-583 are declaratory of existing law as to the
19 meaning and scope of this exemption. Beginning on July 1,
20 2017, the exemption provided by this paragraph (18) includes,
21 but is not limited to, graphic arts machinery and equipment,
22 as defined in paragraph (6) of this Section.

23 (19) Personal property delivered to a purchaser or
24 purchaser's donee inside Illinois when the purchase order for
25 that personal property was received by a florist located
26 outside Illinois who has a florist located inside Illinois

1 deliver the personal property.

2 (20) Semen used for artificial insemination of livestock
3 for direct agricultural production.

4 (21) Horses, or interests in horses, registered with and
5 meeting the requirements of any of the Arabian Horse Club
6 Registry of America, Appaloosa Horse Club, American Quarter
7 Horse Association, United States Trotting Association, or
8 Jockey Club, as appropriate, used for purposes of breeding or
9 racing for prizes. This item (21) is exempt from the
10 provisions of Section 3-90, and the exemption provided for
11 under this item (21) applies for all periods beginning May 30,
12 1995, but no claim for credit or refund is allowed on or after
13 January 1, 2008 for such taxes paid during the period
14 beginning May 30, 2000 and ending on January 1, 2008.

15 (22) Computers and communications equipment utilized for
16 any hospital purpose and equipment used in the diagnosis,
17 analysis, or treatment of hospital patients purchased by a
18 lessor who leases the equipment, under a lease of one year or
19 longer executed or in effect at the time the lessor would
20 otherwise be subject to the tax imposed by this Act, to a
21 hospital that has been issued an active tax exemption
22 identification number by the Department under Section 1g of
23 the Retailers' Occupation Tax Act. If the equipment is leased
24 in a manner that does not qualify for this exemption or is used
25 in any other non-exempt manner, the lessor shall be liable for
26 the tax imposed under this Act or the Service Use Tax Act, as

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

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

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

17 (25) 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 used in
20 the performance of infrastructure repairs in this State,
21 including but not limited to municipal roads and streets,
22 access roads, bridges, sidewalks, waste disposal systems,
23 water and sewer line extensions, water distribution and
24 purification facilities, storm water drainage and retention
25 facilities, and sewage treatment facilities, resulting from a
26 State or federally declared disaster in Illinois or bordering

1 Illinois when such repairs are initiated on facilities located
2 in the declared disaster area within 6 months after the
3 disaster.

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

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

1 (28) Beginning January 1, 2000, personal property,
2 including food, purchased through fundraising events for the
3 benefit of a public or private elementary or secondary school,
4 a group of those schools, or one or more school districts if
5 the events are sponsored by an entity recognized by the school
6 district that consists primarily of volunteers and includes
7 parents and teachers of the school children. This paragraph
8 does not apply to fundraising events (i) for the benefit of
9 private home instruction or (ii) for which the fundraising
10 entity purchases the personal property sold at the events from
11 another individual or entity that sold the property for the
12 purpose of resale by the fundraising entity and that profits
13 from the sale to the fundraising entity. This paragraph is
14 exempt from the provisions of Section 3-90.

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

25 (30) Beginning January 1, 2001 and through June 30, 2016,
26 food for human consumption that is to be consumed off the

1 premises where it is sold (other than alcoholic beverages,
2 soft drinks, and food that has been prepared for immediate
3 consumption) and prescription and nonprescription medicines,
4 drugs, medical appliances, and insulin, urine testing
5 materials, syringes, and needles used by diabetics, for human
6 use, when purchased for use by a person receiving medical
7 assistance under Article V of the Illinois Public Aid Code who
8 resides in a licensed long-term care facility, as defined in
9 the Nursing Home Care Act, or in a licensed facility as defined
10 in the ID/DD Community Care Act, the MC/DD Act, or the
11 Specialized Mental Health Rehabilitation Act of 2013.

12 (31) Beginning on August 2, 2001 (the effective date of
13 Public Act 92-227), computers and communications equipment
14 utilized for any hospital purpose and equipment used in the
15 diagnosis, analysis, or treatment of hospital patients
16 purchased by a lessor who leases the equipment, under a lease
17 of one year or longer executed or in effect at the time the
18 lessor would otherwise be subject to the tax imposed by this
19 Act, to a hospital that has been issued an active tax exemption
20 identification number by the Department under Section 1g of
21 the Retailers' Occupation Tax Act. If the equipment is leased
22 in a manner that does not qualify for this exemption or is used
23 in any other nonexempt manner, the lessor shall be liable for
24 the tax imposed under this Act or the Service Use Tax Act, as
25 the case may be, based on the fair market value of the property
26 at the time the nonqualifying use occurs. No lessor shall

1 collect or attempt to collect an amount (however designated)
2 that purports to reimburse that lessor for the tax imposed by
3 this Act or the Service Use Tax Act, as the case may be, if the
4 tax has not been paid by the lessor. If a lessor improperly
5 collects any such amount from the lessee, the lessee shall
6 have a legal right to claim a refund of that amount from the
7 lessor. If, however, that amount is not refunded to the lessee
8 for any reason, the lessor is liable to pay that amount to the
9 Department. This paragraph is exempt from the provisions of
10 Section 3-90.

11 (32) Beginning on August 2, 2001 (the effective date of
12 Public Act 92-227), personal property purchased by a lessor
13 who leases the property, under a lease of one year or longer
14 executed or in effect at the time the lessor would otherwise be
15 subject to the tax imposed by this Act, to a governmental body
16 that has been issued an active sales tax exemption
17 identification number by the Department under Section 1g of
18 the Retailers' Occupation Tax Act. If the property is leased
19 in a manner that does not qualify for this exemption or used in
20 any other nonexempt 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 nonqualifying 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
3 have a legal right to claim a refund of that amount from the
4 lessor. If, however, that amount is not refunded to the lessee
5 for any reason, the lessor is liable to pay that amount to the
6 Department. This paragraph is exempt from the provisions of
7 Section 3-90.

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

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

8 (35) Beginning January 1, 2010 and continuing through
9 December 31, 2029 ~~December 31, 2024~~, materials, parts,
10 equipment, components, and furnishings incorporated into or
11 upon an aircraft as part of the modification, refurbishment,
12 completion, replacement, repair, or maintenance of the
13 aircraft. This exemption includes consumable supplies used in
14 the modification, refurbishment, completion, replacement,
15 repair, and maintenance of aircraft. However, until January 1,
16 2024, this exemption ~~but~~ excludes any materials, parts,
17 equipment, components, and consumable supplies used in the
18 modification, replacement, repair, and maintenance of aircraft
19 engines or power plants, whether such engines or power plants
20 are installed or uninstalled upon any such aircraft.
21 "Consumable supplies" include, but are not limited to,
22 adhesive, tape, sandpaper, general purpose lubricants,
23 cleaning solution, latex gloves, and protective films.

24 Beginning January 1, 2010 and continuing through December
25 31, 2023, this ~~This~~ exemption applies only to the use of
26 qualifying tangible personal property by persons who modify,

1 refurbish, complete, repair, replace, or maintain aircraft and
2 who (i) hold an Air Agency Certificate and are empowered to
3 operate an approved repair station by the Federal Aviation
4 Administration, (ii) have a Class IV Rating, and (iii) conduct
5 operations in accordance with Part 145 of the Federal Aviation
6 Regulations. From January 1, 2024 through December 31, 2029,
7 this exemption applies only to the use of qualifying tangible
8 personal property by: (A) persons who modify, refurbish,
9 complete, repair, replace, or maintain aircraft and who (i)
10 hold an Air Agency Certificate and are empowered to operate an
11 approved repair station by the Federal Aviation
12 Administration, (ii) have a Class IV Rating, and (iii) conduct
13 operations in accordance with Part 145 of the Federal Aviation
14 Regulations; and (B) persons who engage in the modification,
15 replacement, repair, and maintenance of aircraft engines or
16 power plants without regard to whether or not those persons
17 meet the qualifications of item (A).

18 The exemption does not include aircraft operated by a
19 commercial air carrier providing scheduled passenger air
20 service pursuant to authority issued under Part 121 or Part
21 129 of the Federal Aviation Regulations. The changes made to
22 this paragraph (35) by Public Act 98-534 are declarative of
23 existing law. It is the intent of the General Assembly that the
24 exemption under this paragraph (35) applies continuously from
25 January 1, 2010 through December 31, 2024; however, no claim
26 for credit or refund is allowed for taxes paid as a result of

1 the disallowance of this exemption on or after January 1, 2015
2 and prior to February 5, 2020 (the effective date of Public Act
3 101-629) ~~this amendatory Act of the 101st General Assembly.~~

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

19 (37) Beginning January 1, 2017 and through December 31,
20 2026, menstrual pads, tampons, and menstrual cups.

21 (38) Merchandise that is subject to the Rental Purchase
22 Agreement Occupation and Use Tax. The purchaser must certify
23 that the item is purchased to be rented subject to a rental
24 purchase agreement, as defined in the Rental Purchase
25 Agreement Act, and provide proof of registration under the
26 Rental Purchase Agreement Occupation and Use Tax Act. This

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

2 (39) Tangible personal property purchased by a purchaser
3 who is exempt from the tax imposed by this Act by operation of
4 federal law. This paragraph is exempt from the provisions of
5 Section 3-90.

6 (40) Qualified tangible personal property used in the
7 construction or operation of a data center that has been
8 granted a certificate of exemption by the Department of
9 Commerce and Economic Opportunity, whether that tangible
10 personal property is purchased by the owner, operator, or
11 tenant of the data center or by a contractor or subcontractor
12 of the owner, operator, or tenant. Data centers that would
13 have qualified for a certificate of exemption prior to January
14 1, 2020 had Public Act 101-31 been in effect may apply for and
15 obtain an exemption for subsequent purchases of computer
16 equipment or enabling software purchased or leased to upgrade,
17 supplement, or replace computer equipment or enabling software
18 purchased or leased in the original investment that would have
19 qualified.

20 The Department of Commerce and Economic Opportunity shall
21 grant a certificate of exemption under this item (40) to
22 qualified data centers as defined by Section 605-1025 of the
23 Department of Commerce and Economic Opportunity Law of the
24 Civil Administrative Code of Illinois.

25 For the purposes of this item (40):

26 "Data center" means a building or a series of

1 buildings rehabilitated or constructed to house working
2 servers in one physical location or multiple sites within
3 the State of Illinois.

4 "Qualified tangible personal property" means:
5 electrical systems and equipment; climate control and
6 chilling equipment and systems; mechanical systems and
7 equipment; monitoring and secure systems; emergency
8 generators; hardware; computers; servers; data storage
9 devices; network connectivity equipment; racks; cabinets;
10 telecommunications cabling infrastructure; raised floor
11 systems; peripheral components or systems; software;
12 mechanical, electrical, or plumbing systems; battery
13 systems; cooling systems and towers; temperature control
14 systems; other cabling; and other data center
15 infrastructure equipment and systems necessary to operate
16 qualified tangible personal property, including fixtures;
17 and component parts of any of the foregoing, including
18 installation, maintenance, repair, refurbishment, and
19 replacement of qualified tangible personal property to
20 generate, transform, transmit, distribute, or manage
21 electricity necessary to operate qualified tangible
22 personal property; and all other tangible personal
23 property that is essential to the operations of a computer
24 data center. The term "qualified tangible personal
25 property" also includes building materials physically
26 incorporated in to the qualifying data center. To document

1 the exemption allowed under this Section, the retailer
2 must obtain from the purchaser a copy of the certificate
3 of eligibility issued by the Department of Commerce and
4 Economic Opportunity.

5 This item (40) is exempt from the provisions of Section
6 3-90.

7 (41) Beginning July 1, 2022, breast pumps, breast pump
8 collection and storage supplies, and breast pump kits. This
9 item (41) is exempt from the provisions of Section 3-90. As
10 used in this item (41):

11 "Breast pump" means an electrically controlled or
12 manually controlled pump device designed or marketed to be
13 used to express milk from a human breast during lactation,
14 including the pump device and any battery, AC adapter, or
15 other power supply unit that is used to power the pump
16 device and is packaged and sold with the pump device at the
17 time of sale.

18 "Breast pump collection and storage supplies" means
19 items of tangible personal property designed or marketed
20 to be used in conjunction with a breast pump to collect
21 milk expressed from a human breast and to store collected
22 milk until it is ready for consumption.

23 "Breast pump collection and storage supplies"
24 includes, but is not limited to: breast shields and breast
25 shield connectors; breast pump tubes and tubing adapters;
26 breast pump valves and membranes; backflow protectors and

1 backflow protector adaptors; bottles and bottle caps
2 specific to the operation of the breast pump; and breast
3 milk storage bags.

4 "Breast pump collection and storage supplies" does not
5 include: (1) bottles and bottle caps not specific to the
6 operation of the breast pump; (2) breast pump travel bags
7 and other similar carrying accessories, including ice
8 packs, labels, and other similar products; (3) breast pump
9 cleaning supplies; (4) nursing bras, bra pads, breast
10 shells, and other similar products; and (5) creams,
11 ointments, and other similar products that relieve
12 breastfeeding-related symptoms or conditions of the
13 breasts or nipples, unless sold as part of a breast pump
14 kit that is pre-packaged by the breast pump manufacturer
15 or distributor.

16 "Breast pump kit" means a kit that: (1) contains no
17 more than a breast pump, breast pump collection and
18 storage supplies, a rechargeable battery for operating the
19 breast pump, a breastmilk cooler, bottle stands, ice
20 packs, and a breast pump carrying case; and (2) is
21 pre-packaged as a breast pump kit by the breast pump
22 manufacturer or distributor.

23 (42) ~~(41)~~ Tangible personal property sold by or on behalf
24 of the State Treasurer pursuant to the Revised Uniform
25 Unclaimed Property Act. This item (42) ~~(41)~~ is exempt from the
26 provisions of Section 3-90.

1 (Source: P.A. 101-9, eff. 6-5-19; 101-31, eff. 6-28-19;
2 101-81, eff. 7-12-19; 101-629, eff. 2-5-20; 102-16, eff.
3 6-17-21; 102-700, Article 70, Section 70-5, eff. 4-19-22;
4 102-700, Article 75, Section 75-5, eff. 4-19-22; 102-1026,
5 eff. 5-27-22; revised 8-1-22.)

6 Section 5-10. The Service Use Tax Act is amended by
7 changing Section 3-5 as follows:

8 (35 ILCS 110/3-5)

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

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

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

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

1 is 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 July 1, 2001 (the
8 effective date of Public Act 92-35), however, an entity
9 otherwise eligible for this exemption shall not make tax-free
10 purchases unless it has an active identification number issued
11 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
19 and 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. Beginning on
25 July 1, 2017, graphic arts machinery and equipment is included
26 in the manufacturing and assembling machinery and equipment

1 exemption under Section 2 of this Act.

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

5 (7) 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
14 to be registered under Section 3-809 of the Illinois Vehicle
15 Code, but excluding other motor vehicles required to be
16 registered under the Illinois Vehicle Code. Horticultural
17 polyhouses or hoop houses used for propagating, growing, or
18 overwintering plants shall be considered farm machinery and
19 equipment under this item (7). Agricultural chemical tender
20 tanks and dry boxes shall include units sold separately from a
21 motor vehicle required to be licensed and units sold mounted
22 on a motor vehicle required to be licensed if the selling price
23 of the 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 (7) is exempt from the
13 provisions of Section 3-75.

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

21 Beginning July 1, 2013, fuel and petroleum products sold
22 to or used by an air carrier, certified by the carrier to be
23 used for consumption, shipment, or storage in the conduct of
24 its business as an air common carrier, for a flight that (i) is
25 engaged in foreign trade or is engaged in trade between the
26 United States and any of its possessions and (ii) transports

1 at least one individual or package for hire from the city of
2 origination to the city of final destination on the same
3 aircraft, without regard to a change in the flight number of
4 that aircraft.

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

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

24 (11) Proceeds from the sale of photoprocessing machinery
25 and equipment, including repair and replacement parts, both
26 new and used, including that manufactured on special order,

1 certified by the purchaser to be used primarily for
2 photoprocessing, and including photoprocessing machinery and
3 equipment purchased for lease.

4 (12) Until July 1, 2028, coal and aggregate exploration,
5 mining, off-highway hauling, processing, maintenance, and
6 reclamation equipment, including replacement parts and
7 equipment, and including equipment purchased for lease, but
8 excluding motor vehicles required to be registered under the
9 Illinois Vehicle Code. The changes made to this Section by
10 Public Act 97-767 apply on and after July 1, 2003, but no claim
11 for credit or refund is allowed on or after August 16, 2013
12 (the effective date of Public Act 98-456) for such taxes paid
13 during the period beginning July 1, 2003 and ending on August
14 16, 2013 (the effective date of Public Act 98-456).

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

17 (14) Horses, or interests in horses, registered with and
18 meeting the requirements of any of the Arabian Horse Club
19 Registry of America, Appaloosa Horse Club, American Quarter
20 Horse Association, United States Trotting Association, or
21 Jockey Club, as appropriate, used for purposes of breeding or
22 racing for prizes. This item (14) is exempt from the
23 provisions of Section 3-75, and the exemption provided for
24 under this item (14) applies for all periods beginning May 30,
25 1995, but no claim for credit or refund is allowed on or after
26 January 1, 2008 (the effective date of Public Act 95-88) for

1 such taxes paid during the period beginning May 30, 2000 and
2 ending on January 1, 2008 (the effective date of Public Act
3 95-88).

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

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

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

1 corporation, society, association, foundation, or institution
2 that has been issued a sales tax exemption identification
3 number by the Department that assists victims of the disaster
4 who reside within the declared disaster area.

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

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

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

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

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

1 from the sale to the fundraising entity. This paragraph is
2 exempt from the provisions of Section 3-75.

3 (22) Beginning January 1, 2000 and through December 31,
4 2001, new or used automatic vending machines that prepare and
5 serve hot food and beverages, including coffee, soup, and
6 other items, and replacement parts for these machines.
7 Beginning January 1, 2002 and through June 30, 2003, machines
8 and parts for machines used in commercial, coin-operated
9 amusement and vending business if a use or occupation tax is
10 paid on the gross receipts derived from the use of the
11 commercial, coin-operated amusement and vending machines. This
12 paragraph is exempt from the provisions of Section 3-75.

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

26 (24) Beginning on August 2, 2001 (the effective date of

1 Public Act 92-227), computers and communications equipment
2 utilized for any hospital purpose and equipment used in the
3 diagnosis, analysis, or treatment of hospital patients
4 purchased by a lessor who leases the equipment, under a lease
5 of one year or longer executed or in effect at the time the
6 lessor would otherwise be subject to the tax imposed by this
7 Act, to a hospital that has been issued an active tax exemption
8 identification number by the Department under Section 1g of
9 the Retailers' Occupation Tax Act. If the equipment is leased
10 in a manner that does not qualify for this exemption or is used
11 in any other nonexempt manner, the lessor shall be liable for
12 the tax imposed under this Act or the Use Tax Act, as the case
13 may be, based on the fair market value of the property at the
14 time the nonqualifying use occurs. No lessor shall collect or
15 attempt to collect an amount (however designated) that
16 purports to reimburse that lessor for the tax imposed by this
17 Act or the Use Tax Act, as the case may be, if the tax has not
18 been paid by the lessor. If a lessor improperly collects any
19 such amount from the lessee, the lessee shall have a legal
20 right to claim a refund of that amount from the lessor. If,
21 however, that amount is not refunded to the lessee for any
22 reason, the lessor is liable to pay that amount to the
23 Department. This paragraph is exempt from the provisions of
24 Section 3-75.

25 (25) Beginning on August 2, 2001 (the effective date of
26 Public Act 92-227), personal property purchased by a lessor

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

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

1 paragraph is exempt from the provisions of Section 3-75.

2 (27) Beginning January 1, 2010 and continuing through
3 December 31, 2029 ~~December 31, 2024~~, materials, parts,
4 equipment, components, and furnishings incorporated into or
5 upon an aircraft as part of the modification, refurbishment,
6 completion, replacement, repair, or maintenance of the
7 aircraft. This exemption includes consumable supplies used in
8 the modification, refurbishment, completion, replacement,
9 repair, and maintenance of aircraft. However, until January 1,
10 2024, this exemption ~~, but~~ excludes any materials, parts,
11 equipment, components, and consumable supplies used in the
12 modification, replacement, repair, and maintenance of aircraft
13 engines or power plants, whether such engines or power plants
14 are installed or uninstalled upon any such aircraft.
15 "Consumable supplies" include, but are not limited to,
16 adhesive, tape, sandpaper, general purpose lubricants,
17 cleaning solution, latex gloves, and protective films.

18 Beginning January 1, 2010 and continuing through December
19 31, 2023, this ~~This~~ exemption applies only to the use of
20 qualifying tangible personal property transferred incident to
21 the modification, refurbishment, completion, replacement,
22 repair, or maintenance of aircraft by persons who (i) hold an
23 Air Agency Certificate and are empowered to operate an
24 approved repair station by the Federal Aviation
25 Administration, (ii) have a Class IV Rating, and (iii) conduct
26 operations in accordance with Part 145 of the Federal Aviation

1 Regulations. From January 1, 2024 through December 31, 2029,
2 this exemption applies only to the use of qualifying tangible
3 personal property by: (A) persons who modify, refurbish,
4 complete, repair, replace, or maintain aircraft and who (i)
5 hold an Air Agency Certificate and are empowered to operate an
6 approved repair station by the Federal Aviation
7 Administration, (ii) have a Class IV Rating, and (iii) conduct
8 operations in accordance with Part 145 of the Federal Aviation
9 Regulations; and (B) persons who engage in the modification,
10 replacement, repair, and maintenance of aircraft engines or
11 power plants without regard to whether or not those persons
12 meet the qualifications of item (A).

13 The exemption does not include aircraft operated by a
14 commercial air carrier providing scheduled passenger air
15 service pursuant to authority issued under Part 121 or Part
16 129 of the Federal Aviation Regulations. The changes made to
17 this paragraph (27) by Public Act 98-534 are declarative of
18 existing law. It is the intent of the General Assembly that the
19 exemption under this paragraph (27) applies continuously from
20 January 1, 2010 through December 31, 2024; however, no claim
21 for credit or refund is allowed for taxes paid as a result of
22 the disallowance of this exemption on or after January 1, 2015
23 and prior to February 5, 2020 (the effective date of Public Act
24 101-629) ~~this amendatory Act of the 101st General Assembly.~~

25 (28) Tangible personal property purchased by a
26 public-facilities corporation, as described in Section

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

14 (29) Beginning January 1, 2017 and through December 31,
15 2026, menstrual pads, tampons, and menstrual cups.

16 (30) Tangible personal property transferred to a purchaser
17 who is exempt from the tax imposed by this Act by operation of
18 federal law. This paragraph is exempt from the provisions of
19 Section 3-75.

20 (31) Qualified tangible personal property used in the
21 construction or operation of a data center that has been
22 granted a certificate of exemption by the Department of
23 Commerce and Economic Opportunity, whether that tangible
24 personal property is purchased by the owner, operator, or
25 tenant of the data center or by a contractor or subcontractor
26 of the owner, operator, or tenant. Data centers that would

1 have qualified for a certificate of exemption prior to January
2 1, 2020 had Public Act 101-31 ~~this amendatory Act of the 101st~~
3 ~~General Assembly~~ been in effect, may apply for and obtain an
4 exemption for subsequent purchases of computer equipment or
5 enabling software purchased or leased to upgrade, supplement,
6 or replace computer equipment or enabling software purchased
7 or leased in the original investment that would have
8 qualified.

9 The Department of Commerce and Economic Opportunity shall
10 grant a certificate of exemption under this item (31) to
11 qualified data centers as defined by Section 605-1025 of the
12 Department of Commerce and Economic Opportunity Law of the
13 Civil Administrative Code of Illinois.

14 For the purposes of this item (31):

15 "Data center" means a building or a series of
16 buildings rehabilitated or constructed to house working
17 servers in one physical location or multiple sites within
18 the State of Illinois.

19 "Qualified tangible personal property" means:
20 electrical systems and equipment; climate control and
21 chilling equipment and systems; mechanical systems and
22 equipment; monitoring and secure systems; emergency
23 generators; hardware; computers; servers; data storage
24 devices; network connectivity equipment; racks; cabinets;
25 telecommunications cabling infrastructure; raised floor
26 systems; peripheral components or systems; software;

1 mechanical, electrical, or plumbing systems; battery
2 systems; cooling systems and towers; temperature control
3 systems; other cabling; and other data center
4 infrastructure equipment and systems necessary to operate
5 qualified tangible personal property, including fixtures;
6 and component parts of any of the foregoing, including
7 installation, maintenance, repair, refurbishment, and
8 replacement of qualified tangible personal property to
9 generate, transform, transmit, distribute, or manage
10 electricity necessary to operate qualified tangible
11 personal property; and all other tangible personal
12 property that is essential to the operations of a computer
13 data center. The term "qualified tangible personal
14 property" also includes building materials physically
15 incorporated in to the qualifying data center. To document
16 the exemption allowed under this Section, the retailer
17 must obtain from the purchaser a copy of the certificate
18 of eligibility issued by the Department of Commerce and
19 Economic Opportunity.

20 This item (31) is exempt from the provisions of Section
21 3-75.

22 (32) Beginning July 1, 2022, breast pumps, breast pump
23 collection and storage supplies, and breast pump kits. This
24 item (32) is exempt from the provisions of Section 3-75. As
25 used in this item (32):

26 "Breast pump" means an electrically controlled or

1 manually controlled pump device designed or marketed to be
2 used to express milk from a human breast during lactation,
3 including the pump device and any battery, AC adapter, or
4 other power supply unit that is used to power the pump
5 device and is packaged and sold with the pump device at the
6 time of sale.

7 "Breast pump collection and storage supplies" means
8 items of tangible personal property designed or marketed
9 to be used in conjunction with a breast pump to collect
10 milk expressed from a human breast and to store collected
11 milk until it is ready for consumption.

12 "Breast pump collection and storage supplies"
13 includes, but is not limited to: breast shields and breast
14 shield connectors; breast pump tubes and tubing adapters;
15 breast pump valves and membranes; backflow protectors and
16 backflow protector adaptors; bottles and bottle caps
17 specific to the operation of the breast pump; and breast
18 milk storage bags.

19 "Breast pump collection and storage supplies" does not
20 include: (1) bottles and bottle caps not specific to the
21 operation of the breast pump; (2) breast pump travel bags
22 and other similar carrying accessories, including ice
23 packs, labels, and other similar products; (3) breast pump
24 cleaning supplies; (4) nursing bras, bra pads, breast
25 shells, and other similar products; and (5) creams,
26 ointments, and other similar products that relieve

1 breastfeeding-related symptoms or conditions of the
2 breasts or nipples, unless sold as part of a breast pump
3 kit that is pre-packaged by the breast pump manufacturer
4 or distributor.

5 "Breast pump kit" means a kit that: (1) contains no
6 more than a breast pump, breast pump collection and
7 storage supplies, a rechargeable battery for operating the
8 breast pump, a breastmilk cooler, bottle stands, ice
9 packs, and a breast pump carrying case; and (2) is
10 pre-packaged as a breast pump kit by the breast pump
11 manufacturer or distributor.

12 (33) ~~(32)~~ Tangible personal property sold by or on behalf
13 of the State Treasurer pursuant to the Revised Uniform
14 Unclaimed Property Act. This item (33) ~~(32)~~ is exempt from the
15 provisions of Section 3-75.

16 (Source: P.A. 101-31, eff. 6-28-19; 101-81, eff. 7-12-19;
17 101-629, eff. 2-5-20; 102-16, eff. 6-17-21; 102-700, Article
18 70, Section 70-10, eff. 4-19-22; 102-700, Article 75, Section
19 75-10, eff. 4-19-22; 102-1026, eff. 5-27-22; revised 8-3-22.)

20 Section 5-15. The Service Occupation Tax Act is amended by
21 changing Section 3-5 as follows:

22 (35 ILCS 115/3-5)

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

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

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

11 (3) Personal property purchased by any not-for-profit arts
12 or cultural organization that establishes, by proof required
13 by the Department by rule, that it has received an exemption
14 under Section 501(c)(3) of the Internal Revenue Code and that
15 is organized and operated primarily for the presentation or
16 support of arts or cultural programming, activities, or
17 services. These organizations include, but are not limited to,
18 music and dramatic arts organizations such as symphony
19 orchestras and theatrical groups, arts and cultural service
20 organizations, local arts councils, visual arts organizations,
21 and media arts organizations. On and after July 1, 2001 (the
22 effective date of Public Act 92-35), however, an entity
23 otherwise eligible for this exemption shall not make tax-free
24 purchases unless it has an active identification number issued
25 by the Department.

26 (4) Legal tender, currency, medallions, or gold or silver

1 coinage issued by the State of Illinois, the government of the
2 United States of America, or the government of any foreign
3 country, and bullion.

4 (5) Until July 1, 2003 and beginning again on September 1,
5 2004 through August 30, 2014, graphic arts machinery and
6 equipment, including repair and replacement parts, both new
7 and used, and including that manufactured on special order or
8 purchased for lease, certified by the purchaser to be used
9 primarily for graphic arts production. Equipment includes
10 chemicals or chemicals acting as catalysts but only if the
11 chemicals or chemicals acting as catalysts effect a direct and
12 immediate change upon a graphic arts product. Beginning on
13 July 1, 2017, graphic arts machinery and equipment is included
14 in the manufacturing and assembling machinery and equipment
15 exemption under Section 2 of this Act.

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

19 (7) Farm machinery and equipment, both new and used,
20 including that manufactured on special order, certified by the
21 purchaser to be used primarily for production agriculture or
22 State or federal agricultural programs, including individual
23 replacement parts for the machinery and equipment, including
24 machinery and equipment purchased for lease, and including
25 implements of husbandry defined in Section 1-130 of the
26 Illinois Vehicle Code, farm machinery and agricultural

1 chemical and fertilizer spreaders, and nurse wagons required
2 to be registered under Section 3-809 of the Illinois Vehicle
3 Code, but excluding other motor vehicles required to be
4 registered under the Illinois Vehicle Code. Horticultural
5 polyhouses or hoop houses used for propagating, growing, or
6 overwintering plants shall be considered farm machinery and
7 equipment under this item (7). Agricultural chemical tender
8 tanks and dry boxes shall include units sold separately from a
9 motor vehicle required to be licensed and units sold mounted
10 on a motor vehicle required to be licensed if the selling price
11 of the tender is separately stated.

12 Farm machinery and equipment shall include precision
13 farming equipment that is installed or purchased to be
14 installed on farm machinery and equipment including, but not
15 limited to, tractors, harvesters, sprayers, planters, seeders,
16 or spreaders. Precision farming equipment includes, but is not
17 limited to, soil testing sensors, computers, monitors,
18 software, global positioning and mapping systems, and other
19 such equipment.

20 Farm machinery and equipment also includes computers,
21 sensors, software, and related equipment used primarily in the
22 computer-assisted operation of production agriculture
23 facilities, equipment, and activities such as, but not limited
24 to, the collection, monitoring, and correlation of animal and
25 crop data for the purpose of formulating animal diets and
26 agricultural chemicals. This item (7) is exempt from the

1 provisions of Section 3-55.

2 (8) Until June 30, 2013, fuel and petroleum products sold
3 to or used by an air common carrier, certified by the carrier
4 to be used for consumption, shipment, or storage in the
5 conduct of its business as an air common carrier, for a flight
6 destined for or returning from a location or locations outside
7 the United States without regard to previous or subsequent
8 domestic stopovers.

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

19 (9) Proceeds of mandatory service charges separately
20 stated on customers' bills for the purchase and consumption of
21 food and beverages, to the extent that the proceeds of the
22 service charge are in fact turned over as tips or as a
23 substitute for tips to the employees who participate directly
24 in preparing, serving, hosting or cleaning up the food or
25 beverage function with respect to which the service charge is
26 imposed.

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

11 (11) Photoprocessing machinery and equipment, including
12 repair and replacement parts, both new and used, including
13 that manufactured on special order, certified by the purchaser
14 to be used primarily for photoprocessing, and including
15 photoprocessing machinery and equipment purchased for lease.

16 (12) Until July 1, 2028, coal and aggregate exploration,
17 mining, off-highway hauling, processing, maintenance, and
18 reclamation equipment, including replacement parts and
19 equipment, and including equipment purchased for lease, but
20 excluding motor vehicles required to be registered under the
21 Illinois Vehicle Code. The changes made to this Section by
22 Public Act 97-767 apply on and after July 1, 2003, but no claim
23 for credit or refund is allowed on or after August 16, 2013
24 (the effective date of Public Act 98-456) for such taxes paid
25 during the period beginning July 1, 2003 and ending on August
26 16, 2013 (the effective date of Public Act 98-456).

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

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

16 (15) Horses, or interests in horses, registered with and
17 meeting the requirements of any of the Arabian Horse Club
18 Registry of America, Appaloosa Horse Club, American Quarter
19 Horse Association, United States Trotting Association, or
20 Jockey Club, as appropriate, used for purposes of breeding or
21 racing for prizes. This item (15) is exempt from the
22 provisions of Section 3-55, and the exemption provided for
23 under this item (15) applies for all periods beginning May 30,
24 1995, but no claim for credit or refund is allowed on or after
25 January 1, 2008 (the effective date of Public Act 95-88) for
26 such taxes paid during the period beginning May 30, 2000 and

1 ending on January 1, 2008 (the effective date of Public Act
2 95-88).

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

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

17 (18) 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
20 for 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 (19) 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
4 the performance of infrastructure repairs in this State,
5 including but not limited to municipal roads and streets,
6 access roads, bridges, sidewalks, waste disposal systems,
7 water and sewer line extensions, water distribution and
8 purification facilities, storm water drainage and retention
9 facilities, and sewage treatment facilities, resulting from a
10 State or federally declared disaster in Illinois or bordering
11 Illinois when such repairs are initiated on facilities located
12 in the declared disaster area within 6 months after the
13 disaster.

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

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

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

11 (22) Beginning January 1, 2000, personal property,
12 including food, purchased through fundraising events for the
13 benefit of a public or private elementary or secondary school,
14 a group of those schools, or one or more school districts if
15 the events are sponsored by an entity recognized by the school
16 district that consists primarily of volunteers and includes
17 parents and teachers of the school children. This paragraph
18 does not apply to fundraising events (i) for the benefit of
19 private home instruction or (ii) for which the fundraising
20 entity purchases the personal property sold at the events from
21 another individual or entity that sold the property for the
22 purpose of resale by the fundraising entity and that profits
23 from the sale to the fundraising entity. This paragraph is
24 exempt from the provisions of Section 3-55.

25 (23) Beginning January 1, 2000 and through December 31,
26 2001, new or used automatic vending machines that prepare and

1 serve hot food and beverages, including coffee, soup, and
2 other items, and replacement parts for these machines.
3 Beginning January 1, 2002 and through June 30, 2003, machines
4 and parts for machines used in commercial, coin-operated
5 amusement and vending business if a use or occupation tax is
6 paid on the gross receipts derived from the use of the
7 commercial, coin-operated amusement and vending machines. This
8 paragraph is exempt from the provisions of Section 3-55.

9 (24) Beginning on August 2, 2001 (the effective date of
10 Public Act 92-227), computers and communications equipment
11 utilized for any hospital purpose and equipment used in the
12 diagnosis, analysis, or treatment of hospital patients sold to
13 a lessor who leases the equipment, under a lease of one year or
14 longer 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
17 the Retailers' Occupation Tax Act. This paragraph is exempt
18 from the provisions of Section 3-55.

19 (25) Beginning on August 2, 2001 (the effective date of
20 Public Act 92-227), personal property sold to a lessor who
21 leases the property, under a lease of one year or longer
22 executed or in effect at the time of the purchase, to a
23 governmental body that has been issued an active tax exemption
24 identification number by the Department under Section 1g of
25 the Retailers' Occupation Tax Act. This paragraph is exempt
26 from the provisions of Section 3-55.

1 (26) Beginning on January 1, 2002 and through June 30,
2 2016, tangible personal property purchased from an Illinois
3 retailer by a taxpayer engaged in centralized purchasing
4 activities in Illinois who will, upon receipt of the property
5 in Illinois, temporarily store the property in Illinois (i)
6 for the purpose of subsequently transporting it outside this
7 State for use or consumption thereafter solely outside this
8 State or (ii) for the purpose of being processed, fabricated,
9 or manufactured into, attached to, or incorporated into other
10 tangible personal property to be transported outside this
11 State and thereafter used or consumed solely outside this
12 State. The Director of Revenue shall, pursuant to rules
13 adopted in accordance with the Illinois Administrative
14 Procedure Act, issue a permit to any taxpayer in good standing
15 with the Department who is eligible for the exemption under
16 this paragraph (26). The permit issued under this paragraph
17 (26) shall authorize the holder, to the extent and in the
18 manner specified in the rules adopted under this Act, to
19 purchase tangible personal property from a retailer exempt
20 from the taxes imposed by this Act. Taxpayers shall maintain
21 all necessary books and records to substantiate the use and
22 consumption of all such tangible personal property outside of
23 the State of Illinois.

24 (27) Beginning January 1, 2008, tangible personal property
25 used in the construction or maintenance of a community water
26 supply, as defined under Section 3.145 of the Environmental

1 Protection Act, that is operated by a not-for-profit
2 corporation that holds a valid water supply permit issued
3 under Title IV of the Environmental Protection Act. This
4 paragraph is exempt from the provisions of Section 3-55.

5 (28) Tangible personal property sold to a
6 public-facilities corporation, as described in Section
7 11-65-10 of the Illinois Municipal Code, for purposes of
8 constructing or furnishing a municipal convention hall, but
9 only if the legal title to the municipal convention hall is
10 transferred to the municipality without any further
11 consideration by or on behalf of the municipality at the time
12 of the completion of the municipal convention hall or upon the
13 retirement or redemption of any bonds or other debt
14 instruments issued by the public-facilities corporation in
15 connection with the development of the municipal convention
16 hall. This exemption includes existing public-facilities
17 corporations as provided in Section 11-65-25 of the Illinois
18 Municipal Code. This paragraph is exempt from the provisions
19 of Section 3-55.

20 (29) Beginning January 1, 2010 and continuing through
21 December 31, 2029 ~~December 31, 2024~~, 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. However, until January 1,
2 2024, this exemption ~~, but~~ excludes any materials, parts,
3 equipment, components, and consumable supplies used in the
4 modification, replacement, repair, and maintenance of aircraft
5 engines or power plants, whether such engines or power plants
6 are installed or uninstalled upon any such aircraft.
7 "Consumable supplies" include, but are not limited to,
8 adhesive, tape, sandpaper, general purpose lubricants,
9 cleaning solution, latex gloves, and protective films.

10 Beginning January 1, 2010 and continuing through December
11 31, 2023, this ~~This~~ exemption applies only to the transfer of
12 qualifying tangible personal property incident to the
13 modification, refurbishment, completion, replacement, repair,
14 or maintenance of an aircraft by persons who (i) hold an Air
15 Agency Certificate and are empowered to operate an approved
16 repair station by the Federal Aviation Administration, (ii)
17 have a Class IV Rating, and (iii) conduct operations in
18 accordance with Part 145 of the Federal Aviation Regulations.
19 The exemption does not include aircraft operated by a
20 commercial air carrier providing scheduled passenger air
21 service pursuant to authority issued under Part 121 or Part
22 129 of the Federal Aviation Regulations. From January 1, 2024
23 through December 31, 2029, this exemption applies only to the
24 use of qualifying tangible personal property by: (A) persons
25 who modify, refurbish, complete, repair, replace, or maintain
26 aircraft and who (i) hold an Air Agency Certificate and are

1 empowered to operate an approved repair station by the Federal
2 Aviation Administration, (ii) have a Class IV Rating, and
3 (iii) conduct operations in accordance with Part 145 of the
4 Federal Aviation Regulations; and (B) persons who engage in
5 the modification, replacement, repair, and maintenance of
6 aircraft engines or power plants without regard to whether or
7 not those persons meet the qualifications of item (A).

8 The changes made to this paragraph (29) by Public Act
9 98-534 are declarative of existing law. It is the intent of the
10 General Assembly that the exemption under this paragraph (29)
11 applies continuously from January 1, 2010 through December 31,
12 2024; however, no claim for credit or refund is allowed for
13 taxes paid as a result of the disallowance of this exemption on
14 or after January 1, 2015 and prior to February 5, 2020 (the
15 effective date of Public Act 101-629) ~~this amendatory Act of~~
16 ~~the 101st General Assembly.~~

17 (30) Beginning January 1, 2017 and through December 31,
18 2026, menstrual pads, tampons, and menstrual cups.

19 (31) Tangible personal property transferred to a purchaser
20 who is exempt from tax by operation of federal law. This
21 paragraph is exempt from the provisions of Section 3-55.

22 (32) Qualified tangible personal property used in the
23 construction or operation of a data center that has been
24 granted a certificate of exemption by the Department of
25 Commerce and Economic Opportunity, whether that tangible
26 personal property is purchased by the owner, operator, or

1 tenant of the data center or by a contractor or subcontractor
2 of the owner, operator, or tenant. Data centers that would
3 have qualified for a certificate of exemption prior to January
4 1, 2020 had Public Act 101-31 ~~this amendatory Act of the 101st~~
5 ~~General Assembly~~ been in effect, may apply for and obtain an
6 exemption for subsequent purchases of computer equipment or
7 enabling software purchased or leased to upgrade, supplement,
8 or replace computer equipment or enabling software purchased
9 or leased in the original investment that would have
10 qualified.

11 The Department of Commerce and Economic Opportunity shall
12 grant a certificate of exemption under this item (32) to
13 qualified data centers as defined by Section 605-1025 of the
14 Department of Commerce and Economic Opportunity Law of the
15 Civil Administrative Code of Illinois.

16 For the purposes of this item (32):

17 "Data center" means a building or a series of
18 buildings rehabilitated or constructed to house working
19 servers in one physical location or multiple sites within
20 the State of Illinois.

21 "Qualified tangible personal property" means:
22 electrical systems and equipment; climate control and
23 chilling equipment and systems; mechanical systems and
24 equipment; monitoring and secure systems; emergency
25 generators; hardware; computers; servers; data storage
26 devices; network connectivity equipment; racks; cabinets;

1 telecommunications cabling infrastructure; raised floor
2 systems; peripheral components or systems; software;
3 mechanical, electrical, or plumbing systems; battery
4 systems; cooling systems and towers; temperature control
5 systems; other cabling; and other data center
6 infrastructure equipment and systems necessary to operate
7 qualified tangible personal property, including fixtures;
8 and component parts of any of the foregoing, including
9 installation, maintenance, repair, refurbishment, and
10 replacement of qualified tangible personal property to
11 generate, transform, transmit, distribute, or manage
12 electricity necessary to operate qualified tangible
13 personal property; and all other tangible personal
14 property that is essential to the operations of a computer
15 data center. The term "qualified tangible personal
16 property" also includes building materials physically
17 incorporated in to the qualifying data center. To document
18 the exemption allowed under this Section, the retailer
19 must obtain from the purchaser a copy of the certificate
20 of eligibility issued by the Department of Commerce and
21 Economic Opportunity.

22 This item (32) is exempt from the provisions of Section
23 3-55.

24 (33) Beginning July 1, 2022, breast pumps, breast pump
25 collection and storage supplies, and breast pump kits. This
26 item (33) is exempt from the provisions of Section 3-55. As

1 used in this item (33):

2 "Breast pump" means an electrically controlled or
3 manually controlled pump device designed or marketed to be
4 used to express milk from a human breast during lactation,
5 including the pump device and any battery, AC adapter, or
6 other power supply unit that is used to power the pump
7 device and is packaged and sold with the pump device at the
8 time of sale.

9 "Breast pump collection and storage supplies" means
10 items of tangible personal property designed or marketed
11 to be used in conjunction with a breast pump to collect
12 milk expressed from a human breast and to store collected
13 milk until it is ready for consumption.

14 "Breast pump collection and storage supplies"
15 includes, but is not limited to: breast shields and breast
16 shield connectors; breast pump tubes and tubing adapters;
17 breast pump valves and membranes; backflow protectors and
18 backflow protector adaptors; bottles and bottle caps
19 specific to the operation of the breast pump; and breast
20 milk storage bags.

21 "Breast pump collection and storage supplies" does not
22 include: (1) bottles and bottle caps not specific to the
23 operation of the breast pump; (2) breast pump travel bags
24 and other similar carrying accessories, including ice
25 packs, labels, and other similar products; (3) breast pump
26 cleaning supplies; (4) nursing bras, bra pads, breast

1 shells, and other similar products; and (5) creams,
2 ointments, and other similar products that relieve
3 breastfeeding-related symptoms or conditions of the
4 breasts or nipples, unless sold as part of a breast pump
5 kit that is pre-packaged by the breast pump manufacturer
6 or distributor.

7 "Breast pump kit" means a kit that: (1) contains no
8 more than a breast pump, breast pump collection and
9 storage supplies, a rechargeable battery for operating the
10 breast pump, a breastmilk cooler, bottle stands, ice
11 packs, and a breast pump carrying case; and (2) is
12 pre-packaged as a breast pump kit by the breast pump
13 manufacturer or distributor.

14 (34) ~~(33)~~ Tangible personal property sold by or on behalf
15 of the State Treasurer pursuant to the Revised Uniform
16 Unclaimed Property Act. This item (34) ~~(33)~~ is exempt from the
17 provisions of Section 3-55.

18 (Source: P.A. 101-31, eff. 6-28-19; 101-81, eff. 7-12-19;
19 101-629, eff. 2-5-20; 102-16, eff. 6-17-21; 102-700, Article
20 70, Section 70-15, eff. 4-19-22; 102-700, Article 75, Section
21 75-15, eff. 4-19-22; 102-1026, eff. 5-27-22; revised 8-9-22.)

22 Section 5-20. The Retailers' Occupation Tax Act is amended
23 by changing Section 2-5 as follows:

24 (35 ILCS 120/2-5)

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

26 Farm machinery and equipment shall include precision

1 farming equipment that is installed or purchased to be
2 installed on farm machinery and equipment including, but
3 not limited to, tractors, harvesters, sprayers, planters,
4 seeders, or spreaders. Precision farming equipment
5 includes, but is not limited to, soil testing sensors,
6 computers, monitors, software, global positioning and
7 mapping systems, and other such equipment.

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

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

23 (4) Until July 1, 2003 and beginning again September
24 1, 2004 through August 30, 2014, graphic arts machinery
25 and equipment, including repair and replacement parts,
26 both new and used, and including that manufactured on

1 special order or purchased for lease, certified by the
2 purchaser to be used primarily for graphic arts
3 production. Equipment includes chemicals or chemicals
4 acting as catalysts but only if the chemicals or chemicals
5 acting as catalysts effect a direct and immediate change
6 upon a graphic arts product. Beginning on July 1, 2017,
7 graphic arts machinery and equipment is included in the
8 manufacturing and assembling machinery and equipment
9 exemption under paragraph (14).

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

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

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

20 (8) Personal property sold to an Illinois county fair
21 association for use in conducting, operating, or promoting
22 the county fair.

23 (9) Personal property sold to a not-for-profit arts or
24 cultural organization that establishes, by proof required
25 by the Department by rule, that it has received an
26 exemption under Section 501(c)(3) of the Internal Revenue

1 Code and that is organized and operated primarily for the
2 presentation or support of arts or cultural programming,
3 activities, or services. These organizations include, but
4 are not limited to, music and dramatic arts organizations
5 such as symphony orchestras and theatrical groups, arts
6 and cultural service organizations, local arts councils,
7 visual arts organizations, and media arts organizations.
8 On and after July 1, 2001 (the effective date of Public Act
9 92-35), however, an entity otherwise eligible for this
10 exemption shall not make tax-free purchases unless it has
11 an active identification number issued by the Department.

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

19 (11) Personal property sold to a governmental body, to
20 a corporation, society, association, foundation, or
21 institution organized and operated exclusively for
22 charitable, religious, or educational purposes, or to a
23 not-for-profit corporation, society, association,
24 foundation, institution, or organization that has no
25 compensated officers or employees and that is organized
26 and operated primarily for the recreation of persons 55

1 years of age or older. A limited liability company may
2 qualify for the exemption under this paragraph only if the
3 limited liability company is organized and operated
4 exclusively for educational purposes. On and after July 1,
5 1987, however, no entity otherwise eligible for this
6 exemption shall make tax-free purchases unless it has an
7 active identification number issued by the Department.

8 (12) (Blank).

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

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

3 (13) Proceeds from sales to owners, lessors, or
4 shippers of tangible personal property that is utilized by
5 interstate carriers for hire for use as rolling stock
6 moving in interstate commerce and equipment operated by a
7 telecommunications provider, licensed as a common carrier
8 by the Federal Communications Commission, which is
9 permanently installed in or affixed to aircraft moving in
10 interstate commerce.

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

1 wholesale or retail sale that is delivered to customers
2 through pipes, pipelines, or mains; or (iii) the treatment
3 of water for wholesale or retail sale that is delivered to
4 customers through pipes, pipelines, or mains. The
5 provisions of Public Act 98-583 are declaratory of
6 existing law as to the meaning and scope of this
7 exemption. Beginning on July 1, 2017, the exemption
8 provided by this paragraph (14) includes, but is not
9 limited to, graphic arts machinery and equipment, as
10 defined in paragraph (4) of this Section.

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

19 (16) Tangible personal property sold to a purchaser if
20 the purchaser is exempt from use tax by operation of
21 federal law. This paragraph is exempt from the provisions
22 of Section 2-70.

23 (17) Tangible personal property sold to a common
24 carrier by rail or motor that receives the physical
25 possession of the property in Illinois and that transports
26 the property, or shares with another common carrier in the

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

5 (18) Legal tender, currency, medallions, or gold or
6 silver coinage issued by the State of Illinois, the
7 government of the United States of America, or the
8 government of any foreign country, and bullion.

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

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

25 (21) Until July 1, 2028, coal and aggregate
26 exploration, mining, off-highway hauling, processing,

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

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

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

1 to a change in the flight number of that aircraft.

2 (23) A transaction in which the purchase order is
3 received by a florist who is located outside Illinois, but
4 who has a florist located in Illinois deliver the property
5 to the purchaser or the purchaser's donee in Illinois.

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

12 (25) Except as provided in item (25-5) of this
13 Section, a motor vehicle sold in this State to a
14 nonresident even though the motor vehicle is delivered to
15 the nonresident in this State, if the motor vehicle is not
16 to be titled in this State, and if a drive-away permit is
17 issued to the motor vehicle as provided in Section 3-603
18 of the Illinois Vehicle Code or if the nonresident
19 purchaser has vehicle registration plates to transfer to
20 the motor vehicle upon returning to his or her home state.
21 The issuance of the drive-away permit or having the
22 out-of-state registration plates to be transferred is
23 prima facie evidence that the motor vehicle will not be
24 titled in this State.

25 (25-5) The exemption under item (25) does not apply if
26 the state in which the motor vehicle will be titled does

1 not allow a reciprocal exemption for a motor vehicle sold
2 and delivered in that state to an Illinois resident but
3 titled in Illinois. The tax collected under this Act on
4 the sale of a motor vehicle in this State to a resident of
5 another state that does not allow a reciprocal exemption
6 shall be imposed at a rate equal to the state's rate of tax
7 on taxable property in the state in which the purchaser is
8 a resident, except that the tax shall not exceed the tax
9 that would otherwise be imposed under this Act. At the
10 time of the sale, the purchaser shall execute a statement,
11 signed under penalty of perjury, of his or her intent to
12 title the vehicle in the state in which the purchaser is a
13 resident within 30 days after the sale and of the fact of
14 the payment to the State of Illinois of tax in an amount
15 equivalent to the state's rate of tax on taxable property
16 in his or her state of residence and shall submit the
17 statement to the appropriate tax collection agency in his
18 or her state of residence. In addition, the retailer must
19 retain a signed copy of the statement in his or her
20 records. Nothing in this item shall be construed to
21 require the removal of the vehicle from this state
22 following the filing of an intent to title the vehicle in
23 the purchaser's state of residence if the purchaser titles
24 the vehicle in his or her state of residence within 30 days
25 after the date of sale. The tax collected under this Act in
26 accordance with this item (25-5) shall be proportionately

1 distributed as if the tax were collected at the 6.25%
2 general rate imposed under this Act.

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

7 (1) the aircraft leaves this State within 15 days
8 after the later of either the issuance of the final
9 billing for the sale of the aircraft, or the
10 authorized approval for return to service, completion
11 of the maintenance record entry, and completion of the
12 test flight and ground test for inspection, as
13 required by 14 CFR ~~C.F.R.~~ 91.407;

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

16 (3) the seller retains in his or her books and
17 records and provides to the Department a signed and
18 dated certification from the purchaser, on a form
19 prescribed by the Department, certifying that the
20 requirements of this item (25-7) are met. The
21 certificate must also include the name and address of
22 the purchaser, the address of the location where the
23 aircraft is to be titled or registered, the address of
24 the primary physical location of the aircraft, and
25 other information that the Department may reasonably
26 require.

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

2 "Based in this State" means hangared, stored, or
3 otherwise used, excluding post-sale customizations as
4 defined in this Section, for 10 or more days in each
5 12-month period immediately following the date of the sale
6 of the aircraft.

7 "Registered in this State" means an aircraft
8 registered with the Department of Transportation,
9 Aeronautics Division, or titled or registered with the
10 Federal Aviation Administration to an address located in
11 this State.

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

14 (26) Semen used for artificial insemination of
15 livestock for direct agricultural production.

16 (27) Horses, or interests in horses, registered with
17 and meeting the requirements of any of the Arabian Horse
18 Club Registry of America, Appaloosa Horse Club, American
19 Quarter Horse Association, United States Trotting
20 Association, or Jockey Club, as appropriate, used for
21 purposes of breeding or racing for prizes. This item (27)
22 is exempt from the provisions of Section 2-70, and the
23 exemption provided for under this item (27) applies for
24 all periods beginning May 30, 1995, but no claim for
25 credit or refund is allowed on or after January 1, 2008
26 (the effective date of Public Act 95-88) for such taxes

1 paid during the period beginning May 30, 2000 and ending
2 on January 1, 2008 (the effective date of Public Act
3 95-88).

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

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

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

1 assists victims of the disaster who reside within the
2 declared disaster area.

3 (31) Beginning with taxable years ending on or after
4 December 31, 1995 and ending with taxable years ending on
5 or before December 31, 2004, personal property that is
6 used in the performance of infrastructure repairs in this
7 State, including but not limited to municipal roads and
8 streets, access roads, bridges, sidewalks, waste disposal
9 systems, water and sewer line extensions, water
10 distribution and purification facilities, storm water
11 drainage and retention facilities, and sewage treatment
12 facilities, resulting from a State or federally declared
13 disaster in Illinois or bordering Illinois when such
14 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
17 at a "game breeding and hunting preserve area" as that
18 term is used in the Wildlife Code. This paragraph is
19 exempt from the provisions of Section 2-70.

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

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

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

1 profits from the sale to the fundraising entity. This
2 paragraph is exempt from the provisions of Section 2-70.

3 (35) Beginning January 1, 2000 and through December
4 31, 2001, new or used automatic vending machines that
5 prepare and serve hot food and beverages, including
6 coffee, soup, and other items, and replacement parts for
7 these machines. Beginning January 1, 2002 and through June
8 30, 2003, machines and parts for machines used in
9 commercial, coin-operated amusement and vending business
10 if a use or occupation tax is paid on the gross receipts
11 derived from the use of the commercial, coin-operated
12 amusement and vending machines. This paragraph is exempt
13 from the provisions of Section 2-70.

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

1 Mental Health Rehabilitation Act of 2013.

2 (36) Beginning August 2, 2001, computers and
3 communications equipment utilized for any hospital purpose
4 and equipment used in the diagnosis, analysis, or
5 treatment of hospital patients sold to a lessor who leases
6 the equipment, under a lease of one year or longer
7 executed or in effect at the time of the purchase, to a
8 hospital that has been issued an active tax exemption
9 identification number by the Department under Section 1g
10 of this Act. This paragraph is exempt from the provisions
11 of Section 2-70.

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

19 (38) Beginning on January 1, 2002 and through June 30,
20 2016, tangible personal property purchased from an
21 Illinois retailer by a taxpayer engaged in centralized
22 purchasing activities in Illinois who will, upon receipt
23 of the property in Illinois, temporarily store the
24 property in Illinois (i) for the purpose of subsequently
25 transporting it outside this State for use or consumption
26 thereafter solely outside this State or (ii) for the

1 purpose of being processed, fabricated, or manufactured
2 into, attached to, or incorporated into other tangible
3 personal property to be transported outside this State and
4 thereafter used or consumed solely outside this State. The
5 Director of Revenue shall, pursuant to rules adopted in
6 accordance with the Illinois Administrative Procedure Act,
7 issue a permit to any taxpayer in good standing with the
8 Department who is eligible for the exemption under this
9 paragraph (38). The permit issued under this paragraph
10 (38) shall authorize the holder, to the extent and in the
11 manner specified in the rules adopted under this Act, to
12 purchase tangible personal property from a retailer exempt
13 from the taxes imposed by this Act. Taxpayers shall
14 maintain all necessary books and records to substantiate
15 the use and consumption of all such tangible personal
16 property outside of the State of Illinois.

17 (39) Beginning January 1, 2008, tangible personal
18 property used in the construction or maintenance of a
19 community water supply, as defined under Section 3.145 of
20 the Environmental Protection Act, that is operated by a
21 not-for-profit corporation that holds a valid water supply
22 permit issued under Title IV of the Environmental
23 Protection Act. This paragraph is exempt from the
24 provisions of Section 2-70.

25 (40) Beginning January 1, 2010 and continuing through
26 December 31, 2029 ~~December 31, 2024~~, materials, parts,

1 equipment, components, and furnishings incorporated into
2 or upon an aircraft as part of the modification,
3 refurbishment, completion, replacement, repair, or
4 maintenance of the aircraft. This exemption includes
5 consumable supplies used in the modification,
6 refurbishment, completion, replacement, repair, and
7 maintenance of aircraft. However, until January 1, 2024,
8 this exemption ~~, but~~ excludes any materials, parts,
9 equipment, components, and consumable supplies used in the
10 modification, replacement, repair, and maintenance of
11 aircraft engines or power plants, whether such engines or
12 power plants are installed or uninstalled upon any such
13 aircraft. "Consumable supplies" include, but are not
14 limited to, adhesive, tape, sandpaper, general purpose
15 lubricants, cleaning solution, latex gloves, and
16 protective films.

17 Beginning January 1, 2010 and continuing through
18 December 31, 2023, this ~~This~~ exemption applies only to the
19 sale of qualifying tangible personal property to persons
20 who modify, refurbish, complete, replace, or maintain an
21 aircraft and who (i) hold an Air Agency Certificate and
22 are empowered to operate an approved repair station by the
23 Federal Aviation Administration, (ii) have a Class IV
24 Rating, and (iii) conduct operations in accordance with
25 Part 145 of the Federal Aviation Regulations. The
26 exemption does not include aircraft operated by a

1 commercial air carrier providing scheduled passenger air
2 service pursuant to authority issued under Part 121 or
3 Part 129 of the Federal Aviation Regulations. From January
4 1, 2024 through December 31, 2029, this exemption applies
5 only to the use of qualifying tangible personal property
6 by: (A) persons who modify, refurbish, complete, repair,
7 replace, or maintain aircraft and who (i) hold an Air
8 Agency Certificate and are empowered to operate an
9 approved repair station by the Federal Aviation
10 Administration, (ii) have a Class IV Rating, and (iii)
11 conduct operations in accordance with Part 145 of the
12 Federal Aviation Regulations; and (B) persons who engage
13 in the modification, replacement, repair, and maintenance
14 of aircraft engines or power plants without regard to
15 whether or not those persons meet the qualifications of
16 item (A).

17 The changes made to this paragraph (40) by Public Act
18 98-534 are declarative of existing law. It is the intent
19 of the General Assembly that the exemption under this
20 paragraph (40) applies continuously from January 1, 2010
21 through December 31, 2024; however, no claim for credit or
22 refund is allowed for taxes paid as a result of the
23 disallowance of this exemption on or after January 1, 2015
24 and prior to February 5, 2020 (the effective date of
25 Public Act 101-629) ~~this amendatory Act of the 101st~~
26 ~~General Assembly.~~

1 (41) Tangible personal property sold to 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,
5 but only if the legal title to the municipal convention
6 hall is transferred to the municipality without any
7 further consideration by or on behalf of the municipality
8 at the time of the completion of the municipal convention
9 hall or upon the retirement or redemption of any bonds or
10 other debt instruments issued by the public-facilities
11 corporation in connection with the development of the
12 municipal convention hall. This exemption includes
13 existing public-facilities corporations as provided in
14 Section 11-65-25 of the Illinois Municipal Code. This
15 paragraph is exempt from the provisions of Section 2-70.

16 (42) Beginning January 1, 2017 and through December
17 31, 2026, menstrual pads, tampons, and menstrual cups.

18 (43) Merchandise that is subject to the Rental
19 Purchase Agreement Occupation and Use Tax. The purchaser
20 must certify that the item is purchased to be rented
21 subject to a rental purchase agreement, as defined in the
22 Rental Purchase Agreement Act, and provide proof of
23 registration under the Rental Purchase Agreement
24 Occupation and Use Tax Act. This paragraph is exempt from
25 the provisions of Section 2-70.

26 (44) Qualified tangible personal property used in the

1 construction or operation of a data center that has been
2 granted a certificate of exemption by the Department of
3 Commerce and Economic Opportunity, whether that tangible
4 personal property is purchased by the owner, operator, or
5 tenant of the data center or by a contractor or
6 subcontractor of the owner, operator, or tenant. Data
7 centers that would have qualified for a certificate of
8 exemption prior to January 1, 2020 had Public Act 101-31
9 ~~this amendatory Act of the 101st General Assembly~~ been in
10 effect, may apply for and obtain an exemption for
11 subsequent purchases of computer equipment or enabling
12 software purchased or leased to upgrade, supplement, or
13 replace computer equipment or enabling software purchased
14 or leased in the original investment that would have
15 qualified.

16 The Department of Commerce and Economic Opportunity
17 shall grant a certificate of exemption under this item
18 (44) to qualified data centers as defined by Section
19 605-1025 of the Department of Commerce and Economic
20 Opportunity Law of the Civil Administrative Code of
21 Illinois.

22 For the purposes of this item (44):

23 "Data center" means a building or a series of
24 buildings rehabilitated or constructed to house
25 working servers in one physical location or multiple
26 sites within the State of Illinois.

1 "Qualified tangible personal property" means:
2 electrical systems and equipment; climate control and
3 chilling equipment and systems; mechanical systems and
4 equipment; monitoring and secure systems; emergency
5 generators; hardware; computers; servers; data storage
6 devices; network connectivity equipment; racks;
7 cabinets; telecommunications cabling infrastructure;
8 raised floor systems; peripheral components or
9 systems; software; mechanical, electrical, or plumbing
10 systems; battery systems; cooling systems and towers;
11 temperature control systems; other cabling; and other
12 data center infrastructure equipment and systems
13 necessary to operate qualified tangible personal
14 property, including fixtures; and component parts of
15 any of the foregoing, including installation,
16 maintenance, repair, refurbishment, and replacement of
17 qualified tangible personal property to generate,
18 transform, transmit, distribute, or manage electricity
19 necessary to operate qualified tangible personal
20 property; and all other tangible personal property
21 that is essential to the operations of a computer data
22 center. The term "qualified tangible personal
23 property" also includes building materials physically
24 incorporated into the qualifying data center. To
25 document the exemption allowed under this Section, the
26 retailer must obtain from the purchaser a copy of the

1 certificate of eligibility issued by the Department of
2 Commerce and Economic Opportunity.

3 This item (44) is exempt from the provisions of
4 Section 2-70.

5 (45) Beginning January 1, 2020 and through December
6 31, 2020, sales of tangible personal property made by a
7 marketplace seller over a marketplace for which tax is due
8 under this Act but for which use tax has been collected and
9 remitted to the Department by a marketplace facilitator
10 under Section 2d of the Use Tax Act are exempt from tax
11 under this Act. A marketplace seller claiming this
12 exemption shall maintain books and records demonstrating
13 that the use tax on such sales has been collected and
14 remitted by a marketplace facilitator. Marketplace sellers
15 that have properly remitted tax under this Act on such
16 sales may file a claim for credit as provided in Section 6
17 of this Act. No claim is allowed, however, for such taxes
18 for which a credit or refund has been issued to the
19 marketplace facilitator under the Use Tax Act, or for
20 which the marketplace facilitator has filed a claim for
21 credit or refund under the Use Tax Act.

22 (46) Beginning July 1, 2022, breast pumps, breast pump
23 collection and storage supplies, and breast pump kits.
24 This item (46) is exempt from the provisions of Section
25 2-70. As used in this item (46):

26 "Breast pump" means an electrically controlled or

1 manually controlled pump device designed or marketed to be
2 used to express milk from a human breast during lactation,
3 including the pump device and any battery, AC adapter, or
4 other power supply unit that is used to power the pump
5 device and is packaged and sold with the pump device at the
6 time of sale.

7 "Breast pump collection and storage supplies" means
8 items of tangible personal property designed or marketed
9 to be used in conjunction with a breast pump to collect
10 milk expressed from a human breast and to store collected
11 milk until it is ready for consumption.

12 "Breast pump collection and storage supplies"
13 includes, but is not limited to: breast shields and breast
14 shield connectors; breast pump tubes and tubing adapters;
15 breast pump valves and membranes; backflow protectors and
16 backflow protector adaptors; bottles and bottle caps
17 specific to the operation of the breast pump; and breast
18 milk storage bags.

19 "Breast pump collection and storage supplies" does not
20 include: (1) bottles and bottle caps not specific to the
21 operation of the breast pump; (2) breast pump travel bags
22 and other similar carrying accessories, including ice
23 packs, labels, and other similar products; (3) breast pump
24 cleaning supplies; (4) nursing bras, bra pads, breast
25 shells, and other similar products; and (5) creams,
26 ointments, and other similar products that relieve

1 breastfeeding-related symptoms or conditions of the
2 breasts or nipples, unless sold as part of a breast pump
3 kit that is pre-packaged by the breast pump manufacturer
4 or distributor.

5 "Breast pump kit" means a kit that: (1) contains no
6 more than a breast pump, breast pump collection and
7 storage supplies, a rechargeable battery for operating the
8 breast pump, a breastmilk cooler, bottle stands, ice
9 packs, and a breast pump carrying case; and (2) is
10 pre-packaged as a breast pump kit by the breast pump
11 manufacturer or distributor.

12 (47) ~~(46)~~ Tangible personal property sold by or on
13 behalf of the State Treasurer pursuant to the Revised
14 Uniform Unclaimed Property Act. This item (47) ~~(46)~~ is
15 exempt from the provisions of Section 2-70.

16 (Source: P.A. 101-31, eff. 6-28-19; 101-81, eff. 7-12-19;
17 101-629, eff. 2-5-20; 102-16, eff. 6-17-21; 102-634, eff.
18 8-27-21; 102-700, Article 70, Section 70-20, eff. 4-19-22;
19 102-700, Article 75, Section 75-20, eff. 4-19-22; 102-813,
20 eff. 5-13-22; 102-1026, eff. 5-27-22; revised 8-15-22.)

21 ARTICLE 10. ETHANOL BLENDED FUEL

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

1 (35 ILCS 105/3-10)

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

23 Beginning on July 1, 2000 and through December 31, 2000,
24 with respect to motor fuel, as defined in Section 1.1 of the
25 Motor Fuel Tax Law, and gasohol, as defined in Section 3-40 of

1 the Use Tax Act, the tax is imposed at the rate of 1.25%.

2 Beginning on August 6, 2010 through August 15, 2010, and
3 beginning again on August 5, 2022 through August 14, 2022,
4 with respect to sales tax holiday items as defined in Section
5 3-6 of this Act, the tax is imposed at the rate of 1.25%.

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

19 With respect to mid-range ethanol blends, the tax imposed
20 by this Act applies to (i) 80% of the proceeds of sales made on
21 or after January 1, 2024 and on or before December 31, 2028 and
22 (ii) 100% of the proceeds of sales made thereafter. If, at any
23 time, however, the tax under this Act on sales of mid-range
24 ethanol blends is imposed at the rate of 1.25%, then the tax
25 imposed by this Act applies to 100% of the proceeds of sales of
26 mid-range ethanol blends made during that time.

1 With respect to majority blended ethanol fuel, the tax
2 imposed by this Act does not apply to the proceeds of sales
3 made on or after July 1, 2003 and on or before December 31,
4 2028 ~~December 31, 2023~~ but applies to 100% of the proceeds of
5 sales made thereafter.

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

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

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

13 With respect to prescription and nonprescription
14 medicines, drugs, medical appliances, products classified as
15 Class III medical devices by the United States Food and Drug
16 Administration that are used for cancer treatment pursuant to
17 a prescription, as well as any accessories and components
18 related to those devices, modifications to a motor vehicle for
19 the purpose of rendering it usable by a person with a
20 disability, and insulin, blood sugar testing materials,
21 syringes, and needles used by human diabetics, the tax is
22 imposed at the rate of 1%. For the purposes of this Section,
23 until September 1, 2009: the term "soft drinks" means any
24 complete, finished, ready-to-use, non-alcoholic drink, whether
25 carbonated or not, including, but not limited to, soda water,
26 cola, fruit juice, vegetable juice, carbonated water, and all

1 other preparations commonly known as soft drinks of whatever
2 kind or description that are contained in any closed or sealed
3 bottle, can, carton, or container, regardless of size; but
4 "soft drinks" does not include coffee, tea, non-carbonated
5 water, infant formula, milk or milk products as defined in the
6 Grade A Pasteurized Milk and Milk Products Act, or drinks
7 containing 50% or more natural fruit or vegetable juice.

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

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

26 Notwithstanding any other provisions of this Act,

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

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

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

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

26 Beginning on January 1, 2014 (the effective date of Public

1 ~~Act 98-122) this amendatory Act of the 98th General Assembly,~~
2 "prescription and nonprescription medicines and drugs"
3 includes medical cannabis purchased from a registered
4 dispensing organization under the Compassionate Use of Medical
5 Cannabis Program Act.

6 As used in this Section, "adult use cannabis" means
7 cannabis subject to tax under the Cannabis Cultivation
8 Privilege Tax Law and the Cannabis Purchaser Excise Tax Law
9 and does not include cannabis subject to tax under the
10 Compassionate Use of Medical Cannabis Program Act.

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

18 (Source: P.A. 101-363, eff. 8-9-19; 101-593, eff. 12-4-19;
19 102-4, eff. 4-27-21; 102-700, Article 20, Section 20-5, eff.
20 4-19-22; 102-700, Article 60, Section 60-15, eff. 4-19-22;
21 102-700, Article 65, Section 65-5, eff. 4-19-22; revised
22 5-27-22.)

23 (35 ILCS 105/3-40) (from Ch. 120, par. 439.3-40)

24 Sec. 3-40. Gasohol. As used in this Act, "gasohol" means
25 motor fuel that is a blend of denatured ethanol and gasoline

1 that contains no more than 1.25% water by weight. Prior to
2 January 1, 2024, the ~~The~~ blend must contain 90% gasoline and
3 10% denatured ethanol. On and after January 1, 2024, the blend
4 must contain 85% gasoline and 15% denatured ethanol. A maximum
5 of one percent error factor in the amount of denatured ethanol
6 used in the blend is allowable to compensate for blending
7 equipment variations. Any person who knowingly sells or
8 represents as gasohol any fuel that does not qualify as
9 gasohol under this Act is guilty of a business offense and
10 shall be fined not more than \$100 for each day that the sale or
11 representation takes place after notification from the
12 Department of Agriculture that the fuel in question does not
13 qualify as gasohol.

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

15 (35 ILCS 105/3-44)

16 Sec. 3-44. Majority blended ethanol fuel. Prior to January
17 1, 2024, "majority ~~"Majority~~ blended ethanol fuel" means motor
18 fuel that contains not less than 70% and no more than 90%
19 denatured ethanol and no less than 10% and no more than 30%
20 gasoline. On and after January 1, 2024, "majority blended
21 ethanol fuel" means motor fuel that is capable of being used in
22 the operation of flexible fuel vehicles and contains at least
23 51% and not more than 83% ethanol, by volume, as specified in
24 ASTM Standard D5798-11, and no less than 17% and no more than
25 49% gasoline.

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

2 (35 ILCS 105/3-44.3 new)

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

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

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

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

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

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

1 the sale of service on or after July 1, 2003 and on or before
2 July 1, 2017, ~~and~~ (iii) 100% of the selling price of property
3 transferred as an incident to the sale of service after July 1,
4 2017 and before January 1, 2024, (iv) 90% of the selling price
5 of property transferred as an incident to the sale of service
6 on or after January 1, 2024 and on or before December 31, 2028,
7 and (v) 100% of the selling price of property transferred as an
8 incident to the sale of service after December 31, 2028
9 ~~thereafter~~. If, at any time, however, the tax under this Act on
10 sales of gasohol, as defined in the Use Tax Act, is imposed at
11 the rate of 1.25%, then the tax imposed by this Act applies to
12 100% of the proceeds of sales of gasohol made during that time.

13 With respect to mid-range ethanol blends, as defined in
14 Section 3-44.3 of the Use Tax Act, the tax imposed by this Act
15 applies to (i) 80% of the selling price of property
16 transferred as an incident to the sale of service on or after
17 January 1, 2024 and on or before December 31, 2028 and (ii)
18 100% of the selling price of property transferred as an
19 incident to the sale of service after December 31, 2028. If, at
20 any time, however, the tax under this Act on sales of mid-range
21 ethanol blends is imposed at the rate of 1.25%, then the tax
22 imposed by this Act applies to 100% of the selling price of
23 mid-range ethanol blends transferred as an incident to the
24 sale of service during that time.

25 With respect to majority blended ethanol fuel, as defined
26 in the Use Tax Act, the tax imposed by this Act does not apply

1 to the selling price of property transferred as an incident to
2 the sale of service on or after July 1, 2003 and on or before
3 December 31, 2028 ~~December 31, 2023~~ but applies to 100% of the
4 selling price thereafter.

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

21 With respect to biodiesel, as defined in the Use Tax Act,
22 and biodiesel blends, as defined in the Use Tax Act, with more
23 than 10% but no more than 99% biodiesel, the tax imposed by
24 this Act does not apply to the proceeds of the selling price of
25 property transferred as an incident to the sale of service on
26 or after July 1, 2003 and on or before December 31, 2023. On

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

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

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

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

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

23 The tax shall also be imposed at the rate of 1% on
24 prescription and nonprescription medicines, drugs, medical
25 appliances, products classified as Class III medical devices
26 by the United States Food and Drug Administration that are

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

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

24 Until August 1, 2009, and notwithstanding any other
25 provisions of this Act, "food for human consumption that is to
26 be consumed off the premises where it is sold" includes all

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

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

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

1 definition of "over-the-counter-drugs". For the purposes of
2 this paragraph, "over-the-counter-drug" means a drug for human
3 use that contains a label that identifies the product as a drug
4 as required by 21 CFR ~~C.F.R.~~ § 201.66. The
5 "over-the-counter-drug" label includes:

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

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

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

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

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

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

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

7 (35 ILCS 115/3-10) (from Ch. 120, par. 439.103-10)

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

1 completion of the contract.

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

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

24 With respect to mid-range ethanol blends, as defined in
25 Section 3-44.3 of the Use Tax Act, the tax imposed by this Act
26 applies to (i) 80% of the selling price of property

1 transferred as an incident to the sale of service on or after
2 January 1, 2024 and on or before December 31, 2028 and (ii)
3 100% of the selling price of property transferred as an
4 incident to the sale of service after December 31, 2028. If, at
5 any time, however, the tax under this Act on sales of mid-range
6 ethanol blends is imposed at the rate of 1.25%, then the tax
7 imposed by this Act applies to 100% of the selling price of
8 mid-range ethanol blends transferred as an incident to the
9 sale of service during that time.

10 With respect to majority blended ethanol fuel, as defined
11 in the Use Tax Act, the tax imposed by this Act does not apply
12 to the selling price of property transferred as an incident to
13 the sale of service on or after July 1, 2003 and on or before
14 December 31, 2028 ~~December 31, 2023~~ but applies to 100% of the
15 selling price thereafter.

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

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

6 With respect to biodiesel, as defined in the Use Tax Act,
7 and biodiesel blends, as defined in the Use Tax Act, with more
8 than 10% but no more than 99% biodiesel material, the tax
9 imposed by this Act does not apply to the proceeds of the
10 selling price of property transferred as an incident to the
11 sale of service on or after July 1, 2003 and on or before
12 December 31, 2023. On and after January 1, 2024 and on or
13 before December 31, 2030, the taxation of biodiesel, renewable
14 diesel, and biodiesel blends shall be as provided in Section
15 3-5.1 of the Use Tax Act.

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

26 Until July 1, 2022 and beginning again on July 1, 2023, the

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

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

1 until July 1, 2023, the tax shall also be imposed at the rate
2 of 0% on food for human consumption that is to be consumed off
3 the premises where it is sold (other than alcoholic beverages,
4 food consisting of or infused with adult use cannabis, soft
5 drinks, and food that has been prepared for immediate
6 consumption and is not otherwise included in this paragraph).

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

1 natural fruit or vegetable juice.

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

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

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

1 pieces. "Candy" does not include any preparation that contains
2 flour or requires refrigeration.

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

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

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

25 As used in this Section, "adult use cannabis" means
26 cannabis subject to tax under the Cannabis Cultivation

1 Privilege Tax Law and the Cannabis Purchaser Excise Tax Law
2 and does not include cannabis subject to tax under the
3 Compassionate Use of Medical Cannabis Program Act.

4 (Source: P.A. 101-363, eff. 8-9-19; 101-593, eff. 12-4-19;
5 102-4, eff. 4-27-21; 102-16, eff. 6-17-21; 102-700, Article
6 20, Section 20-15, eff. 4-19-22; 102-700, Article 60, Section
7 60-25, eff. 4-19-22; revised 6-1-22.)

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

10 (35 ILCS 120/2-10)

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

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

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

23 Within 14 days after July 1, 2000 (the effective date of
24 Public Act 91-872) ~~this amendatory Act of the 91st General~~

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

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

1 100% of the proceeds of sales of gasohol made during that time.

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

11 With respect to majority blended ethanol fuel, as defined
12 in the Use Tax Act, the tax imposed by this Act does not apply
13 to the proceeds of sales made on or after July 1, 2003 and on
14 or before December 31, 2028 ~~December 31, 2023~~ but applies to
15 100% of the proceeds of sales made thereafter.

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

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

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

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

25 With respect to prescription and nonprescription
26 medicines, drugs, medical appliances, products classified as

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

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

26 Until August 1, 2009, and notwithstanding any other

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

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

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

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

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

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

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

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

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

1 6-1-22.)

2 (35 ILCS 120/2d) (from Ch. 120, par. 441d)

3 Sec. 2d. Tax prepayment by motor fuel retailer.

4 (a) Any person engaged in the business of selling motor
5 fuel at retail, as defined in the Motor Fuel Tax Law, and who
6 is not a licensed distributor or supplier, as defined in the
7 Motor Fuel Tax Law, shall prepay to his or her distributor,
8 supplier, or other reseller of motor fuel a portion of the tax
9 imposed by this Act if the distributor, supplier, or other
10 reseller of motor fuel is registered under Section 2a or
11 Section 2c of this Act. The prepayment requirement provided
12 for in this Section does not apply to liquid propane gas.

13 (b) Beginning on July 1, 2000 and through December 31,
14 2000, the Retailers' Occupation Tax paid to the distributor,
15 supplier, or other reseller shall be an amount equal to \$0.01
16 per gallon of the motor fuel, except gasohol as defined in
17 Section 2-10 of this Act which shall be an amount equal to
18 \$0.01 per gallon, purchased from the distributor, supplier, or
19 other reseller.

20 (c) Before July 1, 2000 and then beginning on January 1,
21 2001 and through June 30, 2003, the Retailers' Occupation Tax
22 paid to the distributor, supplier, or other reseller shall be
23 an amount equal to \$0.04 per gallon of the motor fuel, except
24 gasohol as defined in Section 2-10 of this Act which shall be
25 an amount equal to \$0.03 per gallon, purchased from the

1 distributor, supplier, or other reseller.

2 (d) Beginning July 1, 2003 and through December 31, 2010,
3 the Retailers' Occupation Tax paid to the distributor,
4 supplier, or other reseller shall be an amount equal to \$0.06
5 per gallon of the motor fuel, except gasohol as defined in
6 Section 2-10 of this Act which shall be an amount equal to
7 \$0.05 per gallon, purchased from the distributor, supplier, or
8 other reseller.

9 (e) Beginning on January 1, 2011 and thereafter, the
10 Retailers' Occupation Tax paid to the distributor, supplier,
11 or other reseller shall be at the rate established by the
12 Department under this subsection. The rate shall be
13 established by the Department on January 1 and July 1 of each
14 year using the average selling price, as defined in Section 1
15 of this Act, per gallon of motor fuel sold in the State during
16 the previous 6 months and multiplying that amount by 6.25% to
17 determine the cents per gallon rate. Beginning on January 1,
18 2024 and through December 31, 2028, ~~In the case of biodiesel~~
19 ~~blends, as defined in Section 3-42 of the Use Tax Act, with no~~
20 ~~less than 1% and no more than 10% biodiesel, and in the case of~~
21 ~~gasohol, as defined in Section 3-40 of the Use Tax Act, the~~
22 ~~rate shall be 90% 80% of the rate established by the Department~~
23 ~~under this subsection for motor fuel. Beginning on January 1,~~
24 ~~2024 and through December 31, 2028, in the case of mid-range~~
25 ~~ethanol blends, as defined in Section 3-44.3 of the Use Tax~~
26 ~~Act, the rate shall be 80% of the rate established by the~~

1 Department under this subsection for motor fuel. The
2 Department shall provide persons subject to this Section
3 notice of the rate established under this subsection at least
4 20 days prior to each January 1 and July 1. Publication of the
5 established rate on the Department's internet website shall
6 constitute sufficient notice under this Section. The
7 Department may use data derived from independent surveys
8 conducted or accumulated by third parties to determine the
9 average selling price per gallon of motor fuel sold in the
10 State.

11 (f) Any person engaged in the business of selling motor
12 fuel at retail shall be entitled to a credit against tax due
13 under this Act in an amount equal to the tax paid to the
14 distributor, supplier, or other reseller.

15 (g) Every distributor, supplier, or other reseller
16 registered as provided in Section 2a or Section 2c of this Act
17 shall remit the prepaid tax on all motor fuel that is due from
18 any person engaged in the business of selling at retail motor
19 fuel with the returns filed under Section 2f or Section 3 of
20 this Act, but the vendors discount provided in Section 3 shall
21 not apply to the amount of prepaid tax that is remitted. Any
22 distributor or supplier who fails to properly collect and
23 remit the tax shall be liable for the tax. For purposes of this
24 Section, the prepaid tax is due on invoiced gallons sold
25 during a month by the 20th day of the following month.

26 (Source: P.A. 96-1384, eff. 7-29-10.)

1 ARTICLE 15. ELECTRIC GENERATION EQUIPMENT

2 Section 15-5. The Use Tax Act is amended by changing
3 Section 3-5 as follows:

4 (35 ILCS 105/3-5)

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

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

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

17 (3) Personal property purchased by a not-for-profit arts
18 or cultural organization that establishes, by proof required
19 by the Department by rule, that it has received an exemption
20 under Section 501(c)(3) of the Internal Revenue Code and that
21 is organized and operated primarily for the presentation or
22 support of arts or cultural programming, activities, or
23 services. These organizations include, but are not limited to,

1 music and dramatic arts organizations such as symphony
2 orchestras and theatrical groups, arts and cultural service
3 organizations, local arts councils, visual arts organizations,
4 and media arts organizations. On and after July 1, 2001 (the
5 effective date of Public Act 92-35), however, an entity
6 otherwise eligible for this exemption shall not make tax-free
7 purchases unless it has an active identification number issued
8 by the Department.

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

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

26 (6) Until July 1, 2003 and beginning again on September 1,

1 2004 through August 30, 2014, graphic arts machinery and
2 equipment, including repair and replacement parts, both new
3 and used, and including that manufactured on special order,
4 certified by the purchaser to be used primarily for graphic
5 arts production, and including machinery and equipment
6 purchased for lease. Equipment includes chemicals or chemicals
7 acting as catalysts but only if the chemicals or chemicals
8 acting as catalysts effect a direct and immediate change upon
9 a graphic arts product. Beginning on July 1, 2017, graphic
10 arts machinery and equipment is included in the manufacturing
11 and assembling machinery and equipment exemption under
12 paragraph (18).

13 (7) Farm chemicals.

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

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

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

24 (11) Farm machinery and equipment, both new and used,
25 including that manufactured on special order, certified by the
26 purchaser to be used primarily for production agriculture or

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

17 Farm machinery and equipment shall include precision
18 farming equipment that is installed or purchased to be
19 installed on farm machinery and equipment including, but not
20 limited to, tractors, harvesters, sprayers, planters, seeders,
21 or spreaders. Precision farming equipment includes, but is not
22 limited to, soil testing sensors, computers, monitors,
23 software, global positioning and mapping systems, and other
24 such equipment.

25 Farm machinery and equipment also includes computers,
26 sensors, software, and related equipment used primarily in the

1 computer-assisted operation of production agriculture
2 facilities, equipment, and activities such as, but not limited
3 to, the collection, monitoring, and correlation of animal and
4 crop data for the purpose of formulating animal diets and
5 agricultural chemicals.

6 Beginning on January 1, 2024, farm machinery and equipment
7 also includes electrical power generation equipment used
8 primarily for production agriculture.

9 This item (11) is exempt from the provisions of Section
10 3-90.

11 (12) 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
14 conduct of its business as an air common carrier, for a flight
15 destined for or returning from a location or locations outside
16 the United States without regard to previous or subsequent
17 domestic stopovers.

18 Beginning July 1, 2013, fuel and petroleum products sold
19 to or used by an air carrier, certified by the carrier to be
20 used for consumption, shipment, or storage in the conduct of
21 its 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
24 at 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 (13) Proceeds of mandatory service charges separately
3 stated on customers' bills for the purchase and consumption of
4 food and beverages purchased at retail from a retailer, to the
5 extent that the proceeds of the service charge are in fact
6 turned over as tips or as a substitute for tips to the
7 employees who participate directly in preparing, serving,
8 hosting or cleaning up the food or beverage function with
9 respect to which the service charge is imposed.

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

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

25 (16) Until July 1, 2028, coal and aggregate exploration,
26 mining, off-highway hauling, processing, maintenance, and

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

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

16 (18) Manufacturing and assembling machinery and equipment
17 used primarily in the process of manufacturing or assembling
18 tangible personal property for wholesale or retail sale or
19 lease, whether that sale or lease is made directly by the
20 manufacturer or by some other person, whether the materials
21 used in the process are owned by the manufacturer or some other
22 person, or whether that sale or lease is made apart from or as
23 an incident to the seller's engaging in the service occupation
24 of producing machines, tools, dies, jigs, patterns, gauges, or
25 other similar items of no commercial value on special order
26 for a particular purchaser. The exemption provided by this

1 paragraph (18) includes production related tangible personal
2 property, as defined in Section 3-50, purchased on or after
3 July 1, 2019. The exemption provided by this paragraph (18)
4 does not include machinery and equipment used in (i) the
5 generation of electricity for wholesale or retail sale; (ii)
6 the generation or treatment of natural or artificial gas for
7 wholesale or retail sale that is delivered to customers
8 through pipes, pipelines, or mains; or (iii) the treatment of
9 water for wholesale or retail sale that is delivered to
10 customers through pipes, pipelines, or mains. The provisions
11 of Public Act 98-583 are declaratory of existing law as to the
12 meaning and scope of this exemption. Beginning on July 1,
13 2017, the exemption provided by this paragraph (18) includes,
14 but is not limited to, graphic arts machinery and equipment,
15 as defined in paragraph (6) of this Section.

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

21 (20) Semen used for artificial insemination of livestock
22 for direct agricultural production.

23 (21) Horses, or interests in horses, registered with and
24 meeting the requirements of any of the Arabian Horse Club
25 Registry of America, Appaloosa Horse Club, American Quarter
26 Horse Association, United States Trotting Association, or

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

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

1 have a legal right to claim a refund of that amount from the
2 lessor. If, however, that amount is not refunded to the lessee
3 for any reason, the lessor is liable to pay that amount to the
4 Department.

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

26 (24) Beginning with taxable years ending on or after

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

10 (25) Beginning with taxable years ending on or after
11 December 31, 1995 and ending with taxable years ending on or
12 before December 31, 2004, personal property that is used in
13 the performance of infrastructure repairs in this State,
14 including but not limited to municipal roads and streets,
15 access roads, bridges, sidewalks, waste disposal systems,
16 water and sewer line extensions, water distribution and
17 purification facilities, storm water drainage and retention
18 facilities, and sewage treatment facilities, resulting from a
19 State or federally declared disaster in Illinois or bordering
20 Illinois when such repairs are initiated on facilities located
21 in the declared disaster area within 6 months after the
22 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
5 Department to be organized and operated exclusively for
6 educational purposes. For purposes of this exemption, "a
7 corporation, limited liability company, society, association,
8 foundation, or institution organized and operated exclusively
9 for educational purposes" means all tax-supported public
10 schools, private schools that offer systematic instruction in
11 useful branches of learning by methods common to public
12 schools and that compare favorably in their scope and
13 intensity with the course of study presented in tax-supported
14 schools, and vocational or technical schools or institutes
15 organized and operated exclusively to provide a course of
16 study of not less than 6 weeks duration and designed to prepare
17 individuals to follow a trade or to pursue a manual,
18 technical, mechanical, industrial, business, or commercial
19 occupation.

20 (28) Beginning January 1, 2000, personal property,
21 including food, purchased through fundraising events for the
22 benefit of a public or private elementary or secondary school,
23 a group of those schools, or one or more school districts if
24 the events are sponsored by an entity recognized by the school
25 district that consists primarily of volunteers and includes
26 parents and teachers of the school children. This paragraph

1 does not apply to fundraising events (i) for the benefit of
2 private home instruction or (ii) for which the fundraising
3 entity purchases the personal property sold at the events from
4 another individual or entity that sold the property for the
5 purpose of resale by the fundraising entity and that profits
6 from the sale to the fundraising entity. This paragraph is
7 exempt from the provisions of Section 3-90.

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

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

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

5 (31) Beginning on August 2, 2001 (the effective date of
6 Public Act 92-227), computers and communications equipment
7 utilized for any hospital purpose and equipment used in the
8 diagnosis, analysis, or treatment of hospital patients
9 purchased by a lessor who leases the equipment, under a lease
10 of one year or longer executed or in effect at the time the
11 lessor would otherwise be subject to the tax imposed by this
12 Act, to a hospital that has been issued an active tax exemption
13 identification number by the Department under Section 1g of
14 the Retailers' Occupation Tax Act. If the equipment is leased
15 in a manner that does not qualify for this exemption or is used
16 in any other nonexempt manner, the lessor shall be liable for
17 the tax imposed under this Act or the Service Use Tax Act, as
18 the case may be, based on the fair market value of the property
19 at the time the nonqualifying use occurs. No lessor shall
20 collect or attempt to collect an amount (however designated)
21 that purports to reimburse that lessor for the tax imposed by
22 this Act or the Service Use Tax Act, as the case may be, if the
23 tax has not been paid by the lessor. If a lessor improperly
24 collects any such amount from the lessee, the lessee shall
25 have a legal right to claim a refund of that amount from the
26 lessor. If, however, that amount is not refunded to the lessee

1 for any reason, the lessor is liable to pay that amount to the
2 Department. This paragraph is exempt from the provisions of
3 Section 3-90.

4 (32) Beginning on August 2, 2001 (the effective date of
5 Public Act 92-227), personal property purchased by a lessor
6 who leases the property, under a lease of one year or longer
7 executed or in effect at the time the lessor would otherwise be
8 subject to the tax imposed by this Act, to a governmental body
9 that has been issued an active sales tax exemption
10 identification number by the Department under Section 1g of
11 the Retailers' Occupation Tax Act. If the property is leased
12 in a manner that does not qualify for this exemption or used in
13 any other nonexempt manner, the lessor shall be liable for the
14 tax imposed under this Act or the Service Use Tax Act, as the
15 case may be, based on the fair market value of the property at
16 the time the nonqualifying use occurs. No lessor shall collect
17 or attempt to collect an amount (however designated) that
18 purports to reimburse that lessor for the tax imposed by this
19 Act or the Service Use Tax Act, as the case may be, if the tax
20 has not been paid by the lessor. If a lessor improperly
21 collects any such amount from the lessee, the lessee shall
22 have a legal right to claim a refund of that amount from the
23 lessor. If, however, that amount is not refunded to the lessee
24 for any reason, the lessor is liable to pay that amount to the
25 Department. This paragraph is exempt from the provisions of
26 Section 3-90.

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

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

1 (35) Beginning January 1, 2010 and continuing through
2 December 31, 2024, materials, parts, equipment, components,
3 and furnishings incorporated into or upon an aircraft as part
4 of the modification, refurbishment, completion, replacement,
5 repair, or maintenance of the aircraft. This exemption
6 includes consumable supplies used in the modification,
7 refurbishment, completion, replacement, repair, and
8 maintenance of aircraft, but excludes any materials, parts,
9 equipment, components, and consumable supplies used in the
10 modification, replacement, repair, and maintenance of aircraft
11 engines or power plants, whether such engines or power plants
12 are installed or uninstalled upon any such aircraft.
13 "Consumable supplies" include, but are not limited to,
14 adhesive, tape, sandpaper, general purpose lubricants,
15 cleaning solution, latex gloves, and protective films. This
16 exemption applies only to the use of qualifying tangible
17 personal property by persons who modify, refurbish, complete,
18 repair, replace, or maintain aircraft and who (i) hold an Air
19 Agency Certificate and are empowered to operate an approved
20 repair station by the Federal Aviation Administration, (ii)
21 have a Class IV Rating, and (iii) conduct operations in
22 accordance with Part 145 of the Federal Aviation Regulations.
23 The exemption does not include aircraft operated by a
24 commercial air carrier providing scheduled passenger air
25 service pursuant to authority issued under Part 121 or Part
26 129 of the Federal Aviation Regulations. The changes made to

1 this paragraph (35) by Public Act 98-534 are declarative of
2 existing law. It is the intent of the General Assembly that the
3 exemption under this paragraph (35) applies continuously from
4 January 1, 2010 through December 31, 2024; however, no claim
5 for credit or refund is allowed for taxes paid as a result of
6 the disallowance of this exemption on or after January 1, 2015
7 and prior to February 5, 2020 (the effective date of Public Act
8 101-629) ~~this amendatory Act of the 101st General Assembly.~~

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

24 (37) Beginning January 1, 2017 and through December 31,
25 2026, menstrual pads, tampons, and menstrual cups.

26 (38) Merchandise that is subject to the Rental Purchase

1 Agreement Occupation and Use Tax. The purchaser must certify
2 that the item is purchased to be rented subject to a rental
3 purchase agreement, as defined in the Rental Purchase
4 Agreement Act, and provide proof of registration under the
5 Rental Purchase Agreement Occupation and Use Tax Act. This
6 paragraph is exempt from the provisions of Section 3-90.

7 (39) Tangible personal property purchased by a purchaser
8 who is exempt from the tax imposed by this Act by operation of
9 federal law. This paragraph is exempt from the provisions of
10 Section 3-90.

11 (40) Qualified tangible personal property used in the
12 construction or operation of a data center that has been
13 granted a certificate of exemption by the Department of
14 Commerce and Economic Opportunity, whether that tangible
15 personal property is purchased by the owner, operator, or
16 tenant of the data center or by a contractor or subcontractor
17 of the owner, operator, or tenant. Data centers that would
18 have qualified for a certificate of exemption prior to January
19 1, 2020 had Public Act 101-31 been in effect may apply for and
20 obtain an exemption for subsequent purchases of computer
21 equipment or enabling software purchased or leased to upgrade,
22 supplement, or replace computer equipment or enabling software
23 purchased or leased in the original investment that would have
24 qualified.

25 The Department of Commerce and Economic Opportunity shall
26 grant a certificate of exemption under this item (40) to

1 qualified data centers as defined by Section 605-1025 of the
2 Department of Commerce and Economic Opportunity Law of the
3 Civil Administrative Code of Illinois.

4 For the purposes of this item (40):

5 "Data center" means a building or a series of
6 buildings rehabilitated or constructed to house working
7 servers in one physical location or multiple sites within
8 the State of Illinois.

9 "Qualified tangible personal property" means:
10 electrical systems and equipment; climate control and
11 chilling equipment and systems; mechanical systems and
12 equipment; monitoring and secure systems; emergency
13 generators; hardware; computers; servers; data storage
14 devices; network connectivity equipment; racks; cabinets;
15 telecommunications cabling infrastructure; raised floor
16 systems; peripheral components or systems; software;
17 mechanical, electrical, or plumbing systems; battery
18 systems; cooling systems and towers; temperature control
19 systems; other cabling; and other data center
20 infrastructure equipment and systems necessary to operate
21 qualified tangible personal property, including fixtures;
22 and component parts of any of the foregoing, including
23 installation, maintenance, repair, refurbishment, and
24 replacement of qualified tangible personal property to
25 generate, transform, transmit, distribute, or manage
26 electricity necessary to operate qualified tangible

1 personal property; and all other tangible personal
2 property that is essential to the operations of a computer
3 data center. The term "qualified tangible personal
4 property" also includes building materials physically
5 incorporated in to the qualifying data center. To document
6 the exemption allowed under this Section, the retailer
7 must obtain from the purchaser a copy of the certificate
8 of eligibility issued by the Department of Commerce and
9 Economic Opportunity.

10 This item (40) is exempt from the provisions of Section
11 3-90.

12 (41) Beginning July 1, 2022, breast pumps, breast pump
13 collection and storage supplies, and breast pump kits. This
14 item (41) is exempt from the provisions of Section 3-90. As
15 used in this item (41):

16 "Breast pump" means an electrically controlled or
17 manually controlled pump device designed or marketed to be
18 used to express milk from a human breast during lactation,
19 including the pump device and any battery, AC adapter, or
20 other power supply unit that is used to power the pump
21 device and is packaged and sold with the pump device at the
22 time of sale.

23 "Breast pump collection and storage supplies" means
24 items of tangible personal property designed or marketed
25 to be used in conjunction with a breast pump to collect
26 milk expressed from a human breast and to store collected

1 milk until it is ready for consumption.

2 "Breast pump collection and storage supplies"
3 includes, but is not limited to: breast shields and breast
4 shield connectors; breast pump tubes and tubing adapters;
5 breast pump valves and membranes; backflow protectors and
6 backflow protector adaptors; bottles and bottle caps
7 specific to the operation of the breast pump; and breast
8 milk storage bags.

9 "Breast pump collection and storage supplies" does not
10 include: (1) bottles and bottle caps not specific to the
11 operation of the breast pump; (2) breast pump travel bags
12 and other similar carrying accessories, including ice
13 packs, labels, and other similar products; (3) breast pump
14 cleaning supplies; (4) nursing bras, bra pads, breast
15 shells, and other similar products; and (5) creams,
16 ointments, and other similar products that relieve
17 breastfeeding-related symptoms or conditions of the
18 breasts or nipples, unless sold as part of a breast pump
19 kit that is pre-packaged by the breast pump manufacturer
20 or distributor.

21 "Breast pump kit" means a kit that: (1) contains no
22 more than a breast pump, breast pump collection and
23 storage supplies, a rechargeable battery for operating the
24 breast pump, a breastmilk cooler, bottle stands, ice
25 packs, and a breast pump carrying case; and (2) is
26 pre-packaged as a breast pump kit by the breast pump

1 manufacturer or distributor.

2 (42) ~~(41)~~ Tangible personal property sold by or on behalf
3 of the State Treasurer pursuant to the Revised Uniform
4 Unclaimed Property Act. This item (42) ~~(41)~~ is exempt from the
5 provisions of Section 3-90.

6 (Source: P.A. 101-9, eff. 6-5-19; 101-31, eff. 6-28-19;
7 101-81, eff. 7-12-19; 101-629, eff. 2-5-20; 102-16, eff.
8 6-17-21; 102-700, Article 70, Section 70-5, eff. 4-19-22;
9 102-700, Article 75, Section 75-5, eff. 4-19-22; 102-1026,
10 eff. 5-27-22; revised 8-1-22.)

11 Section 15-10. The Service Use Tax Act is amended by
12 changing Section 3-5 as follows:

13 (35 ILCS 110/3-5)

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

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

23 (2) Personal property purchased by a non-profit Illinois
24 county fair association for use in conducting, operating, or

1 promoting the county fair.

2 (3) Personal property purchased by a not-for-profit arts
3 or cultural organization that establishes, by proof required
4 by the Department by rule, that it has received an exemption
5 under Section 501(c)(3) of the Internal Revenue Code and that
6 is organized and operated primarily for the presentation or
7 support of arts or cultural programming, activities, or
8 services. These organizations include, but are not limited to,
9 music and dramatic arts organizations such as symphony
10 orchestras and theatrical groups, arts and cultural service
11 organizations, local arts councils, visual arts organizations,
12 and media arts organizations. On and after July 1, 2001 (the
13 effective date of Public Act 92-35), however, an entity
14 otherwise eligible for this exemption shall not make tax-free
15 purchases unless it has an active identification number issued
16 by the Department.

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

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

1 chemicals or chemicals acting as catalysts but only if the
2 chemicals or chemicals acting as catalysts effect a direct and
3 immediate change upon a graphic arts product. Beginning on
4 July 1, 2017, graphic arts machinery and equipment is included
5 in the manufacturing and assembling machinery and equipment
6 exemption under Section 2 of this Act.

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

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

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

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

11 Farm machinery and equipment also includes computers,
12 sensors, software, and related equipment used primarily in the
13 computer-assisted operation of production agriculture
14 facilities, equipment, and activities such as, but not limited
15 to, the collection, monitoring, and correlation of animal and
16 crop data for the purpose of formulating animal diets and
17 agricultural chemicals.

18 Beginning on January 1, 2024, farm machinery and equipment
19 also includes electrical power generation equipment used
20 primarily for production agriculture.

21 This item (7) is exempt from the provisions of Section
22 3-75.

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

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

4 Beginning July 1, 2013, fuel and petroleum products sold
5 to or used by an air carrier, certified by the carrier to be
6 used for consumption, shipment, or storage in the conduct of
7 its 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
10 at 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 (9) Proceeds of mandatory service charges separately
15 stated on customers' bills for the purchase and consumption of
16 food and beverages acquired as an incident to the purchase of a
17 service from a serviceman, to the extent that the proceeds of
18 the service charge are in fact turned over as tips or as a
19 substitute for tips to the employees who participate directly
20 in preparing, serving, hosting or cleaning up the food or
21 beverage function with respect to which the service charge is
22 imposed.

23 (10) Until July 1, 2003, oil field exploration, drilling,
24 and production equipment, including (i) rigs and parts of
25 rigs, rotary rigs, cable tool rigs, and workover rigs, (ii)
26 pipe and tubular goods, including casing and drill strings,

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

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

13 (12) Until July 1, 2028, coal and aggregate exploration,
14 mining, off-highway hauling, processing, maintenance, and
15 reclamation equipment, including replacement parts and
16 equipment, and including equipment purchased for lease, but
17 excluding motor vehicles required to be registered under the
18 Illinois Vehicle Code. The changes made to this Section by
19 Public Act 97-767 apply on and after July 1, 2003, but no claim
20 for credit or refund is allowed on or after August 16, 2013
21 (the effective date of Public Act 98-456) for such taxes paid
22 during the period beginning July 1, 2003 and ending on August
23 16, 2013 (the effective date of Public Act 98-456).

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

26 (14) Horses, or interests in horses, registered with and

1 meeting the requirements of any of the Arabian Horse Club
2 Registry of America, Appaloosa Horse Club, American Quarter
3 Horse Association, United States Trotting Association, or
4 Jockey Club, as appropriate, used for purposes of breeding or
5 racing for prizes. This item (14) is exempt from the
6 provisions of Section 3-75, and the exemption provided for
7 under this item (14) applies for all periods beginning May 30,
8 1995, but no claim for credit or refund is allowed on or after
9 January 1, 2008 (the effective date of Public Act 95-88) for
10 such taxes paid during the period beginning May 30, 2000 and
11 ending on January 1, 2008 (the effective date of Public Act
12 95-88).

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

1 attempt to collect an amount (however designated) that
2 purports to reimburse that lessor for the tax imposed by this
3 Act or the Use Tax Act, as the case may be, if the tax has not
4 been paid by the lessor. If a lessor improperly collects any
5 such amount from the lessee, the lessee shall have a legal
6 right to claim a refund of that amount from the lessor. If,
7 however, that amount is not refunded to the lessee for any
8 reason, the lessor is liable to pay that amount to the
9 Department.

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

1 refund of that amount from the lessor. If, however, that
2 amount is not refunded to the lessee for any reason, the lessor
3 is liable to pay that amount to the Department.

4 (17) 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 donated
7 for disaster relief to be used in a State or federally declared
8 disaster area in Illinois or bordering Illinois by a
9 manufacturer or retailer that is registered in this State to a
10 corporation, society, association, foundation, or institution
11 that has been issued a sales tax exemption identification
12 number by the Department that assists victims of the disaster
13 who reside within the declared disaster area.

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

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

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

24 (21) Beginning January 1, 2000, personal property,
25 including food, purchased through fundraising events for the
26 benefit of a public or private elementary or secondary school,

1 a group of those schools, or one or more school districts if
2 the events are sponsored by an entity recognized by the school
3 district that consists primarily of volunteers and includes
4 parents and teachers of the school children. This paragraph
5 does not apply to fundraising events (i) for the benefit of
6 private home instruction or (ii) for which the fundraising
7 entity purchases the personal property sold at the events from
8 another individual or entity that sold the property for the
9 purpose of resale by the fundraising entity and that profits
10 from the sale to the fundraising entity. This paragraph is
11 exempt from the provisions of Section 3-75.

12 (22) Beginning January 1, 2000 and through December 31,
13 2001, new or used automatic vending machines that prepare and
14 serve hot food and beverages, including coffee, soup, and
15 other items, and replacement parts for these machines.
16 Beginning January 1, 2002 and through June 30, 2003, machines
17 and parts for machines used in commercial, coin-operated
18 amusement and vending business if a use or occupation tax is
19 paid on the gross receipts derived from the use of the
20 commercial, coin-operated amusement and vending machines. This
21 paragraph is exempt from the provisions of Section 3-75.

22 (23) Beginning August 23, 2001 and through June 30, 2016,
23 food for human consumption that is to be consumed off the
24 premises where it is sold (other than alcoholic beverages,
25 soft drinks, and food that has been prepared for immediate
26 consumption) and prescription and nonprescription medicines,

1 drugs, medical appliances, and insulin, urine testing
2 materials, syringes, and needles used by diabetics, for human
3 use, when purchased for use by a person receiving medical
4 assistance under Article V of the Illinois Public Aid Code who
5 resides in a licensed long-term care facility, as defined in
6 the Nursing Home Care Act, or in a licensed facility as defined
7 in the ID/DD Community Care Act, the MC/DD Act, or the
8 Specialized Mental Health Rehabilitation Act of 2013.

9 (24) Beginning on August 2, 2001 (the effective date of
10 Public Act 92-227), computers and communications equipment
11 utilized for any hospital purpose and equipment used in the
12 diagnosis, analysis, or treatment of hospital patients
13 purchased by a lessor who leases the equipment, under a lease
14 of one year or longer executed or in effect at the time the
15 lessor would otherwise be subject to the tax imposed by this
16 Act, to a hospital that has been issued an active tax exemption
17 identification number by the Department under Section 1g of
18 the Retailers' Occupation Tax Act. If the equipment is leased
19 in a manner that does not qualify for this exemption or is used
20 in any other nonexempt manner, the lessor shall be liable for
21 the tax imposed under this Act or the Use Tax Act, as the case
22 may be, based on the fair market value of the property at the
23 time the nonqualifying use occurs. No lessor shall collect or
24 attempt to collect an amount (however designated) that
25 purports to reimburse that lessor for the tax imposed by this
26 Act or the Use Tax Act, as the case may be, if the tax has not

1 been paid by the lessor. If a lessor improperly collects any
2 such amount from the lessee, the lessee shall have a legal
3 right to claim a refund of that amount from the lessor. If,
4 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. This paragraph is exempt from the provisions of
7 Section 3-75.

8 (25) Beginning on August 2, 2001 (the effective date of
9 Public Act 92-227), personal property purchased by a lessor
10 who leases the property, under a lease of one year or longer
11 executed or in effect at the time the lessor would otherwise be
12 subject to the tax imposed by this Act, to a governmental body
13 that has been issued an active tax exemption identification
14 number by the Department under Section 1g of the Retailers'
15 Occupation Tax Act. If the property is leased in a manner that
16 does not qualify for this exemption or is used in any other
17 nonexempt manner, the lessor shall be liable for the tax
18 imposed under this Act or the Use Tax Act, as the case may be,
19 based on the fair market value of the property at the time the
20 nonqualifying use occurs. No lessor shall collect or attempt
21 to collect an amount (however designated) that purports to
22 reimburse that lessor for the tax imposed by this Act or the
23 Use Tax Act, as the case may be, if the tax has not been paid
24 by the lessor. If a lessor improperly collects any such amount
25 from the lessee, the lessee shall have a legal right to claim a
26 refund of that amount from the lessor. If, however, that

1 amount is not refunded to the lessee for any reason, the lessor
2 is liable to pay that amount to the Department. This paragraph
3 is exempt from the provisions of Section 3-75.

4 (26) Beginning January 1, 2008, tangible personal property
5 used in the construction or maintenance of a community water
6 supply, as defined under Section 3.145 of the Environmental
7 Protection Act, that is operated by a not-for-profit
8 corporation that holds a valid water supply permit issued
9 under Title IV of the Environmental Protection Act. This
10 paragraph is exempt from the provisions of Section 3-75.

11 (27) Beginning January 1, 2010 and continuing through
12 December 31, 2024, materials, parts, equipment, components,
13 and furnishings incorporated into or upon an aircraft as part
14 of the modification, refurbishment, completion, replacement,
15 repair, or maintenance of the aircraft. This exemption
16 includes consumable supplies used in the modification,
17 refurbishment, completion, replacement, repair, and
18 maintenance of aircraft, but excludes any materials, parts,
19 equipment, components, and consumable supplies used in the
20 modification, replacement, repair, and maintenance of aircraft
21 engines or power plants, whether such engines or power plants
22 are installed or uninstalled upon any such aircraft.
23 "Consumable supplies" include, but are not limited to,
24 adhesive, tape, sandpaper, general purpose lubricants,
25 cleaning solution, latex gloves, and protective films. This
26 exemption applies only to the use of qualifying tangible

1 personal property transferred incident to the modification,
2 refurbishment, completion, replacement, repair, or maintenance
3 of aircraft by persons who (i) hold an Air Agency Certificate
4 and are empowered to operate an approved repair station by the
5 Federal Aviation Administration, (ii) have a Class IV Rating,
6 and (iii) conduct operations in accordance with Part 145 of
7 the Federal Aviation Regulations. The exemption does not
8 include aircraft operated by a commercial air carrier
9 providing scheduled passenger air service pursuant to
10 authority issued under Part 121 or Part 129 of the Federal
11 Aviation Regulations. The changes made to this paragraph (27)
12 by Public Act 98-534 are declarative of existing law. It is the
13 intent of the General Assembly that the exemption under this
14 paragraph (27) applies continuously from January 1, 2010
15 through December 31, 2024; however, no claim for credit or
16 refund is allowed for taxes paid as a result of the
17 disallowance of this exemption on or after January 1, 2015 and
18 prior to February 5, 2020 (the effective date of Public Act
19 101-629) ~~this amendatory Act of the 101st General Assembly.~~

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

1 of the completion of the municipal convention hall or upon the
2 retirement or redemption of any bonds or other debt
3 instruments issued by the public-facilities corporation in
4 connection with the development of the municipal convention
5 hall. This exemption includes existing public-facilities
6 corporations as provided in Section 11-65-25 of the Illinois
7 Municipal Code. This paragraph is exempt from the provisions
8 of Section 3-75.

9 (29) Beginning January 1, 2017 and through December 31,
10 2026, menstrual pads, tampons, and menstrual cups.

11 (30) Tangible personal property transferred to a purchaser
12 who is exempt from the tax imposed by this Act by operation of
13 federal law. This paragraph is exempt from the provisions of
14 Section 3-75.

15 (31) Qualified tangible personal property used in the
16 construction or operation of a data center that has been
17 granted a certificate of exemption by the Department of
18 Commerce and Economic Opportunity, whether that tangible
19 personal property is purchased by the owner, operator, or
20 tenant of the data center or by a contractor or subcontractor
21 of the owner, operator, or tenant. Data centers that would
22 have qualified for a certificate of exemption prior to January
23 1, 2020 had Public Act 101-31 ~~this amendatory Act of the 101st~~
24 ~~General Assembly~~ been in effect, may apply for and obtain an
25 exemption for subsequent purchases of computer equipment or
26 enabling software purchased or leased to upgrade, supplement,

1 or replace computer equipment or enabling software purchased
2 or leased in the original investment that would have
3 qualified.

4 The Department of Commerce and Economic Opportunity shall
5 grant a certificate of exemption under this item (31) to
6 qualified data centers as defined by Section 605-1025 of the
7 Department of Commerce and Economic Opportunity Law of the
8 Civil Administrative Code of Illinois.

9 For the purposes of this item (31):

10 "Data center" means a building or a series of
11 buildings rehabilitated or constructed to house working
12 servers in one physical location or multiple sites within
13 the State of Illinois.

14 "Qualified tangible personal property" means:
15 electrical systems and equipment; climate control and
16 chilling equipment and systems; mechanical systems and
17 equipment; monitoring and secure systems; emergency
18 generators; hardware; computers; servers; data storage
19 devices; network connectivity equipment; racks; cabinets;
20 telecommunications cabling infrastructure; raised floor
21 systems; peripheral components or systems; software;
22 mechanical, electrical, or plumbing systems; battery
23 systems; cooling systems and towers; temperature control
24 systems; other cabling; and other data center
25 infrastructure equipment and systems necessary to operate
26 qualified tangible personal property, including fixtures;

1 and component parts of any of the foregoing, including
2 installation, maintenance, repair, refurbishment, and
3 replacement of qualified tangible personal property to
4 generate, transform, transmit, distribute, or manage
5 electricity necessary to operate qualified tangible
6 personal property; and all other tangible personal
7 property that is essential to the operations of a computer
8 data center. The term "qualified tangible personal
9 property" also includes building materials physically
10 incorporated in to the qualifying data center. To document
11 the exemption allowed under this Section, the retailer
12 must obtain from the purchaser a copy of the certificate
13 of eligibility issued by the Department of Commerce and
14 Economic Opportunity.

15 This item (31) is exempt from the provisions of Section
16 3-75.

17 (32) Beginning July 1, 2022, breast pumps, breast pump
18 collection and storage supplies, and breast pump kits. This
19 item (32) is exempt from the provisions of Section 3-75. As
20 used in this item (32):

21 "Breast pump" means an electrically controlled or
22 manually controlled pump device designed or marketed to be
23 used to express milk from a human breast during lactation,
24 including the pump device and any battery, AC adapter, or
25 other power supply unit that is used to power the pump
26 device and is packaged and sold with the pump device at the

1 time of sale.

2 "Breast pump collection and storage supplies" means
3 items of tangible personal property designed or marketed
4 to be used in conjunction with a breast pump to collect
5 milk expressed from a human breast and to store collected
6 milk until it is ready for consumption.

7 "Breast pump collection and storage supplies"
8 includes, but is not limited to: breast shields and breast
9 shield connectors; breast pump tubes and tubing adapters;
10 breast pump valves and membranes; backflow protectors and
11 backflow protector adaptors; bottles and bottle caps
12 specific to the operation of the breast pump; and breast
13 milk storage bags.

14 "Breast pump collection and storage supplies" does not
15 include: (1) bottles and bottle caps not specific to the
16 operation of the breast pump; (2) breast pump travel bags
17 and other similar carrying accessories, including ice
18 packs, labels, and other similar products; (3) breast pump
19 cleaning supplies; (4) nursing bras, bra pads, breast
20 shells, and other similar products; and (5) creams,
21 ointments, and other similar products that relieve
22 breastfeeding-related symptoms or conditions of the
23 breasts or nipples, unless sold as part of a breast pump
24 kit that is pre-packaged by the breast pump manufacturer
25 or distributor.

26 "Breast pump kit" means a kit that: (1) contains no

1 more than a breast pump, breast pump collection and
2 storage supplies, a rechargeable battery for operating the
3 breast pump, a breastmilk cooler, bottle stands, ice
4 packs, and a breast pump carrying case; and (2) is
5 pre-packaged as a breast pump kit by the breast pump
6 manufacturer or distributor.

7 (33) ~~(32)~~ Tangible personal property sold by or on behalf
8 of the State Treasurer pursuant to the Revised Uniform
9 Unclaimed Property Act. This item (33) ~~(32)~~ is exempt from the
10 provisions of Section 3-75.

11 (Source: P.A. 101-31, eff. 6-28-19; 101-81, eff. 7-12-19;
12 101-629, eff. 2-5-20; 102-16, eff. 6-17-21; 102-700, Article
13 70, Section 70-10, eff. 4-19-22; 102-700, Article 75, Section
14 75-10, eff. 4-19-22; 102-1026, eff. 5-27-22; revised 8-3-22.)

15 Section 15-15. The Service Occupation Tax Act is amended
16 by changing Section 3-5 as follows:

17 (35 ILCS 115/3-5)

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

20 (1) Personal property sold by a corporation, society,
21 association, foundation, institution, or organization, other
22 than a limited liability company, that is organized and
23 operated as a not-for-profit service enterprise for the
24 benefit of persons 65 years of age or older if the personal

1 property was not purchased by the enterprise for the purpose
2 of resale by the enterprise.

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

6 (3) Personal property purchased by any not-for-profit arts
7 or cultural organization that establishes, by proof required
8 by the Department by rule, that it has received an exemption
9 under Section 501(c)(3) of the Internal Revenue Code and that
10 is organized and operated primarily for the presentation or
11 support of arts or cultural programming, activities, or
12 services. These organizations include, but are not limited to,
13 music and dramatic arts organizations such as symphony
14 orchestras and theatrical groups, arts and cultural service
15 organizations, local arts councils, visual arts organizations,
16 and media arts organizations. On and after July 1, 2001 (the
17 effective date of Public Act 92-35), however, an entity
18 otherwise eligible for this exemption shall not make tax-free
19 purchases unless it has an active identification number issued
20 by the Department.

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

25 (5) Until July 1, 2003 and beginning again on September 1,
26 2004 through August 30, 2014, graphic arts machinery and

1 equipment, including repair and replacement parts, both new
2 and used, and including that manufactured on special order or
3 purchased for lease, certified by the purchaser to be used
4 primarily for graphic arts production. Equipment includes
5 chemicals or chemicals acting as catalysts but only if the
6 chemicals or chemicals acting as catalysts effect a direct and
7 immediate change upon a graphic arts product. Beginning on
8 July 1, 2017, graphic arts machinery and equipment is included
9 in the manufacturing and assembling machinery and equipment
10 exemption under Section 2 of this Act.

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

14 (7) Farm machinery and equipment, both new and used,
15 including that manufactured on special order, certified by the
16 purchaser to be used primarily for production agriculture or
17 State or federal agricultural programs, including individual
18 replacement parts for the machinery and equipment, including
19 machinery and equipment purchased for lease, and including
20 implements of husbandry defined in Section 1-130 of the
21 Illinois Vehicle Code, farm machinery and agricultural
22 chemical and fertilizer spreaders, and nurse wagons required
23 to be registered under Section 3-809 of the Illinois Vehicle
24 Code, but excluding other motor vehicles required to be
25 registered under the Illinois Vehicle Code. Horticultural
26 polyhouses or hoop houses used for propagating, growing, or

1 overwintering plants shall be considered farm machinery and
2 equipment under this item (7). Agricultural chemical tender
3 tanks and dry boxes shall include units sold separately from a
4 motor vehicle required to be licensed and units sold mounted
5 on a motor vehicle required to be licensed if the selling price
6 of the tender is separately stated.

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

15 Farm machinery and equipment also includes computers,
16 sensors, software, and related equipment used primarily in the
17 computer-assisted operation of production agriculture
18 facilities, equipment, and activities such as, but not limited
19 to, the collection, monitoring, and correlation of animal and
20 crop data for the purpose of formulating animal diets and
21 agricultural chemicals.

22 Beginning on January 1, 2024, farm machinery and equipment
23 also includes electrical power generation equipment used
24 primarily for production agriculture.

25 This item (7) is exempt from the provisions of Section
26 3-55.

1 (8) Until June 30, 2013, fuel and petroleum products sold
2 to or used by an air common carrier, certified by the carrier
3 to be used for consumption, shipment, or storage in the
4 conduct of its business as an air common carrier, for a flight
5 destined for or returning from a location or locations outside
6 the United States without regard to previous or subsequent
7 domestic stopovers.

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

18 (9) Proceeds of mandatory service charges separately
19 stated on customers' bills for the purchase and consumption of
20 food and beverages, to the extent that the proceeds of the
21 service charge are in fact turned over as tips or as a
22 substitute for tips to the employees who participate directly
23 in preparing, serving, hosting or cleaning up the food or
24 beverage function with respect to which the service charge is
25 imposed.

26 (10) Until July 1, 2003, oil field exploration, drilling,

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

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

15 (12) Until July 1, 2028, coal and aggregate exploration,
16 mining, off-highway hauling, processing, maintenance, and
17 reclamation equipment, including replacement parts and
18 equipment, and including equipment purchased for lease, but
19 excluding motor vehicles required to be registered under the
20 Illinois Vehicle Code. The changes made to this Section by
21 Public Act 97-767 apply on and after July 1, 2003, but no claim
22 for credit or refund is allowed on or after August 16, 2013
23 (the effective date of Public Act 98-456) for such taxes paid
24 during the period beginning July 1, 2003 and ending on August
25 16, 2013 (the effective date of Public Act 98-456).

26 (13) Beginning January 1, 1992 and through June 30, 2016,

1 food for human consumption that is to be consumed off the
2 premises where it is sold (other than alcoholic beverages,
3 soft drinks and food that has been prepared for immediate
4 consumption) and prescription and non-prescription medicines,
5 drugs, medical appliances, and insulin, urine testing
6 materials, syringes, and needles used by diabetics, for human
7 use, when purchased for use by a person receiving medical
8 assistance under Article V of the Illinois Public Aid Code who
9 resides in a licensed long-term care facility, as defined in
10 the Nursing Home Care Act, or in a licensed facility as defined
11 in the ID/DD Community Care Act, the MC/DD Act, or the
12 Specialized Mental Health Rehabilitation Act of 2013.

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

15 (15) Horses, or interests in horses, registered with and
16 meeting the requirements of any of the Arabian Horse Club
17 Registry of America, Appaloosa Horse Club, American Quarter
18 Horse Association, United States Trotting Association, or
19 Jockey Club, as appropriate, used for purposes of breeding or
20 racing for prizes. This item (15) is exempt from the
21 provisions of Section 3-55, and the exemption provided for
22 under this item (15) applies for all periods beginning May 30,
23 1995, but no claim for credit or refund is allowed on or after
24 January 1, 2008 (the effective date of Public Act 95-88) for
25 such taxes paid during the period beginning May 30, 2000 and
26 ending on January 1, 2008 (the effective date of Public Act

1 95-88).

2 (16) Computers and communications equipment utilized for
3 any hospital purpose and equipment used in the diagnosis,
4 analysis, or treatment of hospital patients sold to a lessor
5 who leases the equipment, under a lease of one year or longer
6 executed or in effect at the time of the purchase, to a
7 hospital that has been issued an active tax exemption
8 identification number by the Department under Section 1g of
9 the Retailers' Occupation Tax Act.

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

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

26 (19) Beginning with taxable years ending on or after

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

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

17 (21) 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
21 Department to be organized and operated exclusively for
22 educational purposes. For purposes of this exemption, "a
23 corporation, limited liability company, society, association,
24 foundation, or institution organized and operated exclusively
25 for educational purposes" means all tax-supported public
26 schools, private schools that offer systematic instruction in

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

10 (22) Beginning January 1, 2000, personal property,
11 including food, purchased through fundraising events for the
12 benefit of a public or private elementary or secondary school,
13 a group of those schools, or one or more school districts if
14 the events are sponsored by an entity recognized by the school
15 district that consists primarily of volunteers and includes
16 parents and teachers of the school children. This paragraph
17 does not apply to fundraising events (i) for the benefit of
18 private home instruction or (ii) for which the fundraising
19 entity purchases the personal property sold at the events from
20 another individual or entity that sold the property for the
21 purpose of resale by the fundraising entity and that profits
22 from the sale to the fundraising entity. This paragraph is
23 exempt from the provisions of Section 3-55.

24 (23) Beginning January 1, 2000 and through December 31,
25 2001, new or used automatic vending machines that prepare and
26 serve hot food and beverages, including coffee, soup, and

1 other items, and replacement parts for these machines.
2 Beginning January 1, 2002 and through June 30, 2003, machines
3 and parts for machines used in commercial, coin-operated
4 amusement and vending business if a use or occupation tax is
5 paid on the gross receipts derived from the use of the
6 commercial, coin-operated amusement and vending machines. This
7 paragraph is exempt from the provisions of Section 3-55.

8 (24) Beginning on August 2, 2001 (the effective date of
9 Public Act 92-227), computers and communications equipment
10 utilized for any hospital purpose and equipment used in the
11 diagnosis, analysis, or treatment of hospital patients sold to
12 a lessor who leases the equipment, under a lease of one year or
13 longer executed or in effect at the time of the purchase, to a
14 hospital that has been issued an active tax exemption
15 identification number by the Department under Section 1g of
16 the Retailers' Occupation Tax Act. This paragraph is exempt
17 from the provisions of Section 3-55.

18 (25) Beginning on August 2, 2001 (the effective date of
19 Public Act 92-227), personal property sold to a lessor who
20 leases the property, under a lease of one year or longer
21 executed or in effect at the time of the purchase, to a
22 governmental body that has been issued an active tax exemption
23 identification number by the Department under Section 1g of
24 the Retailers' Occupation Tax Act. This paragraph is exempt
25 from the provisions of Section 3-55.

26 (26) Beginning on January 1, 2002 and through June 30,

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

23 (27) Beginning January 1, 2008, tangible personal property
24 used in the construction or maintenance of a community water
25 supply, as defined under Section 3.145 of the Environmental
26 Protection Act, that is operated by a not-for-profit

1 corporation that holds a valid water supply permit issued
2 under Title IV of the Environmental Protection Act. This
3 paragraph is exempt from the provisions of Section 3-55.

4 (28) Tangible personal property sold to a
5 public-facilities corporation, as described in Section
6 11-65-10 of the Illinois Municipal Code, for purposes of
7 constructing or furnishing a municipal convention hall, but
8 only if the legal title to the municipal convention hall is
9 transferred to the municipality without any further
10 consideration by or on behalf of the municipality at the time
11 of the completion of the municipal convention hall or upon the
12 retirement or redemption of any bonds or other debt
13 instruments issued by the public-facilities corporation in
14 connection with the development of the municipal convention
15 hall. This exemption includes existing public-facilities
16 corporations as provided in Section 11-65-25 of the Illinois
17 Municipal Code. This paragraph is exempt from the provisions
18 of Section 3-55.

19 (29) Beginning January 1, 2010 and continuing through
20 December 31, 2024, materials, parts, equipment, components,
21 and furnishings incorporated into or upon an aircraft as part
22 of the modification, refurbishment, completion, replacement,
23 repair, or maintenance of the aircraft. This exemption
24 includes consumable supplies used in the modification,
25 refurbishment, completion, replacement, repair, and
26 maintenance of aircraft, but excludes any materials, parts,

1 equipment, components, and consumable supplies used in the
2 modification, replacement, repair, and maintenance of aircraft
3 engines or power plants, whether such engines or power plants
4 are installed or uninstalled upon any such aircraft.
5 "Consumable supplies" include, but are not limited to,
6 adhesive, tape, sandpaper, general purpose lubricants,
7 cleaning solution, latex gloves, and protective films. This
8 exemption applies only to the transfer of qualifying tangible
9 personal property incident to the modification, refurbishment,
10 completion, replacement, repair, or maintenance of an aircraft
11 by persons who (i) hold an Air Agency Certificate and are
12 empowered to operate an approved repair station by the Federal
13 Aviation Administration, (ii) have a Class IV Rating, and
14 (iii) conduct operations in accordance with Part 145 of the
15 Federal Aviation Regulations. The exemption does not include
16 aircraft operated by a commercial air carrier providing
17 scheduled passenger air service pursuant to authority issued
18 under Part 121 or Part 129 of the Federal Aviation
19 Regulations. The changes made to this paragraph (29) by Public
20 Act 98-534 are declarative of existing law. It is the intent of
21 the General Assembly that the exemption under this paragraph
22 (29) applies continuously from January 1, 2010 through
23 December 31, 2024; however, no claim for credit or refund is
24 allowed for taxes paid as a result of the disallowance of this
25 exemption on or after January 1, 2015 and prior to February 5,
26 2020 (the effective date of Public Act 101-629) ~~this~~

1 ~~amendatory Act of the 101st General Assembly.~~

2 (30) Beginning January 1, 2017 and through December 31,
3 2026, menstrual pads, tampons, and menstrual cups.

4 (31) Tangible personal property transferred to a purchaser
5 who is exempt from tax by operation of federal law. This
6 paragraph is exempt from the provisions of Section 3-55.

7 (32) Qualified tangible personal property used in the
8 construction or operation of a data center that has been
9 granted a certificate of exemption by the Department of
10 Commerce and Economic Opportunity, whether that tangible
11 personal property is purchased by the owner, operator, or
12 tenant of the data center or by a contractor or subcontractor
13 of the owner, operator, or tenant. Data centers that would
14 have qualified for a certificate of exemption prior to January
15 1, 2020 had Public Act 101-31 ~~this amendatory Act of the 101st~~
16 ~~General Assembly~~ been in effect, may apply for and obtain an
17 exemption for subsequent purchases of computer equipment or
18 enabling software purchased or leased to upgrade, supplement,
19 or replace computer equipment or enabling software purchased
20 or leased in the original investment that would have
21 qualified.

22 The Department of Commerce and Economic Opportunity shall
23 grant a certificate of exemption under this item (32) to
24 qualified data centers as defined by Section 605-1025 of the
25 Department of Commerce and Economic Opportunity Law of the
26 Civil Administrative Code of Illinois.

1 For the purposes of this item (32):

2 "Data center" means a building or a series of
3 buildings rehabilitated or constructed to house working
4 servers in one physical location or multiple sites within
5 the State of Illinois.

6 "Qualified tangible personal property" means:
7 electrical systems and equipment; climate control and
8 chilling equipment and systems; mechanical systems and
9 equipment; monitoring and secure systems; emergency
10 generators; hardware; computers; servers; data storage
11 devices; network connectivity equipment; racks; cabinets;
12 telecommunications cabling infrastructure; raised floor
13 systems; peripheral components or systems; software;
14 mechanical, electrical, or plumbing systems; battery
15 systems; cooling systems and towers; temperature control
16 systems; other cabling; and other data center
17 infrastructure equipment and systems necessary to operate
18 qualified tangible personal property, including fixtures;
19 and component parts of any of the foregoing, including
20 installation, maintenance, repair, refurbishment, and
21 replacement of qualified tangible personal property to
22 generate, transform, transmit, distribute, or manage
23 electricity necessary to operate qualified tangible
24 personal property; and all other tangible personal
25 property that is essential to the operations of a computer
26 data center. The term "qualified tangible personal

1 property" also includes building materials physically
2 incorporated in to the qualifying data center. To document
3 the exemption allowed under this Section, the retailer
4 must obtain from the purchaser a copy of the certificate
5 of eligibility issued by the Department of Commerce and
6 Economic Opportunity.

7 This item (32) is exempt from the provisions of Section
8 3-55.

9 (33) Beginning July 1, 2022, breast pumps, breast pump
10 collection and storage supplies, and breast pump kits. This
11 item (33) is exempt from the provisions of Section 3-55. As
12 used in this item (33):

13 "Breast pump" means an electrically controlled or
14 manually controlled pump device designed or marketed to be
15 used to express milk from a human breast during lactation,
16 including the pump device and any battery, AC adapter, or
17 other power supply unit that is used to power the pump
18 device and is packaged and sold with the pump device at the
19 time of sale.

20 "Breast pump collection and storage supplies" means
21 items of tangible personal property designed or marketed
22 to be used in conjunction with a breast pump to collect
23 milk expressed from a human breast and to store collected
24 milk until it is ready for consumption.

25 "Breast pump collection and storage supplies"
26 includes, but is not limited to: breast shields and breast

1 shield connectors; breast pump tubes and tubing adapters;
2 breast pump valves and membranes; backflow protectors and
3 backflow protector adaptors; bottles and bottle caps
4 specific to the operation of the breast pump; and breast
5 milk storage bags.

6 "Breast pump collection and storage supplies" does not
7 include: (1) bottles and bottle caps not specific to the
8 operation of the breast pump; (2) breast pump travel bags
9 and other similar carrying accessories, including ice
10 packs, labels, and other similar products; (3) breast pump
11 cleaning supplies; (4) nursing bras, bra pads, breast
12 shells, and other similar products; and (5) creams,
13 ointments, and other similar products that relieve
14 breastfeeding-related symptoms or conditions of the
15 breasts or nipples, unless sold as part of a breast pump
16 kit that is pre-packaged by the breast pump manufacturer
17 or distributor.

18 "Breast pump kit" means a kit that: (1) contains no
19 more than a breast pump, breast pump collection and
20 storage supplies, a rechargeable battery for operating the
21 breast pump, a breastmilk cooler, bottle stands, ice
22 packs, and a breast pump carrying case; and (2) is
23 pre-packaged as a breast pump kit by the breast pump
24 manufacturer or distributor.

25 (34) ~~(33)~~ Tangible personal property sold by or on behalf
26 of the State Treasurer pursuant to the Revised Uniform

1 Unclaimed Property Act. This item (34) ~~(33)~~ is exempt from the
2 provisions of Section 3-55.

3 (Source: P.A. 101-31, eff. 6-28-19; 101-81, eff. 7-12-19;
4 101-629, eff. 2-5-20; 102-16, eff. 6-17-21; 102-700, Article
5 70, Section 70-15, eff. 4-19-22; 102-700, Article 75, Section
6 75-15, eff. 4-19-22; 102-1026, eff. 5-27-22; revised 8-9-22.)

7 Section 15-20. The Retailers' Occupation Tax Act is
8 amended by changing Section 2-5 as follows:

9 (35 ILCS 120/2-5)

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

13 (1) Farm chemicals.

14 (2) Farm machinery and equipment, both new and used,
15 including that manufactured on special order, certified by
16 the purchaser to be used primarily for production
17 agriculture or State or federal agricultural programs,
18 including individual replacement parts for the machinery
19 and equipment, including machinery and equipment purchased
20 for lease, and including implements of husbandry defined
21 in Section 1-130 of the Illinois Vehicle Code, farm
22 machinery and agricultural chemical and fertilizer
23 spreaders, and nurse wagons required to be registered
24 under Section 3-809 of the Illinois Vehicle Code, but

1 excluding other motor vehicles required to be registered
2 under the Illinois Vehicle Code. Horticultural polyhouses
3 or hoop houses used for propagating, growing, or
4 overwintering plants shall be considered farm machinery
5 and equipment under this item (2). Agricultural chemical
6 tender tanks and dry boxes shall include units sold
7 separately from a motor vehicle required to be licensed
8 and units sold mounted on a motor vehicle required to be
9 licensed, if the selling price of the tender is separately
10 stated.

11 Farm machinery and equipment shall include precision
12 farming equipment that is installed or purchased to be
13 installed on farm machinery and equipment including, but
14 not limited to, tractors, harvesters, sprayers, planters,
15 seeders, or spreaders. Precision farming equipment
16 includes, but is not limited to, soil testing sensors,
17 computers, monitors, software, global positioning and
18 mapping systems, and other such equipment.

19 Farm machinery and equipment also includes computers,
20 sensors, software, and related equipment used primarily in
21 the computer-assisted operation of production agriculture
22 facilities, equipment, and activities such as, but not
23 limited to, the collection, monitoring, and correlation of
24 animal and crop data for the purpose of formulating animal
25 diets and agricultural chemicals.

26 Beginning on January 1, 2024, farm machinery and

1 equipment also includes electrical power generation
2 equipment used primarily for production agriculture.

3 This item (2) is exempt from the provisions of Section
4 2-70.

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

12 (4) Until July 1, 2003 and beginning again September
13 1, 2004 through August 30, 2014, graphic arts machinery
14 and equipment, including repair and replacement parts,
15 both new and used, and including that manufactured on
16 special order or purchased for lease, certified by the
17 purchaser to be used primarily for graphic arts
18 production. Equipment includes chemicals or chemicals
19 acting as catalysts but only if the chemicals or chemicals
20 acting as catalysts effect a direct and immediate change
21 upon a graphic arts product. Beginning on July 1, 2017,
22 graphic arts machinery and equipment is included in the
23 manufacturing and assembling machinery and equipment
24 exemption under paragraph (14).

25 (5) A motor vehicle that is used for automobile
26 renting, as defined in the Automobile Renting Occupation

1 and Use Tax Act. This paragraph is exempt from the
2 provisions of Section 2-70.

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

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

9 (8) Personal property sold to an Illinois county fair
10 association for use in conducting, operating, or promoting
11 the county fair.

12 (9) Personal property sold to a not-for-profit arts or
13 cultural organization that establishes, by proof required
14 by the Department by rule, that it has received an
15 exemption under Section 501(c)(3) of the Internal Revenue
16 Code and that is organized and operated primarily for the
17 presentation or support of arts or cultural programming,
18 activities, or services. These organizations include, but
19 are not limited to, music and dramatic arts organizations
20 such as symphony orchestras and theatrical groups, arts
21 and cultural service organizations, local arts councils,
22 visual arts organizations, and media arts organizations.
23 On and after July 1, 2001 (the effective date of Public Act
24 92-35), however, an entity otherwise eligible for this
25 exemption shall not make tax-free purchases unless it has
26 an active identification number issued by the Department.

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

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

23 (12) (Blank).

24 (12-5) On and after July 1, 2003 and through June 30,
25 2004, motor vehicles of the second division with a gross
26 vehicle weight in excess of 8,000 pounds that are subject

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

18 (13) Proceeds from sales to owners, lessors, or
19 shippers of tangible personal property that is utilized by
20 interstate carriers for hire for use as rolling stock
21 moving in interstate commerce and equipment operated by a
22 telecommunications provider, licensed as a common carrier
23 by the Federal Communications Commission, which is
24 permanently installed in or affixed to aircraft moving in
25 interstate commerce.

26 (14) Machinery and equipment that will be used by the

1 purchaser, or a lessee of the purchaser, primarily in the
2 process of manufacturing or assembling tangible personal
3 property for wholesale or retail sale or lease, whether
4 the sale or lease is made directly by the manufacturer or
5 by some other person, whether the materials used in the
6 process are owned by the manufacturer or some other
7 person, or whether the sale or lease is made apart from or
8 as an incident to the seller's engaging in the service
9 occupation of producing machines, tools, dies, jigs,
10 patterns, gauges, or other similar items of no commercial
11 value on special order for a particular purchaser. The
12 exemption provided by this paragraph (14) does not include
13 machinery and equipment used in (i) the generation of
14 electricity for wholesale or retail sale; (ii) the
15 generation or treatment of natural or artificial gas for
16 wholesale or retail sale that is delivered to customers
17 through pipes, pipelines, or mains; or (iii) the treatment
18 of water for wholesale or retail sale that is delivered to
19 customers through pipes, pipelines, or mains. The
20 provisions of Public Act 98-583 are declaratory of
21 existing law as to the meaning and scope of this
22 exemption. Beginning on July 1, 2017, the exemption
23 provided by this paragraph (14) includes, but is not
24 limited to, graphic arts machinery and equipment, as
25 defined in paragraph (4) of this Section.

26 (15) Proceeds of mandatory service charges separately

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

8 (16) Tangible personal property sold to a purchaser if
9 the purchaser is exempt from use tax by operation of
10 federal law. This paragraph is exempt from the provisions
11 of Section 2-70.

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

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

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

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

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

14 (21) Until July 1, 2028, coal and aggregate
15 exploration, mining, off-highway hauling, processing,
16 maintenance, and reclamation equipment, including
17 replacement parts and equipment, and including equipment
18 purchased for lease, but excluding motor vehicles required
19 to be registered under the Illinois Vehicle Code. The
20 changes made to this Section by Public Act 97-767 apply on
21 and after July 1, 2003, but no claim for credit or refund
22 is allowed on or after August 16, 2013 (the effective date
23 of Public Act 98-456) for such taxes paid during the
24 period beginning July 1, 2003 and ending on August 16,
25 2013 (the effective date of Public Act 98-456).

26 (22) Until June 30, 2013, fuel and petroleum products

1 sold to or used by an air carrier, certified by the carrier
2 to be used for consumption, shipment, or storage in the
3 conduct of its business as an air common carrier, for a
4 flight destined for or returning from a location or
5 locations outside the United States without regard to
6 previous or subsequent domestic stopovers.

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

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

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

1 (25) Except as provided in item (25-5) of this
2 Section, a motor vehicle sold in this State to a
3 nonresident even though the motor vehicle is delivered to
4 the nonresident in this State, if the motor vehicle is not
5 to be titled in this State, and if a drive-away permit is
6 issued to the motor vehicle as provided in Section 3-603
7 of the Illinois Vehicle Code or if the nonresident
8 purchaser has vehicle registration plates to transfer to
9 the motor vehicle upon returning to his or her home state.
10 The issuance of the drive-away permit or having the
11 out-of-state registration plates to be transferred is
12 prima facie evidence that the motor vehicle will not be
13 titled in this State.

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

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

18 (25-7) Beginning on July 1, 2007, no tax is imposed
19 under this Act on the sale of an aircraft, as defined in
20 Section 3 of the Illinois Aeronautics Act, if all of the
21 following conditions are met:

22 (1) the aircraft leaves this State within 15 days
23 after the later of either the issuance of the final
24 billing for the sale of the aircraft, or the
25 authorized approval for return to service, completion
26 of the maintenance record entry, and completion of the

1 test flight and ground test for inspection, as
2 required by 14 CFR ~~C.F.R.~~ 91.407;

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

5 (3) the seller retains in his or her books and
6 records and provides to the Department a signed and
7 dated certification from the purchaser, on a form
8 prescribed by the Department, certifying that the
9 requirements of this item (25-7) are met. The
10 certificate must also include the name and address of
11 the purchaser, the address of the location where the
12 aircraft is to be titled or registered, the address of
13 the primary physical location of the aircraft, and
14 other information that the Department may reasonably
15 require.

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

17 "Based in this State" means hangared, stored, or
18 otherwise used, excluding post-sale customizations as
19 defined in this Section, for 10 or more days in each
20 12-month period immediately following the date of the sale
21 of the aircraft.

22 "Registered in this State" means an aircraft
23 registered with the Department of Transportation,
24 Aeronautics Division, or titled or registered with the
25 Federal Aviation Administration to an address located in
26 this State.

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

3 (26) Semen used for artificial insemination of
4 livestock for direct agricultural production.

5 (27) Horses, or interests in horses, registered with
6 and meeting the requirements of any of the Arabian Horse
7 Club Registry of America, Appaloosa Horse Club, American
8 Quarter Horse Association, United States Trotting
9 Association, or Jockey Club, as appropriate, used for
10 purposes of breeding or racing for prizes. This item (27)
11 is exempt from the provisions of Section 2-70, and the
12 exemption provided for under this item (27) applies for
13 all periods beginning May 30, 1995, but no claim for
14 credit or refund is allowed on or after January 1, 2008
15 (the effective date of Public Act 95-88) for such taxes
16 paid during the period beginning May 30, 2000 and ending
17 on January 1, 2008 (the effective date of Public Act
18 95-88).

19 (28) Computers and communications equipment utilized
20 for any hospital purpose and equipment used in the
21 diagnosis, analysis, or treatment of hospital patients
22 sold to a lessor who leases the equipment, under a lease of
23 one year or longer executed or in effect at the time of the
24 purchase, to a hospital that has been issued an active tax
25 exemption identification number by the Department under
26 Section 1g of this Act.

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

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

18 (31) Beginning with taxable years ending on or after
19 December 31, 1995 and ending with taxable years ending on
20 or before December 31, 2004, personal property that is
21 used in the performance of infrastructure repairs in this
22 State, including but not limited to municipal roads and
23 streets, access roads, bridges, sidewalks, waste disposal
24 systems, water and sewer line extensions, water
25 distribution and purification facilities, storm water
26 drainage and retention facilities, and sewage treatment

1 facilities, resulting from a State or federally declared
2 disaster in Illinois or bordering Illinois when such
3 repairs are initiated on facilities located in the
4 declared disaster area within 6 months after the disaster.

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

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

1 technical, mechanical, industrial, business, or commercial
2 occupation.

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

18 (35) Beginning January 1, 2000 and through December
19 31, 2001, new or used automatic vending machines that
20 prepare and serve hot food and beverages, including
21 coffee, soup, and other items, and replacement parts for
22 these machines. Beginning January 1, 2002 and through June
23 30, 2003, machines and parts for machines used in
24 commercial, coin-operated amusement and vending business
25 if a use or occupation tax is paid on the gross receipts
26 derived from the use of the commercial, coin-operated

1 amusement and vending machines. This paragraph is exempt
2 from the provisions of Section 2-70.

3 (35-5) Beginning August 23, 2001 and through June 30,
4 2016, food for human consumption that is to be consumed
5 off the premises where it is sold (other than alcoholic
6 beverages, soft drinks, and food that has been prepared
7 for immediate consumption) and prescription and
8 nonprescription medicines, drugs, medical appliances, and
9 insulin, urine testing materials, syringes, and needles
10 used by diabetics, for human use, when purchased for use
11 by a person receiving medical assistance under Article V
12 of the Illinois Public Aid Code who resides in a licensed
13 long-term care facility, as defined in the Nursing Home
14 Care Act, or a licensed facility as defined in the ID/DD
15 Community Care Act, the MC/DD Act, or the Specialized
16 Mental Health Rehabilitation Act of 2013.

17 (36) Beginning August 2, 2001, computers and
18 communications equipment utilized for any hospital purpose
19 and equipment used in the diagnosis, analysis, or
20 treatment of hospital patients sold to a lessor who leases
21 the equipment, under a lease of one year or longer
22 executed or in effect at the time of the purchase, to a
23 hospital that has been issued an active tax exemption
24 identification number by the Department under Section 1g
25 of this Act. This paragraph is exempt from the provisions
26 of Section 2-70.

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

8 (38) Beginning on January 1, 2002 and through June 30,
9 2016, tangible personal property purchased from an
10 Illinois retailer by a taxpayer engaged in centralized
11 purchasing activities in Illinois who will, upon receipt
12 of the property in Illinois, temporarily store the
13 property in Illinois (i) for the purpose of subsequently
14 transporting it outside this State for use or consumption
15 thereafter solely outside this State or (ii) for the
16 purpose of being processed, fabricated, or manufactured
17 into, attached to, or incorporated into other tangible
18 personal property to be transported outside this State and
19 thereafter used or consumed solely outside this State. The
20 Director of Revenue shall, pursuant to rules adopted in
21 accordance with the Illinois Administrative Procedure Act,
22 issue a permit to any taxpayer in good standing with the
23 Department who is eligible for the exemption under this
24 paragraph (38). The permit issued under this paragraph
25 (38) shall authorize the holder, to the extent and in the
26 manner specified in the rules adopted under this Act, to

1 purchase tangible personal property from a retailer exempt
2 from the taxes imposed by this Act. Taxpayers shall
3 maintain all necessary books and records to substantiate
4 the use and consumption of all such tangible personal
5 property outside of the State of Illinois.

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

14 (40) Beginning January 1, 2010 and continuing through
15 December 31, 2024, materials, parts, equipment,
16 components, and furnishings incorporated into or upon an
17 aircraft as part of the modification, refurbishment,
18 completion, replacement, repair, or maintenance of the
19 aircraft. This exemption includes consumable supplies used
20 in the modification, refurbishment, completion,
21 replacement, repair, and maintenance of aircraft, but
22 excludes any materials, parts, equipment, components, and
23 consumable supplies used in the modification, replacement,
24 repair, and maintenance of aircraft engines or power
25 plants, whether such engines or power plants are installed
26 or uninstalled upon any such aircraft. "Consumable

1 supplies" include, but are not limited to, adhesive, tape,
2 sandpaper, general purpose lubricants, cleaning solution,
3 latex gloves, and protective films. This exemption applies
4 only to the sale of qualifying tangible personal property
5 to persons who modify, refurbish, complete, replace, or
6 maintain an aircraft and who (i) hold an Air Agency
7 Certificate and are empowered to operate an approved
8 repair station by the Federal Aviation Administration,
9 (ii) have a Class IV Rating, and (iii) conduct operations
10 in accordance with Part 145 of the Federal Aviation
11 Regulations. The exemption does not include aircraft
12 operated by a commercial air carrier providing scheduled
13 passenger air service pursuant to authority issued under
14 Part 121 or Part 129 of the Federal Aviation Regulations.
15 The changes made to this paragraph (40) by Public Act
16 98-534 are declarative of existing law. It is the intent
17 of the General Assembly that the exemption under this
18 paragraph (40) applies continuously from January 1, 2010
19 through December 31, 2024; however, no claim for credit or
20 refund is allowed for taxes paid as a result of the
21 disallowance of this exemption on or after January 1, 2015
22 and prior to February 5, 2020 (the effective date of
23 Public Act 101-629) ~~this amendatory Act of the 101st~~
24 ~~General Assembly.~~

25 (41) Tangible personal property sold to a
26 public-facilities corporation, as described in Section

1 11-65-10 of the Illinois Municipal Code, for purposes of
2 constructing or furnishing a municipal convention hall,
3 but only if the legal title to the municipal convention
4 hall is transferred to the municipality without any
5 further consideration by or on behalf of the municipality
6 at the time of the completion of the municipal convention
7 hall or upon the retirement or redemption of any bonds or
8 other debt instruments issued by the public-facilities
9 corporation in connection with the development of the
10 municipal convention hall. This exemption includes
11 existing public-facilities corporations as provided in
12 Section 11-65-25 of the Illinois Municipal Code. This
13 paragraph is exempt from the provisions of Section 2-70.

14 (42) Beginning January 1, 2017 and through December
15 31, 2026, menstrual pads, tampons, and menstrual cups.

16 (43) Merchandise that is subject to the Rental
17 Purchase Agreement Occupation and Use Tax. The purchaser
18 must certify that the item is purchased to be rented
19 subject to a rental purchase agreement, as defined in the
20 Rental Purchase Agreement Act, and provide proof of
21 registration under the Rental Purchase Agreement
22 Occupation and Use Tax Act. This paragraph is exempt from
23 the provisions of Section 2-70.

24 (44) Qualified tangible personal property used in the
25 construction or operation of a data center that has been
26 granted a certificate of exemption by the Department of

1 Commerce and Economic Opportunity, whether that tangible
2 personal property is purchased by the owner, operator, or
3 tenant of the data center or by a contractor or
4 subcontractor of the owner, operator, or tenant. Data
5 centers that would have qualified for a certificate of
6 exemption prior to January 1, 2020 had Public Act 101-31
7 ~~this amendatory Act of the 101st General Assembly~~ been in
8 effect, may apply for and obtain an exemption for
9 subsequent purchases of computer equipment or enabling
10 software purchased or leased to upgrade, supplement, or
11 replace computer equipment or enabling software purchased
12 or leased in the original investment that would have
13 qualified.

14 The Department of Commerce and Economic Opportunity
15 shall grant a certificate of exemption under this item
16 (44) to qualified data centers as defined by Section
17 605-1025 of the Department of Commerce and Economic
18 Opportunity Law of the Civil Administrative Code of
19 Illinois.

20 For the purposes of this item (44):

21 "Data center" means a building or a series of
22 buildings rehabilitated or constructed to house
23 working servers in one physical location or multiple
24 sites within the State of Illinois.

25 "Qualified tangible personal property" means:
26 electrical systems and equipment; climate control and

1 chilling equipment and systems; mechanical systems and
2 equipment; monitoring and secure systems; emergency
3 generators; hardware; computers; servers; data storage
4 devices; network connectivity equipment; racks;
5 cabinets; telecommunications cabling infrastructure;
6 raised floor systems; peripheral components or
7 systems; software; mechanical, electrical, or plumbing
8 systems; battery systems; cooling systems and towers;
9 temperature control systems; other cabling; and other
10 data center infrastructure equipment and systems
11 necessary to operate qualified tangible personal
12 property, including fixtures; and component parts of
13 any of the foregoing, including installation,
14 maintenance, repair, refurbishment, and replacement of
15 qualified tangible personal property to generate,
16 transform, transmit, distribute, or manage electricity
17 necessary to operate qualified tangible personal
18 property; and all other tangible personal property
19 that is essential to the operations of a computer data
20 center. The term "qualified tangible personal
21 property" also includes building materials physically
22 incorporated into the qualifying data center. To
23 document the exemption allowed under this Section, the
24 retailer must obtain from the purchaser a copy of the
25 certificate of eligibility issued by the Department of
26 Commerce and Economic Opportunity.

1 This item (44) is exempt from the provisions of
2 Section 2-70.

3 (45) Beginning January 1, 2020 and through December
4 31, 2020, sales of tangible personal property made by a
5 marketplace seller over a marketplace for which tax is due
6 under this Act but for which use tax has been collected and
7 remitted to the Department by a marketplace facilitator
8 under Section 2d of the Use Tax Act are exempt from tax
9 under this Act. A marketplace seller claiming this
10 exemption shall maintain books and records demonstrating
11 that the use tax on such sales has been collected and
12 remitted by a marketplace facilitator. Marketplace sellers
13 that have properly remitted tax under this Act on such
14 sales may file a claim for credit as provided in Section 6
15 of this Act. No claim is allowed, however, for such taxes
16 for which a credit or refund has been issued to the
17 marketplace facilitator under the Use Tax Act, or for
18 which the marketplace facilitator has filed a claim for
19 credit or refund under the Use Tax Act.

20 (46) Beginning July 1, 2022, breast pumps, breast pump
21 collection and storage supplies, and breast pump kits.
22 This item (46) is exempt from the provisions of Section
23 2-70. As used in this item (46):

24 "Breast pump" means an electrically controlled or
25 manually controlled pump device designed or marketed to be
26 used to express milk from a human breast during lactation,

1 including the pump device and any battery, AC adapter, or
2 other power supply unit that is used to power the pump
3 device and is packaged and sold with the pump device at the
4 time of sale.

5 "Breast pump collection and storage supplies" means
6 items of tangible personal property designed or marketed
7 to be used in conjunction with a breast pump to collect
8 milk expressed from a human breast and to store collected
9 milk until it is ready for consumption.

10 "Breast pump collection and storage supplies"
11 includes, but is not limited to: breast shields and breast
12 shield connectors; breast pump tubes and tubing adapters;
13 breast pump valves and membranes; backflow protectors and
14 backflow protector adaptors; bottles and bottle caps
15 specific to the operation of the breast pump; and breast
16 milk storage bags.

17 "Breast pump collection and storage supplies" does not
18 include: (1) bottles and bottle caps not specific to the
19 operation of the breast pump; (2) breast pump travel bags
20 and other similar carrying accessories, including ice
21 packs, labels, and other similar products; (3) breast pump
22 cleaning supplies; (4) nursing bras, bra pads, breast
23 shells, and other similar products; and (5) creams,
24 ointments, and other similar products that relieve
25 breastfeeding-related symptoms or conditions of the
26 breasts or nipples, unless sold as part of a breast pump

1 kit that is pre-packaged by the breast pump manufacturer
2 or distributor.

3 "Breast pump kit" means a kit that: (1) contains no
4 more than a breast pump, breast pump collection and
5 storage supplies, a rechargeable battery for operating the
6 breast pump, a breastmilk cooler, bottle stands, ice
7 packs, and a breast pump carrying case; and (2) is
8 pre-packaged as a breast pump kit by the breast pump
9 manufacturer or distributor.

10 (47) ~~(46)~~ Tangible personal property sold by or on
11 behalf of the State Treasurer pursuant to the Revised
12 Uniform Unclaimed Property Act. This item (47) ~~(46)~~ is
13 exempt from the provisions of Section 2-70.

14 (Source: P.A. 101-31, eff. 6-28-19; 101-81, eff. 7-12-19;
15 101-629, eff. 2-5-20; 102-16, eff. 6-17-21; 102-634, eff.
16 8-27-21; 102-700, Article 70, Section 70-20, eff. 4-19-22;
17 102-700, Article 75, Section 75-20, eff. 4-19-22; 102-813,
18 eff. 5-13-22; 102-1026, eff. 5-27-22; revised 8-15-22.)

19 ARTICLE 20. PARKING EXCISE TAX

20 Section 20-5. The Parking Excise Tax Act is amended by
21 changing Sections 10-5, 10-10, 10-15, 10-25, 10-30, 10-35,
22 10-45, and 10-50 as follows:

23 (35 ILCS 525/10-5)

1 (Text of Section before amendment by P.A. 102-700)

2 Sec. 10-5. Definitions.

3 "Booking intermediary" means any person or entity that
4 facilitates the processing and fulfillment of reservation
5 transactions between an operator and a person or entity
6 desiring parking in a parking lot or garage of that operator.

7 "Charge or fee paid for parking" means the gross amount of
8 consideration for the use or privilege of parking a motor
9 vehicle in or upon any parking lot or garage in the State,
10 collected by an operator and valued in money, whether received
11 in money or otherwise, including cash, credits, property, and
12 services, determined without any deduction for costs or
13 expenses, but not including charges that are added to the
14 charge or fee on account of the tax imposed by this Act or on
15 account of any other tax imposed on the charge or fee. "Charge
16 or fee paid for parking" excludes separately stated charges
17 not for the use or privilege of parking and excludes amounts
18 retained by or paid to a booking intermediary for services
19 provided by the booking intermediary. If any separately stated
20 charge is not optional, it shall be presumed that it is part of
21 the charge for the use or privilege of parking.

22 "Department" means the Department of Revenue.

23 "Operator" means any person who engages in the business of
24 operating a parking area or garage, or who, directly or
25 through an agreement or arrangement with another party,
26 collects the consideration for parking or storage of motor

1 vehicles, recreational vehicles, or other self-propelled
2 vehicles, at that parking place. This includes, but is not
3 limited to, any facilitator or aggregator that collects from
4 the purchaser the charge or fee paid for parking. "Operator"
5 does not include a bank, credit card company, payment
6 processor, booking intermediary, or person whose involvement
7 is limited to performing functions that are similar to those
8 performed by a bank, credit card company, payment processor,
9 or booking intermediary.

10 "Parking area or garage" means any real estate, building,
11 structure, premises, enclosure or other place, whether
12 enclosed or not, except a public way, within the State, where
13 motor vehicles, recreational vehicles, or other self-propelled
14 vehicles, are stored, housed or parked for hire, charge, fee
15 or other valuable consideration in a condition ready for use,
16 or where rent or compensation is paid to the owner, manager,
17 operator or lessee of the premises for the housing, storing,
18 sheltering, keeping or maintaining motor vehicles,
19 recreational vehicles, or other self-propelled vehicles.

20 "Parking area or garage" includes any parking area or garage,
21 whether the vehicle is parked by the owner of the vehicle or by
22 the operator or an attendant.

23 "Person" means any natural individual, firm, trust,
24 estate, partnership, association, joint stock company, joint
25 venture, corporation, limited liability company, or a
26 receiver, trustee, guardian, or other representative appointed

1 by order of any court.

2 "Purchase price" means the consideration paid for the
3 purchase of a parking space in a parking area or garage, valued
4 in money, whether received in money or otherwise, including
5 cash, gift cards, credits, and property, and shall be
6 determined without any deduction on account of the cost of
7 materials used, labor or service costs, or any other expense
8 whatsoever.

9 "Purchase price" includes any and all charges that the
10 recipient pays related to or incidental to obtaining the use
11 or privilege of using a parking space in a parking area or
12 garage, including but not limited to any and all related
13 markups, service fees, convenience fees, facilitation fees,
14 cancellation fees, overtime fees, or other such charges,
15 regardless of terminology. However, "purchase price" shall not
16 include consideration paid for:

17 (1) optional, separately stated charges not for the
18 use or privilege of using a parking space in the parking
19 area or garage;

20 (2) any charge for a dishonored check;

21 (3) any finance or credit charge, penalty or charge
22 for delayed payment, or discount for prompt payment;

23 (4) any purchase by a purchaser if the operator is
24 prohibited by federal or State Constitution, treaty,
25 convention, statute or court decision from collecting the
26 tax from such purchaser;

1 (5) the isolated or occasional sale of parking spaces
2 subject to tax under this Act by a person who does not hold
3 himself out as being engaged (or who does not habitually
4 engage) in selling of parking spaces; and

5 (6) any amounts added to a purchaser's bills because
6 of charges made pursuant to the tax imposed by this Act. If
7 credit is extended, then the amount thereof shall be
8 included only as and when payments are made.

9 "Purchaser" means any person who acquires a parking space
10 in a parking area or garage for use for valuable
11 consideration.

12 "Use" means the exercise by any person of any right or
13 power over, or the enjoyment of, a parking space in a parking
14 area or garage subject to tax under this Act.

15 (Source: P.A. 101-31, eff. 6-28-19.)

16 (Text of Section after amendment by P.A. 102-700)

17 Sec. 10-5. Definitions. As used in this Act:

18 "Booking intermediary" means any person or entity that
19 facilitates the processing and fulfillment of reservation
20 transactions between an operator and a person or entity
21 desiring parking in a parking lot or garage of that operator.

22 "Department" means the Department of Revenue.

23 "Operator" means any person who engages in the business of
24 operating a parking area or garage, or who, directly or
25 through an agreement or arrangement with another party,

1 collects the consideration for parking or storage of motor
2 vehicles, recreational vehicles, or other self-propelled
3 vehicles, at that parking place. ~~This includes, but is not~~
4 ~~limited to, any facilitator or aggregator that collects the~~
5 ~~purchase price from the purchaser.~~ "Operator" does not include
6 a bank, credit card company, payment processor, booking
7 intermediary (except to the extent a booking intermediary is
8 required to be registered under Section 10-30 or as otherwise
9 provided in this Act), or person whose involvement is limited
10 to performing functions that are similar to those performed by
11 a bank, credit card company, ~~or~~ payment processor, or booking
12 intermediary.

13 "Parking area or garage" means any real estate, building,
14 structure, premises, enclosure or other place, whether
15 enclosed or not, except a public way, within the State, where
16 motor vehicles, recreational vehicles, or other self-propelled
17 vehicles, are stored, housed or parked for hire, charge, fee
18 or other valuable consideration in a condition ready for use,
19 or where rent or compensation is paid to the owner, manager,
20 operator or lessee of the premises for the housing, storing,
21 sheltering, keeping or maintaining motor vehicles,
22 recreational vehicles, or other self-propelled vehicles.
23 "Parking area or garage" includes any parking area or garage,
24 whether the vehicle is parked by the owner of the vehicle or by
25 the operator or an attendant.

26 "Person" means any natural individual, firm, trust,

1 estate, partnership, association, joint stock company, joint
2 venture, corporation, limited liability company, or a
3 receiver, trustee, guardian, or other representative appointed
4 by order of any court.

5 "Purchase price" means the consideration paid for the
6 purchase of a parking space in a parking area or garage, valued
7 in money, whether received in money or otherwise, including
8 cash, gift cards, credits, and property, and shall be
9 determined without any deduction on account of the cost of
10 materials used, labor or service costs, or any other expense
11 whatsoever.

12 "Purchase price" includes any and all charges that the
13 recipient pays related to or incidental to obtaining the use
14 or privilege of using a parking space in a parking area or
15 garage, including but not limited to any and all related
16 markups, service fees, convenience fees, facilitation fees,
17 cancellation fees, overtime fees, or other such charges,
18 regardless of terminology. However, "purchase price" shall not
19 include consideration paid for:

20 (1) optional, separately stated charges not for the
21 use or privilege of using a parking space in the parking
22 area or garage;

23 (2) any charge for a dishonored check;

24 (3) any finance or credit charge, penalty or charge
25 for delayed payment, or discount for prompt payment;

26 (4) any purchase by a purchaser if the operator is

1 prohibited by federal or State Constitution, treaty,
2 convention, statute or court decision from collecting the
3 tax from such purchaser;

4 (5) the isolated or occasional sale of parking spaces
5 subject to tax under this Act by a person who does not hold
6 himself out as being engaged (or who does not habitually
7 engage) in selling of parking spaces; and

8 (6) any amounts added to a purchaser's bills because
9 of charges made pursuant to the tax imposed by this Act. If
10 credit is extended, then the amount thereof shall be
11 included only as and when payments are made.

12 "Purchaser" means any person who acquires a parking space
13 in a parking area or garage for use for valuable
14 consideration.

15 "Use" means the exercise by any person of any right or
16 power over, or the enjoyment of, a parking space in a parking
17 area or garage subject to tax under this Act.

18 (Source: P.A. 101-31, eff. 6-28-19; 102-700, eff. 7-1-23.)

19 (35 ILCS 525/10-10)

20 Sec. 10-10. Imposition of tax; calculation of tax.

21 (a) Beginning on January 1, 2020, a tax is imposed on the
22 privilege of using in this State a parking space in a parking
23 area or garage for the use of parking one or more motor
24 vehicles, recreational vehicles, or other self-propelled
25 vehicles, at the rate of:

1 (1) 6% of the purchase price for a parking space paid
2 for on an hourly, daily, or weekly basis; and

3 (2) 9% of the purchase price for a parking space paid
4 for on a monthly or annual basis.

5 (b) The tax shall be collected from the purchaser by the
6 operator. Notwithstanding the provisions of this subsection,
7 beginning on January 1, 2024, if a booking intermediary
8 facilitates the processing and fulfillment of the reservation
9 for an operator that is not registered under Section 10-30,
10 then the tax shall be collected on the purchase price from the
11 purchaser by the booking intermediary on behalf of the
12 operator, and the tax shall be remitted to the Department by
13 the booking intermediary. The booking intermediary that
14 facilitates the processing and fulfillment of the reservation
15 for an operator that is not registered under Section 10-30 and
16 the unregistered operator are jointly and severally liable for
17 payment of the tax to the Department.

18 (b-5) Booking intermediaries shall collect the tax on the
19 purchase price paid by purchasers on behalf of registered
20 operators. If a booking intermediary charges a separate
21 service charge that is included in the purchase price, the tax
22 shall be collected on that separate service charge as well,
23 even if the separate service charge is retained by the booking
24 intermediary. Beginning January 1, 2024, booking
25 intermediaries are liable for and shall remit the tax to the
26 Department on any separately stated service fee that the

1 booking intermediary charges to the customer. Operators are
2 liable for the remittance of tax under this Act on the
3 remainder of the purchase price for the transaction. Booking
4 intermediaries and operators are subject to audit on all such
5 sales.

6 (c) An operator that has paid or remitted the tax imposed
7 by this Act to another operator in connection with the same
8 parking transaction, or the use of the same parking space,
9 that is subject to tax under this Act, shall be entitled to a
10 credit for such tax paid or remitted against the amount of tax
11 owed under this Act, provided that the other operator is
12 registered under this Act. The operator claiming the credit
13 shall have the burden of proving it is entitled to claim a
14 credit.

15 (d) If any operator or booking intermediary erroneously
16 collects tax or collects more from the purchaser than the
17 purchaser's liability for the transaction, the purchaser shall
18 have a legal right to claim a refund of such amount from the
19 operator or booking intermediary. However, if such amount is
20 not refunded to the purchaser for any reason, the operator or
21 booking intermediary is liable to pay such amount to the
22 Department.

23 (e) The tax imposed by this Section is not imposed with
24 respect to any transaction in interstate commerce, to the
25 extent that the transaction may not, under the Constitution
26 and statutes of the United States, be made the subject of

1 taxation by this State.

2 (Source: P.A. 101-31, eff. 6-28-19.)

3 (35 ILCS 525/10-15)

4 Sec. 10-15. Filing of returns and deposit of proceeds. On
5 or before the last day of each calendar month, every operator
6 engaged in the business of providing to purchasers parking
7 areas and garages in this State during the preceding calendar
8 month and every booking intermediary required to collect tax
9 under Section 10-10 shall file a return with the Department,
10 stating:

11 (1) the name of the operator or booking intermediary;

12 (2) the address of its principal place of business
13 and, if applicable, the address of the principal place of
14 business from which it provides parking areas and garages
15 in this State;

16 (3) the total amount of receipts received by the
17 operator during the preceding calendar month or quarter,
18 as the case may be, from sales of parking spaces to
19 purchasers in parking areas or garages during the
20 preceding calendar month or quarter; the total amount of
21 receipts for separately stated service fees that are
22 charged to the customer by the booking intermediary in
23 connection with the booking intermediary's facilitation of
24 parking spot reservations for an operator during the
25 preceding calendar month or quarter, as the case may be;

1 and, if the return is filed by a booking intermediary that
2 collects the tax under this Act on behalf of an
3 unregistered operator, as provided in Section 10-10, then
4 the total amount of receipts received by the booking
5 intermediary on behalf of the unregistered operator during
6 the preceding calendar month or quarter, as the case may
7 be, from sales of parking spaces to purchasers in parking
8 areas or garages during the preceding calendar month or
9 quarter;

10 (4) deductions allowed by law;

11 (5) the total amount of receipts received by the
12 operator during the preceding calendar month or quarter
13 upon which the tax was computed; the total amount of
14 receipts for separately stated service fees that are
15 charged to the customer by a booking intermediary in
16 connection with the booking intermediary's facilitation of
17 parking spot reservations for an operator during the
18 preceding calendar month or quarter upon which the tax was
19 computed; and, if the return is filed by a booking
20 intermediary that collects the tax under this Act on
21 behalf of an unregistered operator, as provided in Section
22 10-10, then the total amount of receipts received by the
23 booking intermediary on behalf of the unregistered
24 operator during the preceding calendar month or quarter
25 upon which the tax was computed;

26 (6) the amount of tax due; and

1 (7) such other reasonable information as the
2 Department may require.

3 If an operator or booking intermediary ceases to engage in
4 the kind of business that makes it responsible for filing
5 returns under this Act, then that operator or booking
6 intermediary shall file a final return under this Act with the
7 Department on or before the last day of the month after
8 discontinuing such business.

9 All returns required to be filed and payments required to
10 be made under this Act shall be by electronic means. Taxpayers
11 who demonstrate hardship in filing or paying electronically
12 may petition the Department to waive the electronic filing or
13 payment requirement, or both. The Department may require a
14 separate return for the tax under this Act or combine the
15 return for the tax under this Act with the return for other
16 taxes. In addition to the requirement to file all returns
17 required to be filed and payments required to be made under
18 this Act by electronic means, booking intermediaries shall
19 file returns in the form and manner required by the
20 Department.

21 If the same person has more than one business registered
22 with the Department under separate registrations under this
23 Act, that person shall not file each return that is due as a
24 single return covering all such registered businesses but
25 shall file separate returns for each such registered business.

26 If the operator or booking intermediary is a corporation,

1 the return filed on behalf of that corporation shall be signed
2 by the president, vice-president, secretary, or treasurer, or
3 by a properly accredited agent of such corporation.

4 The operator or booking intermediary filing the return
5 under this Act shall, at the time of filing the return, pay to
6 the Department the amount of tax imposed by this Act less a
7 discount of 1.75%, not to exceed \$1,000 per month, which is
8 allowed to reimburse the operator or booking intermediary for
9 the expenses incurred in keeping records, preparing and filing
10 returns, remitting the tax, and supplying data to the
11 Department on request.

12 If any payment provided for in this Section exceeds the
13 taxpayer's liabilities under this Act, as shown on an original
14 return, the Department may authorize the taxpayer to credit
15 such excess payment against liability subsequently to be
16 remitted to the Department under this Act, in accordance with
17 reasonable rules adopted by the Department. If the Department
18 subsequently determines that all or any part of the credit
19 taken was not actually due to the taxpayer, the taxpayer's
20 discount shall be reduced by an amount equal to the difference
21 between the discount as applied to the credit taken and that
22 actually due, and that taxpayer shall be liable for penalties
23 and interest on such difference.

24 (Source: P.A. 101-31, eff. 6-28-19.)

1 Sec. 10-25. Collection of tax.

2 (a) Beginning with bills issued or charges collected for a
3 purchase of a parking space in a parking area or garage on and
4 after January 1, 2020, the tax imposed by this Act shall be
5 collected from the purchaser by the operator, or, beginning
6 January 1, 2024 by a booking intermediary as provided in
7 Section 10-10, at the rate stated in Section 10-10 and shall be
8 remitted to the Department as provided in this Act. All
9 charges for parking spaces in a parking area or garage are
10 presumed subject to tax collection. Operators and booking
11 intermediaries, as applicable, shall collect the tax from
12 purchasers by adding the tax to the amount of the purchase
13 price received from the purchaser. The tax imposed by the Act
14 shall when collected be stated as a distinct item separate and
15 apart from the purchase price of the service subject to tax
16 under this Act. However, where it is not possible to state the
17 tax separately the Department may by rule exempt such
18 purchases from this requirement so long as purchasers are
19 notified by language on the invoice or notified by a sign that
20 the tax is included in the purchase price.

21 (b) Any person purchasing a parking space in a parking
22 area or garage subject to tax under this Act as to which there
23 has been no charge made to him of the tax imposed by Section
24 10-10, shall make payment of the tax imposed by Section 10-10
25 of this Act in the form and manner provided by the Department,
26 such payment to be made to the Department in the manner and

1 form required by the Department not later than the 20th day of
2 the month following the month of purchase of the parking
3 space.

4 (Source: P.A. 101-31, eff. 6-28-19.)

5 (35 ILCS 525/10-30)

6 Sec. 10-30. Registration of operators and booking
7 intermediaries.

8 (a) A person who engages in business as an operator of a
9 parking area or garage in this State, or, beginning January 1,
10 2024, a booking intermediary that directly charges to a
11 customer a separately stated service fee pursuant to
12 subsection (b-5) of Section 10-10, or, beginning January 1,
13 2024, a booking intermediary that facilitates the processing
14 and fulfillment of a reservation for an operator that is not
15 registered under Section 10-10, shall register with the
16 Department. Application for a certificate of registration
17 shall be made to the Department, by electronic means, in the
18 form and manner prescribed by the Department and shall contain
19 any reasonable information the Department may require. Upon
20 receipt of the application for a certificate of registration
21 in proper form and manner, the Department shall issue to the
22 applicant a certificate of registration. Operators who
23 demonstrate that they do not have access to the Internet or
24 demonstrate hardship in applying electronically may petition
25 the Department to waive the electronic application

1 requirements.

2 (b) The Department may refuse to issue or reissue a
3 certificate of registration to any applicant for the reasons
4 set forth in Section 2505-380 of the Department of Revenue Law
5 of the Civil Administrative Code of Illinois.

6 (c) Any person aggrieved by any decision of the Department
7 under this Section may, within 20 days after notice of such
8 decision, protest and request a hearing, whereupon the
9 Department shall give notice to such person of the time and
10 place fixed for such hearing and shall hold a hearing in
11 conformity with the provisions of this Act and then issue its
12 final administrative decision in the matter to such person. In
13 the absence of such a protest within 20 days, the Department's
14 decision shall become final without any further determination
15 being made or notice given.

16 (Source: P.A. 101-31, eff. 6-28-19.)

17 (35 ILCS 525/10-35)

18 Sec. 10-35. Revocation of certificate of registration.

19 (a) The Department may, after notice and a hearing as
20 provided in this Act, revoke the certificate of registration
21 of any operator or booking intermediary who violates any of
22 the provisions of this Act or any rule adopted pursuant to this
23 Act. Before revocation of a certificate of registration, the
24 Department shall, within 90 days after non-compliance and at
25 least 7 days prior to the date of the hearing, give the

1 operator or booking intermediary so accused notice in writing
2 of the charge against him or her, and on the date designated
3 shall conduct a hearing upon this matter. The lapse of such
4 90-day period shall not preclude the Department from
5 conducting revocation proceedings at a later date if
6 necessary. Any hearing held under this Section shall be
7 conducted by the Director or by any officer or employee of the
8 Department designated in writing by the Director.

9 (b) The Department may revoke a certificate of
10 registration for the reasons set forth in Section 2505-380 of
11 the Department of Revenue Law of the Civil Administrative Code
12 of Illinois.

13 (c) Upon the hearing of any such proceeding, the Director
14 or any officer or employee of the Department designated in
15 writing by the Director may administer oaths, and the
16 Department may procure by its subpoena the attendance of
17 witnesses and, by its subpoena duces tecum, the production of
18 relevant books and papers. Any circuit court, upon application
19 either of the operator or of the Department, may, by order duly
20 entered, require the attendance of witnesses and the
21 production of relevant books and papers before the Department
22 in any hearing relating to the revocation of certificates of
23 registration. Upon refusal or neglect to obey the order of the
24 court, the court may compel obedience thereof by proceedings
25 for contempt.

26 (d) The Department may, by application to any circuit

1 court, obtain an injunction requiring any person who engages
2 in business as an operator or booking intermediary under this
3 Act to obtain a certificate of registration. Upon refusal or
4 neglect to obey the order of the court, the court may compel
5 obedience by proceedings for contempt.

6 (Source: P.A. 101-31, eff. 6-28-19.)

7 (35 ILCS 525/10-45)

8 Sec. 10-45. Tax collected as debt owed to State. The tax
9 herein required to be collected by any operator, booking
10 intermediary, or valet business and any such tax collected by
11 that person, shall constitute a debt owed by that person to
12 this State.

13 (Source: P.A. 101-31, eff. 6-28-19.)

14 (35 ILCS 525/10-50)

15 Sec. 10-50. Incorporation by reference. All of the
16 provisions of Sections 1, 2a, 2b, 3 (except provisions
17 relating to transaction returns and except for provisions that
18 are inconsistent with this Act), in respect to all provisions
19 therein other than the State rate of tax) 4, 5, 5a, 5b, 5c, 5d,
20 5e, 5f, 5g, 5j, 6, 6a, 6b, 6c, 6d, 7, 8, 9, 10, 11, 11a, 12,
21 and 13 of the Retailers' Occupation Tax Act that are not
22 inconsistent with this Act, and all provisions of the Uniform
23 Penalty and Interest Act shall apply, as far as practicable,
24 to the subject matter of this Act to the same extent as if such

1 provisions were included in this Act. The enumerated
2 provisions of the Retailers' Occupation Tax Act in this
3 Section and all provisions of the Uniform Penalty and Interest
4 Act shall apply, as far as practicable, to booking
5 intermediaries required to be registered under Section 10-30
6 of this Act.

7 (Source: P.A. 101-31, eff. 6-28-19.)

8 ARTICLE 25. HOTELS-DISASTER RELIEF

9 Section 25-5. The Hotel Operators' Occupation Tax Act is
10 amended by changing Section 3 as follows:

11 (35 ILCS 145/3) (from Ch. 120, par. 481b.33)

12 Sec. 3. Rate; exemptions.

13 (a) A tax is imposed upon persons engaged in the business
14 of renting, leasing or letting rooms in a hotel at the rate of
15 5% of 94% of the gross rental receipts from such renting,
16 leasing or letting, excluding, however, from gross rental
17 receipts, the proceeds of such renting, leasing or letting to
18 permanent residents of that hotel and proceeds from the tax
19 imposed under subsection (c) of Section 13 of the Metropolitan
20 Pier and Exposition Authority Act.

21 (b) There shall be imposed an additional tax upon persons
22 engaged in the business of renting, leasing or letting rooms
23 in a hotel at the rate of 1% of 94% of the gross rental

1 receipts from such renting, leasing or letting, excluding,
2 however, from gross rental receipts, the proceeds of such
3 renting, leasing or letting to permanent residents of that
4 hotel and proceeds from the tax imposed under subsection (c)
5 of Section 13 of the Metropolitan Pier and Exposition
6 Authority Act.

7 (c) No funds received pursuant to this Act shall be used to
8 advertise for or otherwise promote new competition in the
9 hotel business.

10 (d) However, such tax is not imposed upon the privilege of
11 engaging in any business in Interstate Commerce or otherwise,
12 which business may not, under the Constitution and Statutes of
13 the United States, be made the subject of taxation by this
14 State. In addition, the tax is not imposed upon gross rental
15 receipts for which the hotel operator is prohibited from
16 obtaining reimbursement for the tax from the customer by
17 reason of a federal treaty.

18 (d-5) On and after July 1, 2017, the tax imposed by this
19 Act shall not apply to gross rental receipts received by an
20 entity that is organized and operated exclusively for
21 religious purposes and possesses an active Exemption
22 Identification Number issued by the Department pursuant to the
23 Retailers' Occupation Tax Act when acting as a hotel operator
24 renting, leasing, or letting rooms:

25 (1) in furtherance of the purposes for which it is
26 organized; or

1 (2) to entities that (i) are organized and operated
2 exclusively for religious purposes, (ii) possess an active
3 Exemption Identification Number issued by the Department
4 pursuant to the Retailers' Occupation Tax Act, and (iii)
5 rent the rooms in furtherance of the purposes for which
6 they are organized.

7 No gross rental receipts are exempt under paragraph (2) of
8 this subsection (d-5) unless the hotel operator obtains the
9 active Exemption Identification Number from the exclusively
10 religious entity to whom it is renting and maintains that
11 number in its books and records. Gross rental receipts from
12 all rentals other than those described in items (1) or (2) of
13 this subsection (d-5) are subject to the tax imposed by this
14 Act unless otherwise exempt under this Act.

15 This subsection (d-5) is exempt from the sunset provisions
16 of Section 3-5 of this Act.

17 (d-10) On and after July 1, 2023, the tax imposed by this
18 Act shall not apply to gross rental receipts received from the
19 renting, leasing, or letting of rooms to an entity that is
20 organized and operated exclusively by an organization
21 chartered by the United States Congress for the purpose of
22 providing disaster relief and that possesses an active
23 Exemption Identification Number issued by the Department
24 pursuant to the Retailers' Occupation Tax Act if the renting,
25 leasing, or letting of the rooms is in furtherance of the
26 purposes for which the exempt organization is organized. This

1 subsection (d-10) is exempt from the sunset provisions of
2 Section 3-5 of this Act.

3 (e) Persons subject to the tax imposed by this Act may
4 reimburse themselves for their tax liability under this Act by
5 separately stating such tax as an additional charge, which
6 charge may be stated in combination, in a single amount, with
7 any tax imposed pursuant to Sections 8-3-13 and 8-3-14 of the
8 Illinois Municipal Code, and Section 25.05-10 of "An Act to
9 revise the law in relation to counties".

10 (f) If any hotel operator collects an amount (however
11 designated) which purports to reimburse such operator for
12 hotel operators' occupation tax liability measured by receipts
13 which are not subject to hotel operators' occupation tax, or
14 if any hotel operator, in collecting an amount (however
15 designated) which purports to reimburse such operator for
16 hotel operators' occupation tax liability measured by receipts
17 which are subject to tax under this Act, collects more from the
18 customer than the operators' hotel operators' occupation tax
19 liability in the transaction is, the customer shall have a
20 legal right to claim a refund of such amount from such
21 operator. However, if such amount is not refunded to the
22 customer for any reason, the hotel operator is liable to pay
23 such amount to the Department.

24 (Source: P.A. 100-213, eff. 8-18-17.)

1 Section 30-5. The Illinois Municipal Code is amended by
2 changing Section 8-11-2.5 as follows:

3 (65 ILCS 5/8-11-2.5)

4 Sec. 8-11-2.5. Municipal tax review; requests for
5 information.

6 (a) If a municipality has imposed a tax under Section
7 8-11-2, then the municipality, which may act through its
8 designated auditor or agent, may conduct an audit of tax
9 receipts collected from the public utility that is subject to
10 the tax or that collects the tax from purchasers on behalf of
11 the municipality to determine whether the amount of tax that
12 was paid by the public utility was accurate.

13 (b) Not more than once every 2 years, a municipality that
14 has imposed a tax under Section 8-11-2 of this Code ~~Act~~ may,
15 subject to the limitations and protections stated in the Local
16 Government Taxpayers' Bill of Rights Act, make a written
17 request via e-mail to an e-mail address provided by the
18 utility for any information from a utility in the format
19 maintained by the public utility in the ordinary course of its
20 business that the municipality reasonably requires in order to
21 perform an audit under subsection (a). The information that
22 may be requested by the municipality includes, without
23 limitation:

24 (1) in an electronic format used by the public utility

1 in the ordinary course of its business, the
2 premises-specific and other information used by the public
3 utility to determine the amount of tax due to the
4 municipality, for a time period that includes the year in
5 which the request is made and not more than 6 years
6 immediately preceding that year, as appropriate for the
7 period being audited, and which shall include for each
8 customer premises in the municipality: (i) the premises
9 address and zip code; (ii) the classification of the
10 premises as designated by the public utility, such as
11 residential, commercial, or industrial; (iii) monthly
12 usage information sufficient to calculate taxes due, in
13 therms, kilowatts, minutes, or other such other unit of
14 measurement used to calculate the taxes; (iv) the taxes
15 actually assessed, collected, and remitted to the
16 municipality; (v) the first date of service for the
17 premises, if that date occurred within the period being
18 audited; and (vi) any tax exemption claimed for the
19 premises and any additional information that supports a
20 specific tax exemption, if the municipality requests that
21 information, including the customer name and other
22 relevant data; however, a public utility that is an
23 electric utility may not provide other customer-specific
24 information to the municipality; and

25 (2) the premises address for customer accounts that
26 the public utility's records indicate are: (i) in a

1 bordering municipality, township, or unincorporated area
2 (other than the City of Chicago), provided that the
3 municipality provides the public utility a list of such
4 bordering jurisdictions; or (ii) in any zip code with
5 boundaries that include or are adjacent to the requesting
6 municipality provided that the municipality provides the
7 public utility a list of those zip codes; this item (ii)
8 applies to requests made on or after September 1, 2022. If
9 any such customer is determined by the municipality and
10 the utility to be located within the requesting
11 municipality, then the public utility shall provide the
12 additional information provided in paragraph (1) of this
13 subsection (b).-

14 Following the municipality's receipt of the information
15 provided by the public utility pursuant to paragraphs (1) or
16 (2) of this subsection (b), if a question or issue arises that
17 can only be addressed by accessing customer-specific or
18 additional information not described in this Section, then the
19 utility shall attempt to resolve the question or issue without
20 disclosing any customer-specific information. ~~If this process
21 does not resolve the question or issue, then either the
22 municipality or public utility can further pursue the matter
23 before the Department of Revenue, which has the discretion to
24 receive or share customer specific information with the
25 municipality as appropriate subject to confidentiality
26 restrictions.~~

1 (c) Each public utility must provide the information
2 requested under subsection (b) within 45 days after the date
3 of the request.

4 The time in which a public utility must provide the
5 information requested under subsection (b) may be extended by
6 an agreement between the municipality and the public utility.

7 (d) If an audit by the municipality or its agents finds an
8 error by the public utility in the amount of taxes paid by the
9 public utility, then the municipality must notify the public
10 utility of the error. Any such notice must be issued pursuant
11 to Section 30 of the Local Government Taxpayers' Bill of
12 Rights Act or a lesser period of time from the date the tax was
13 due that may be specified in the municipal ordinance imposing
14 the tax. Upon such a notice, any audit shall be conducted
15 pursuant to Section 35 of the Local Government Taxpayers' Bill
16 of Rights Act subject to the timelines set forth in this
17 subsection (d). The public utility must submit a written
18 response within 60 days after the date the notice was
19 postmarked stating that it has corrected the error or stating
20 the reason that the error is inapplicable or inaccurate. The
21 municipality then has 60 days after the receipt of the public
22 utility's response to review and contest the conclusion of the
23 public utility. If the parties are unable to agree on the
24 disposition of the audit findings within 120 days after the
25 notification of the error to the public utility, then either
26 party may submit the matter for appeal as outlined in Section

1 40 of the Local Government Taxpayers' Bill of Rights Act. If
2 the appeals process does not produce a satisfactory result,
3 then either party may pursue the alleged error in a court of
4 competent jurisdiction.

5 (e) The public utility shall be liable to the municipality
6 for unpaid taxes, including taxes that the public utility
7 failed to properly bill to the customer subject to ~~subsection~~
8 paragraph (2) of subsection (e-10) of this Section. This
9 subsection (e) does not limit a utility's right to an
10 offsetting credit it would otherwise be entitled to, including
11 that authorized by subsection (c) of Section 8-11-2 of this
12 ~~the~~ Code. To the extent that a public utility's errors in past
13 tax collections and payments relate to premises located in an
14 area of the municipality that was annexed on or after March 17,
15 2023 (the effective date of Public Act 102-1144) ~~this~~
16 ~~amendatory Act of the 102nd General Assembly~~, however, the
17 public utility shall only be liable for such errors beginning
18 60 days after the date that the municipality provided the
19 public utility notice of the annexation, provided that the
20 public utility provides municipalities with an email address
21 to send annexation notices. A copy of the annexation ordinance
22 and the map filed with the County Clerk sent to the email
23 address provided by the public utility shall be deemed
24 sufficient notice, but other forms of notice may also be
25 sufficient.

26 (e-5) Upon mutual agreement, a utility and municipality

1 may use a web portal in lieu of email to receive notice of
2 annexations and boundary changes. After December 31, 2025 for
3 a gas public utility that serves more than 2,000,000 customers
4 in Illinois and after December 31, 2022 for all other public
5 utilities that serve more than 1,000,000 retail customers in
6 Illinois, the public utilities shall provide a secure web
7 portal for municipalities to use, and, thereafter, the web
8 portals shall be used by all municipalities to notify the
9 public utilities of annexations. The web portal must provide
10 the municipality with an electronic record of all
11 communications and attached documents that the municipality
12 has submitted through the portal.

13 (e-10) (1) No later than August 1, 2023, the Department of
14 Revenue shall develop and publish a written process to be used
15 by each public utility and each municipality that imposes a
16 tax under Section 8-11-2 of this ~~the~~ Code, which may act
17 through its designated auditor or agent, under which:

18 (A) by December 31, 2024, and on a regular schedule
19 thereafter to occur approximately every 5 years, each
20 public utility shall work collaboratively with each
21 municipality to develop and file with the Department of
22 Revenue, a master list of all premises addresses in the
23 municipality (including premises addresses with inactive
24 accounts) that are subject to such tax and all accounts in
25 the municipality that are exempt from such tax, provided
26 that the final date for the first master list shall be

1 extended, at the utility's request, to no later than
2 December 31, 2026;

3 (B) information is provided to the municipality to
4 facilitate development of the master list including
5 information described in paragraph (1) of subsection (b)
6 of this Section regarding all accounts (including premises
7 addresses with inactive accounts) that the public
8 utility's records show are in the municipality and the
9 premises addresses in (i) any bordering municipality, (ii)
10 any bordering township, or (iii) any zip code that is in
11 any part in the municipality or that borders the
12 municipality;

13 (C) any dispute between the public utility and the
14 municipality related to the master list will be resolved;

15 (D) on a semi-annual basis following the development
16 of the master list, each public utility shall provide to
17 each municipality certain information that the
18 municipality can use to nominate changes to the master
19 list, including, but not limited to: (i) a list of any
20 tax-related changes, such as the addition or removal of an
21 exemption, or to the taxing jurisdiction, to any account
22 on the master list; and (ii) new premises addresses within
23 the municipality, any bordering municipality, in any
24 bordering township, or in any zip code that is in any part
25 in the municipality or that borders the municipality;

26 (E) accounts nominated by the municipality to be added

1 or deleted from the master list may be submitted to the
2 public utility and related disputes will be resolved;

3 (F) changes may be made to the master list; and

4 (G) the utility may file a master list based solely on
5 its records if the municipality fails to participate and
6 such a municipality may request to restart the process
7 prior to the end of the 5-year ~~five-year~~ cycle.

8 (2) No public utility is liable for any error in tax
9 collections or payments due more than 60 days after the date
10 that the first master list for the relevant municipality is
11 filed with the Department of Revenue unless such error in tax
12 collection or payment:

13 (A) was related to a premises address on the master
14 list at the time of the error;

15 (B) was related to an area of the municipality annexed
16 on or after March 17, 2023 (the effective date of Public
17 Act 102-1144) ~~this amendatory Act of the 102nd General~~
18 ~~Assembly~~, notice of which was properly provided to the
19 public utility pursuant to the procedures set forth in
20 subsection (e); or

21 (C) resulted from the public utility's failure to
22 comply with the process established in this subsection
23 (e-10).

24 (3) If the public utility uses a portal as set forth in
25 subsection (e-5), all lists, changes affecting tax collection
26 and remission, proposed corrections, and reports shall be

1 provided through such portal.

2 (e-15) If a customer paid a tax to a municipality that the
3 customer did not owe or was in excess of the tax the customer
4 owed, then the customer may, to the extent allowed by Section
5 9-252 of the Public Utilities Act, recover the tax or over
6 payment from the public utility, and any amount so paid by the
7 public utility may be deducted by that public utility from any
8 taxes then or thereafter owed by the public utility to that
9 municipality.

10 (e-20) (1) Any court of competent jurisdiction ~~The~~
11 ~~Department of Revenue~~ shall have the authority to resolve a
12 claim by a municipality that a public utility materially
13 failed to comply with the requirements of subsections (b) or
14 (c) of this Section ~~or the process developed under subsection~~
15 ~~(e-10) of this Section. If a court the Department of Revenue~~
16 finds, after notice and hearing, that a public utility (i)
17 caused a material delay in providing information properly
18 requested under such subsections or (ii) omitted a material
19 portion of information properly requested, then, if the claim
20 relates to subsections (b) or (c), the court ~~Department~~ shall
21 assess a penalty on the utility of up to \$50,000 per audit, or
22 up to \$10,000 per audit for a utility that served less than
23 100,000 retail customers on the date of the audit notice, or,
24 if the claim relates to subsection (e-10), up to \$50,000 per
25 5-year master list cycle or up to \$10,000 per cycle for a
26 utility that served less than 100,000 retail customers on the

1 date such master list was filed with the Department, which
2 penalty shall be paid by the public utility to the
3 municipality ~~Department of Revenue for deposit into the~~
4 ~~Supplemental Low Income Energy Assistance Fund.~~

5 Notwithstanding anything to the contrary, a penalty assessed
6 pursuant to this subsection shall be the exclusive remedy for
7 the conduct that is the subject of the claim. A penalty
8 assessed under this subsection shall bar and prohibit pursuit
9 of any other penalty, fine, or recovery related to the conduct
10 for which the penalty was assessed.

11 (2) No penalty shall be assessed by the Department
12 pursuant to this subsection if the Department finds that a
13 delay or omission was immaterial or de minimis.

14 (3) Any penalties or fines paid by a public utility
15 pursuant to this subsection shall not be recoverable through
16 the utility's rates.

17 (4) (Blank). ~~If a municipality and public utility have a~~
18 ~~disagreement regarding the scope or conduct of an audit~~
19 ~~undertaken pursuant to this Section, they shall work together~~
20 ~~in good faith to attempt to resolve the dispute. If, after a~~
21 ~~period of no less than 14 days, the municipality and public~~
22 ~~utility are not able to reach an agreement regarding the~~
23 ~~dispute, either entity, or both entities jointly, may submit a~~
24 ~~request to the Illinois Department of Revenue seeking~~
25 ~~resolution of the dispute, and the Department shall have the~~
26 ~~authority to resolve the issue, and shall resolve such dispute~~

1 ~~within 60 days. Each such request must include a statement~~
2 ~~showing that consultation and reasonable attempts to resolve~~
3 ~~the dispute have failed.~~

4 ~~The time period established pursuant to this Section for~~
5 ~~complying with requests for information under this Section~~
6 ~~shall be suspended during the dispute resolution processes set~~
7 ~~forth in this paragraph (4) of subsection (c 20), but only for~~
8 ~~the issue or issues that are the subject of the dispute.~~
9 ~~Information requests that are undisputed shall continue to be~~
10 ~~subject to the time periods for compliance set forth in this~~
11 ~~Section.~~

12 (f) All account-specific ~~account~~ ~~specific~~ and
13 premises-specific information provided by a public utility
14 under this Section may be used only for the purpose of an audit
15 of taxes conducted under this Section and the enforcement of
16 any related tax claim. All such information must be held in
17 strict confidence by the municipality and its agents and may
18 not be disclosed to the public under the Freedom of
19 Information Act or under any other similar statutes allowing
20 for or requiring public disclosure.

21 (g) The provisions of this Section shall not be construed
22 as diminishing or replacing any civil remedy available to a
23 municipality, taxpayer, or tax collector.

24 (h) This Section does not apply to any municipality having
25 a population greater than 1,000,000.

26 (i) The changes to subsection (e) and paragraph (2) of

1 subsection (e-10) of this Section made by Public Act 102-1144
2 ~~this amendatory Act of the 102nd General Assembly~~ apply to
3 taxes due on or after August 1, 2022. The remaining changes to
4 this Section made by Public Act 102-1144 ~~this amendatory Act~~
5 ~~of the 102nd General Assembly~~ apply on or after March 17, 2023
6 (the effective date of Public Act 102-1144) ~~this amendatory~~
7 ~~Act of the 102nd General Assembly.~~

8 (j) As used in this Section:

9 "Customer-specific information" means the name, phone
10 number, email address, and banking information of a customer.

11 "Customer-specific information" includes the load-shape data
12 associated with a customer account. "Customer-specific
13 information" does not include the tax-exempt status of the
14 premises and the name of tax-exempt ~~tax exempt~~ customers.

15 "Premises-specific information" means any information,
16 including billing and usage data, associated with a premises
17 address that is not customer-specific information.

18 "Premises address" includes the jurisdiction to which the
19 address is currently coded by the public utility for municipal
20 tax purposes.

21 (Source: P.A. 102-1144, eff. 3-17-23; revised 4-5-23.)

22 ARTICLE 35. RIVER EDGE ZONES

23 Section 35-5. The River Edge Redevelopment Zone Act is
24 amended by changing Section 10-5.3 as follows:

1 (65 ILCS 115/10-5.3)

2 Sec. 10-5.3. Certification of River Edge Redevelopment
3 Zones.

4 (a) Approval of designated River Edge Redevelopment Zones
5 shall be made by the Department by certification of the
6 designating ordinance. The Department shall promptly issue a
7 certificate for each zone upon its approval. The certificate
8 shall be signed by the Director of the Department, shall make
9 specific reference to the designating ordinance, which shall
10 be attached thereto, and shall be filed in the office of the
11 Secretary of State. A certified copy of the River Edge
12 Redevelopment Zone Certificate, or a duplicate original
13 thereof, shall be recorded in the office of the recorder of
14 deeds of the county in which the River Edge Redevelopment Zone
15 lies.

16 (b) A River Edge Redevelopment Zone shall be effective
17 upon its certification. The Department shall transmit a copy
18 of the certification to the Department of Revenue, and to the
19 designating municipality. Upon certification of a River Edge
20 Redevelopment Zone, the terms and provisions of the
21 designating ordinance shall be in effect, and may not be
22 amended or repealed except in accordance with Section 10-5.4.

23 (c) A River Edge Redevelopment Zone shall be in effect for
24 the period stated in the certificate, which shall in no event
25 exceed 30 calendar years. Zones shall terminate at midnight of

1 December 31 of the final calendar year of the certified term,
2 except as provided in Section 10-5.4.

3 (d) In calendar years 2006 and 2007, the Department may
4 certify one pilot River Edge Redevelopment Zone in the City of
5 East St. Louis, one pilot River Edge Redevelopment Zone in the
6 City of Rockford, and one pilot River Edge Redevelopment Zone
7 in the City of Aurora.

8 In calendar year 2009, the Department may certify one
9 pilot River Edge Redevelopment Zone in the City of Elgin.

10 On or after the effective date of this amendatory Act of
11 the 97th General Assembly, the Department may certify one
12 additional pilot River Edge Redevelopment Zone in the City of
13 Peoria.

14 On or after the effective date of this amendatory Act of
15 the 103rd General Assembly, the Department may certify 2
16 additional pilot River Edge Redevelopment Zones, including one
17 in the City of Joliet and one in the City of Kankakee.

18 After certifying the additional pilot River Edge
19 Redevelopment Zones authorized by the above paragraphs,
20 ~~Thereafter~~ the Department may not certify any additional River
21 Edge Redevelopment Zones, but it may amend and rescind
22 certifications of existing River Edge Redevelopment Zones in
23 accordance with Section 10-5.4, except that no River Edge
24 Redevelopment Zone may be extended on or after the effective
25 date of this amendatory Act of the 97th General Assembly. Each
26 River Edge Redevelopment Zone in existence on the effective

1 date of this amendatory Act of the 97th General Assembly shall
2 continue until its scheduled termination under this Act,
3 unless the Zone is decertified sooner. At the time of its term
4 expiration each River Edge Redevelopment Zone will become an
5 open enterprise zone, available for the previously designated
6 area or a different area to compete for designation as an
7 enterprise zone. No preference for designation as a Zone will
8 be given to the previously designated area.

9 (e) A municipality in which a River Edge Redevelopment
10 Zone has been certified must submit to the Department, within
11 60 days after the certification, a plan for encouraging the
12 participation by minority persons, women, persons with
13 disabilities, and veterans in the zone. The Department may
14 assist the municipality in developing and implementing the
15 plan. The terms "minority person", "woman", and "person with a
16 disability" have the meanings set forth under Section 2 of the
17 Business Enterprise for Minorities, Women, and Persons with
18 Disabilities Act. "Veteran" means an Illinois resident who is
19 a veteran as defined in subsection (h) of Section 1491 of Title
20 10 of the United States Code.

21 (Source: P.A. 100-391, eff. 8-25-17.)

22 ARTICLE 40. HISTORIC PRESERVATION

23 Section 40-5. The Illinois Income Tax Act is amended by
24 changing Section 228 as follows:

1 (35 ILCS 5/228)

2 Sec. 228. Historic preservation credit. For tax years
3 beginning on or after January 1, 2019 and ending on or before
4 December 31, 2028 ~~December 31, 2023~~, a taxpayer who qualifies
5 for a credit under the Historic Preservation Tax Credit Act is
6 entitled to a credit against the taxes imposed under
7 subsections (a) and (b) of Section 201 of this Act as provided
8 in that Act. If the taxpayer is a partnership, Subchapter S
9 corporation, or a limited liability company the credit shall
10 be allowed to the partners, shareholders, or members in
11 accordance with the determination of income and distributive
12 share of income under Sections 702 and 704 and Subchapter S of
13 the Internal Revenue Code provided that credits granted to a
14 partnership, a limited liability company taxed as a
15 partnership, or other multiple owners of property shall be
16 passed through to the partners, members, or owners
17 respectively on a pro rata basis or pursuant to an executed
18 agreement among the partners, members, or owners documenting
19 any alternate distribution method. If the amount of any tax
20 credit awarded under this Section exceeds the qualified
21 taxpayer's income tax liability for the year in which the
22 qualified rehabilitation plan was placed in service, the
23 excess amount may be carried forward as provided in the
24 Historic Preservation Tax Credit Act.

25 (Source: P.A. 101-81, eff. 7-12-19; 102-741, eff. 5-6-22.)

1 Section 40-10. The Historic Preservation Tax Credit Act is
2 amended by changing Sections 10 and 20 as follows:

3 (35 ILCS 31/10)

4 Sec. 10. Allowable credit.

5 (a) To the extent authorized by this Act, for taxable
6 years beginning on or after January 1, 2019 and ending on or
7 before December 31, 2028 ~~December 31, 2023~~, there shall be
8 allowed a tax credit to the qualified taxpayer against the tax
9 imposed by subsections (a) and (b) of Section 201 of the
10 Illinois Income Tax Act in an aggregate amount equal to 25% of
11 qualified expenditures, but not to exceed \$3,000,000, incurred
12 undertaking a qualified rehabilitation plan, provided that the
13 total amount of such expenditures must (i) equal \$5,000 or
14 more and (ii) exceed the adjusted basis of the structure on the
15 first day the qualified rehabilitation plan commenced. If the
16 qualified rehabilitation plan spans multiple years, the
17 aggregate credit for the entire project shall be allowed in
18 the last taxable year.

19 (b) To obtain a tax credit certificate pursuant to this
20 Section, the qualified taxpayer must apply with the Division.
21 The Division shall determine the amount of eligible
22 rehabilitation expenditures within 45 days after receipt of a
23 complete application. The taxpayer must provide to the
24 Division a third-party cost certification conducted by a

1 certified public accountant verifying (i) the qualified and
2 non-qualified rehabilitation expenses and (ii) that the
3 qualified expenditures exceed the adjusted basis of the
4 structure on the first day the qualified rehabilitation plan
5 commenced. The accountant shall provide appropriate review and
6 testing of invoices. The Division is authorized, but not
7 required, to accept this third-party cost certification to
8 determine the amount of qualified expenditures. The Division
9 and the National Park Service shall determine whether the
10 rehabilitation is consistent with the Standards of the
11 Secretary of the United States Department of the Interior.

12 (c) If the amount of any tax credit awarded under this Act
13 exceeds the qualified taxpayer's income tax liability for the
14 year in which the qualified rehabilitation plan was placed in
15 service, the excess amount may be carried forward for
16 deduction from the taxpayer's income tax liability in the next
17 succeeding year or years until the total amount of the credit
18 has been used, except that a credit may not be carried forward
19 for deduction after the tenth taxable year after the taxable
20 year in which the qualified rehabilitation plan was placed in
21 service. Upon completion of the project and approval of the
22 complete application, the Division shall issue a single
23 certificate in the amount of the eligible credits equal to 25%
24 of the qualified expenditures incurred during the eligible
25 taxable years, not to exceed the lesser of the allocated
26 amount or \$3,000,000 per single qualified rehabilitation plan.

1 Prior to the issuance of the tax credit certificate, the
2 qualified taxpayer must provide to the Division verification
3 that the rehabilitated structure is a qualified historic
4 structure. At the time the certificate is issued, an issuance
5 fee up to the maximum amount of 2% of the amount of the credits
6 issued by the certificate may be collected from the qualified
7 taxpayer to administer the Act. If collected, this issuance
8 fee shall be directed to the Division Historic Property
9 Administrative Fund or other such fund as appropriate for use
10 of the Division in the administration of the Historic
11 Preservation Tax Credit Program. The taxpayer must attach the
12 certificate or legal documentation of her or his proportional
13 share of the certificate to the tax return on which the credits
14 are to be claimed. The tax credit under this Section may not
15 reduce the taxpayer's liability to less than zero. If the
16 amount of the credit exceeds the tax liability for the year,
17 the excess credit may be carried forward and applied to the tax
18 liability of the 10 taxable years following the first excess
19 credit year. The taxpayer is not eligible to receive credits
20 under this Section and under Section 221 of the Illinois
21 Income Tax Act for the same qualified expenditures or
22 qualified rehabilitation plan.

23 (d) If the taxpayer is (i) a corporation having an
24 election in effect under Subchapter S of the federal Internal
25 Revenue Code, (ii) a partnership, or (iii) a limited liability
26 company, the credit provided under this Act may be claimed by

1 the shareholders of the corporation, the partners of the
2 partnership, or the members of the limited liability company
3 in the same manner as those shareholders, partners, or members
4 account for their proportionate shares of the income or losses
5 of the corporation, partnership, or limited liability company,
6 or as provided in the bylaws or other executed agreement of the
7 corporation, partnership, or limited liability company.
8 Credits granted to a partnership, a limited liability company
9 taxed as a partnership, or other multiple owners of property
10 shall be passed through to the partners, members, or owners
11 respectively on a pro rata basis or pursuant to an executed
12 agreement among the partners, members, or owners documenting
13 any alternate distribution method.

14 (e) If a recapture event occurs during the recapture
15 period with respect to a qualified historic structure, then
16 for any taxable year in which the credits are allowed as
17 specified in this Act, the tax under the applicable Section of
18 this Act shall be increased by applying the recapture
19 percentage set forth below to the tax decrease resulting from
20 the application of credits allowed under this Act to the
21 taxable year in question.

22 For the purposes of this subsection, the recapture
23 percentage shall be determined as follows:

- 24 (1) if the recapture event occurs within the first
25 year after commencement of the recapture period, then the
26 recapture percentage is 100%;

1 (2) if the recapture event occurs within the second
2 year after commencement of the recapture period, then the
3 recapture percentage is 80%;

4 (3) if the recapture event occurs within the third
5 year after commencement of the recapture period, then the
6 recapture percentage is 60%;

7 (4) if the recapture event occurs within the fourth
8 year after commencement of the recapture period, then the
9 recapture percentage is 40%; and

10 (5) if the recapture event occurs within the fifth
11 year after commencement of the recapture period, then the
12 recapture percentage is 20%.

13 In the case of any recapture event, the carryforwards
14 under this Act shall be adjusted by reason of such event.

15 (f) The Division may adopt rules to implement this Section
16 in addition to the rules expressly authorized herein.

17 (Source: P.A. 101-81, eff. 7-12-19; 102-741, eff. 5-6-22.)

18 (35 ILCS 31/20)

19 Sec. 20. Limitations, reporting, and monitoring.

20 (a) In each ~~every~~ calendar year beginning on or after
21 January 1, 2019 and ending on or before December 31, 2023 ~~that~~
22 ~~this program is in effect~~, the Division is authorized to
23 allocate \$15,000,000 in tax credits in addition to any
24 unallocated, returned, or rescinded allocations from previous
25 years, pursuant to qualified rehabilitation plans. In each

1 calendar year beginning on or after January 1, 2024 and ending
2 on or before December 31, 2028, the Division is authorized to
3 allocate \$25,000,000 in tax credits in addition to any
4 unallocated, returned, or rescinded allocations from previous
5 years, pursuant to qualified rehabilitation plans. The
6 Division shall not allocate or award more than \$3,000,000 in
7 tax credits with regard to a single qualified rehabilitation
8 plan. In allocating tax credits under this Act, the Division
9 must prioritize applications that meet one or more of the
10 following:

11 (1) the structure is located in a county that borders
12 a State with a historic income-producing property
13 rehabilitation credit;

14 (2) the structure was previously owned by a federal,
15 state, or local governmental entity for no less than 6
16 months;

17 (3) the structure is located in a census tract that
18 has a median family income at or below the State median
19 family income; data from the most recent 5-year estimate
20 from the American Community Survey (ACS), published by the
21 U.S. Census Bureau, shall be used to determine
22 eligibility;

23 (4) the qualified rehabilitation plan includes in the
24 development partnership a Community Development Entity or
25 a low-profit (B Corporation) or not-for-profit
26 organization, as defined by Section 501(c)(3) of the

1 Internal Revenue Code; or

2 (5) the structure is located in an area declared under
3 an Emergency Declaration or Major Disaster Declaration
4 under the federal Robert T. Stafford Disaster Relief and
5 Emergency Assistance Act. The declaration must be no older
6 than 3 years at the time of application.

7 (b) The annual aggregate authorization of \$15,000,000 set
8 forth in subsection (a) shall be allocated by the Division, in
9 such proportion as determined by the Director twice in each
10 calendar year that the program is in effect, provided that the
11 amount initially allocated by the Division for the first
12 calendar year application period shall not exceed 65% of the
13 total amount available for allocation. Any unallocated amount
14 remaining as of the end of the second application period of a
15 given calendar year shall be rolled over and added to the total
16 authorized amount for the next available calendar year. The
17 qualified rehabilitation plan must meet a readiness test, as
18 defined by the Division, in order for the application to
19 qualify. In any given application period, applications that
20 qualify under this Act will be prioritized as set forth in
21 subsection (a) and placed in a queue based on the date and time
22 the application is received. Applicants whose applications
23 qualify but do not receive an allocation must reapply to be
24 considered in subsequent application periods.

25 (c) Subject to appropriation to the Division, moneys in
26 the Historic Property Administrative Fund shall be used, on a

1 biennial basis, beginning at the end of the second fiscal year
2 after the effective date of this Act, to hire a qualified third
3 party to prepare a biennial report to assess the overall
4 impact of this Act from the qualified rehabilitation plans
5 under this Act completed in that year and in previous years.
6 Baseline data of the metrics in the report shall be collected
7 at the initiation of a qualified rehabilitation plan. The
8 overall economic impact shall include at least:

9 (1) the number of applications, project locations, and
10 proposed use of qualified historic structures;

11 (2) the amount of credits awarded and the number and
12 location of projects receiving credit allocations;

13 (3) the status of ongoing projects and projected
14 qualifying expenditures for ongoing projects;

15 (4) for completed projects, the total amount of
16 qualifying rehabilitation expenditures and non-qualifying
17 expenditures, the number of housing units created and the
18 number of housing units that qualify as affordable, and
19 the total square footage rehabilitated and developed;

20 (5) direct, indirect, and induced economic impacts;

21 (6) temporary, permanent, and construction jobs
22 created; and

23 (7) sales, income, and property tax generation before
24 construction, during construction, and after completion.

25 The report to the General Assembly shall be filed with the
26 Clerk of the House of Representatives and the Secretary of the

1 Senate in electronic form only, in the manner that the Clerk
2 and the Secretary shall direct.

3 (d) Any time prior to issuance of a tax credit
4 certificate, the Director of the Division, the State Historic
5 Preservation Officer, or staff of the Division may, upon
6 reasonable notice of not less than 3 business days, conduct a
7 site visit to the project to inspect and evaluate the project.

8 (e) Any time prior to the issuance of a tax credit
9 certificate, the Director may, upon reasonable notice of not
10 less than 30 calendar days, request a status report from the
11 Applicant consisting of information and updates relevant to
12 the status of the project. Status reports shall not be
13 requested more than twice yearly.

14 (f) In order to demonstrate sufficient evidence of
15 reviewable progress within 12 months after the date the
16 Applicant received notification of allocation from the
17 Division, the Director may require the Applicant to provide
18 all of the following:

19 (1) a viable financial plan which demonstrates by way
20 of an executed agreement that all financing has been
21 secured for the project; such financing shall include, but
22 not be limited to, equity investment as demonstrated by
23 letters of commitment from the owner of the property,
24 investment partners, and equity investors;

25 (2) (blank); and

26 (3) all historic approvals, including all federal and

1 State rehabilitation documents required by the Division.

2 The Director shall review the submitted evidence and may
3 request additional documentation from the Applicant if
4 necessary. The Applicant will have 30 calendar days to provide
5 the information requested, otherwise the allocation may be
6 rescinded at the discretion of the Director.

7 (g) In order to demonstrate sufficient evidence of
8 reviewable progress within 24 months after the date the
9 application received notification of approval from the
10 Division, the Director may require the Applicant to provide
11 detailed evidence that the Applicant has secured and closed on
12 financing for the complete scope of rehabilitation for the
13 project. To demonstrate evidence that the Applicant has
14 secured and closed on financing, the Applicant will need to
15 provide signed and processed loan agreements, bank financing
16 documents or other legal and contractual evidence to
17 demonstrate that adequate financing is available to complete
18 the project. The Director shall review the submitted evidence
19 and may request additional documentation from the Applicant if
20 necessary. The Applicant will have 30 calendar days to provide
21 the information requested, otherwise the allocation may be
22 rescinded at the discretion of the Director.

23 If the Applicant fails to document reviewable progress
24 within 24 months of approval, the Director may notify the
25 Applicant that the allocation is rescinded. However, should
26 financing and construction be imminent, the Director may elect

1 to grant the Applicant no more than 5 months to close on
2 financing and commence construction. If the Applicant fails to
3 meet these conditions in the required timeframe, the Director
4 shall notify the Applicant that the allocation is rescinded.
5 Any such rescinded allocation shall be added to the aggregate
6 amount of credits available for allocation for the year in
7 which the forfeiture occurred.

8 The amount of the qualified expenditures identified in the
9 qualified taxpayer's certification of completion and reflected
10 on the Historic Preservation Tax Credit certificate issued by
11 the Director is subject to inspection, examination, and audit
12 by the Department of Revenue.

13 The qualified taxpayer shall establish and maintain for a
14 period of 4 years following the effective date on a project tax
15 credit certificate such records as required by the Director.
16 Such records include, but are not limited to, records
17 documenting project expenditures and compliance with the U.S.
18 Secretary of the Interior's Standards. The qualified taxpayer
19 shall make such records available for review and verification
20 by the Director, the State Historic Preservation Officer, the
21 Department of Revenue, or appropriate staff, as well as other
22 appropriate State agencies. In the event the Director
23 determines an Applicant has submitted a status report
24 containing erroneous information or data not supported by
25 records established and maintained under this Act, the
26 Director may, after providing notice, require the Applicant to

1 resubmit corrected reports.

2 (Source: P.A. 102-741, eff. 5-6-22.)

3 ARTICLE 45. HIGH IMPACT BUSINESSES

4 Section 45-5. The Illinois Enterprise Zone Act is amended
5 by changing Section 5.5 as follows:

6 (20 ILCS 655/5.5) (from Ch. 67 1/2, par. 609.1)

7 Sec. 5.5. High Impact Business.

8 (a) In order to respond to unique opportunities to assist
9 in the encouragement, development, growth, and expansion of
10 the private sector through large scale investment and
11 development projects, the Department is authorized to receive
12 and approve applications for the designation of "High Impact
13 Businesses" in Illinois, for an initial term of 20 years with
14 an option for renewal for a term not to exceed 20 years,
15 subject to the following conditions:

16 (1) such applications may be submitted at any time
17 during the year;

18 (2) such business is not located, at the time of
19 designation, in an enterprise zone designated pursuant to
20 this Act;

21 (3) the business intends to do one or more of the
22 following:

23 (A) the business intends to make a minimum

1 investment of \$12,000,000 which will be placed in
2 service in qualified property and intends to create
3 500 full-time equivalent jobs at a designated location
4 in Illinois or intends to make a minimum investment of
5 \$30,000,000 which will be placed in service in
6 qualified property and intends to retain 1,500
7 full-time retained jobs at a designated location in
8 Illinois. The terms "placed in service" and "qualified
9 property" have the same meanings as described in
10 subsection (h) of Section 201 of the Illinois Income
11 Tax Act; or

12 (B) the business intends to establish a new
13 electric generating facility at a designated location
14 in Illinois. "New electric generating facility", for
15 purposes of this Section, means a newly constructed
16 electric generation plant or a newly constructed
17 generation capacity expansion at an existing electric
18 generation plant, including the transmission lines and
19 associated equipment that transfers electricity from
20 points of supply to points of delivery, and for which
21 such new foundation construction commenced not sooner
22 than July 1, 2001. Such facility shall be designed to
23 provide baseload electric generation and shall operate
24 on a continuous basis throughout the year; and (i)
25 shall have an aggregate rated generating capacity of
26 at least 1,000 megawatts for all new units at one site

1 if it uses natural gas as its primary fuel and
2 foundation construction of the facility is commenced
3 on or before December 31, 2004, or shall have an
4 aggregate rated generating capacity of at least 400
5 megawatts for all new units at one site if it uses coal
6 or gases derived from coal as its primary fuel and
7 shall support the creation of at least 150 new
8 Illinois coal mining jobs, or (ii) shall be funded
9 through a federal Department of Energy grant before
10 December 31, 2010 and shall support the creation of
11 Illinois coal-mining jobs, or (iii) shall use coal
12 gasification or integrated gasification-combined cycle
13 units that generate electricity or chemicals, or both,
14 and shall support the creation of Illinois coal-mining
15 jobs. The term "placed in service" has the same
16 meaning as described in subsection (h) of Section 201
17 of the Illinois Income Tax Act; or

18 (B-5) the business intends to establish a new
19 gasification facility at a designated location in
20 Illinois. As used in this Section, "new gasification
21 facility" means a newly constructed coal gasification
22 facility that generates chemical feedstocks or
23 transportation fuels derived from coal (which may
24 include, but are not limited to, methane, methanol,
25 and nitrogen fertilizer), that supports the creation
26 or retention of Illinois coal-mining jobs, and that

1 qualifies for financial assistance from the Department
2 before December 31, 2010. A new gasification facility
3 does not include a pilot project located within
4 Jefferson County or within a county adjacent to
5 Jefferson County for synthetic natural gas from coal;
6 or

7 (C) the business intends to establish production
8 operations at a new coal mine, re-establish production
9 operations at a closed coal mine, or expand production
10 at an existing coal mine at a designated location in
11 Illinois not sooner than July 1, 2001; provided that
12 the production operations result in the creation of
13 150 new Illinois coal mining jobs as described in
14 subdivision (a)(3)(B) of this Section, and further
15 provided that the coal extracted from such mine is
16 utilized as the predominant source for a new electric
17 generating facility. The term "placed in service" has
18 the same meaning as described in subsection (h) of
19 Section 201 of the Illinois Income Tax Act; or

20 (D) the business intends to construct new
21 transmission facilities or upgrade existing
22 transmission facilities at designated locations in
23 Illinois, for which construction commenced not sooner
24 than July 1, 2001. For the purposes of this Section,
25 "transmission facilities" means transmission lines
26 with a voltage rating of 115 kilovolts or above,

1 including associated equipment, that transfer
2 electricity from points of supply to points of
3 delivery and that transmit a majority of the
4 electricity generated by a new electric generating
5 facility designated as a High Impact Business in
6 accordance with this Section. The term "placed in
7 service" has the same meaning as described in
8 subsection (h) of Section 201 of the Illinois Income
9 Tax Act; or

10 (E) the business intends to establish a new wind
11 power facility at a designated location in Illinois.
12 For purposes of this Section, "new wind power
13 facility" means a newly constructed electric
14 generation facility, a newly constructed expansion of
15 an existing electric generation facility, or the
16 replacement of an existing electric generation
17 facility, including the demolition and removal of an
18 electric generation facility irrespective of whether
19 it will be replaced, placed in service or replaced on
20 or after July 1, 2009, that generates electricity
21 using wind energy devices, and such facility shall be
22 deemed to include any permanent structures associated
23 with the electric generation facility and all
24 associated transmission lines, substations, and other
25 equipment related to the generation of electricity
26 from wind energy devices. For purposes of this

1 Section, "wind energy device" means any device, with a
2 nameplate capacity of at least 0.5 megawatts, that is
3 used in the process of converting kinetic energy from
4 the wind to generate electricity; or

5 (E-5) the business intends to establish a new
6 utility-scale solar facility at a designated location
7 in Illinois. For purposes of this Section, "new
8 utility-scale solar power facility" means a newly
9 constructed electric generation facility, or a newly
10 constructed expansion of an existing electric
11 generation facility, placed in service on or after
12 July 1, 2021, that (i) generates electricity using
13 photovoltaic cells and (ii) has a nameplate capacity
14 that is greater than 5,000 kilowatts, and such
15 facility shall be deemed to include all associated
16 transmission lines, substations, energy storage
17 facilities, and other equipment related to the
18 generation and storage of electricity from
19 photovoltaic cells; or

20 (F) the business commits to (i) make a minimum
21 investment of \$500,000,000, which will be placed in
22 service in a qualified property, (ii) create 125
23 full-time equivalent jobs at a designated location in
24 Illinois, (iii) establish a fertilizer plant at a
25 designated location in Illinois that complies with the
26 set-back standards as described in Table 1: Initial

1 Isolation and Protective Action Distances in the 2012
2 Emergency Response Guidebook published by the United
3 States Department of Transportation, (iv) pay a
4 prevailing wage for employees at that location who are
5 engaged in construction activities, and (v) secure an
6 appropriate level of general liability insurance to
7 protect against catastrophic failure of the fertilizer
8 plant or any of its constituent systems; in addition,
9 the business must agree to enter into a construction
10 project labor agreement including provisions
11 establishing wages, benefits, and other compensation
12 for employees performing work under the project labor
13 agreement at that location; for the purposes of this
14 Section, "fertilizer plant" means a newly constructed
15 or upgraded plant utilizing gas used in the production
16 of anhydrous ammonia and downstream nitrogen
17 fertilizer products for resale; for the purposes of
18 this Section, "prevailing wage" means the hourly cash
19 wages plus fringe benefits for training and
20 apprenticeship programs approved by the U.S.
21 Department of Labor, Bureau of Apprenticeship and
22 Training, health and welfare, insurance, vacations and
23 pensions paid generally, in the locality in which the
24 work is being performed, to employees engaged in work
25 of a similar character on public works; this paragraph
26 (F) applies only to businesses that submit an

1 application to the Department within 60 days after
2 July 25, 2013 (the effective date of Public Act
3 98-109); or and

4 (G) the business intends to establish a new
5 cultured cell material food production facility at a
6 designated location in Illinois. As used in this
7 paragraph (G):

8 "Cultured cell material food production facility"
9 means a facility (i) at which cultured animal cell
10 food is developed using animal cell culture
11 technology, (ii) at which production processes occur
12 that include the establishment of cell lines and cell
13 banks, manufacturing controls, and all components and
14 inputs, and (iii) that complies with all existing
15 registrations, inspections, licensing, and approvals
16 from all applicable and participating State and
17 federal food agencies, including the Department of
18 Agriculture, the Department of Public Health, and the
19 United States Food and Drug Administration, to ensure
20 that all food production is safe and lawful under
21 provisions of the Federal Food, Drug and Cosmetic Act
22 related to the development, production, and storage of
23 cultured animal cell food.

24 "New cultured cell material food production
25 facility" means a newly constructed cultured cell
26 material food production facility that is placed in

1 service on or after the effective date of this
2 amendatory Act of the 103rd General Assembly or a
3 newly constructed expansion of an existing cultured
4 cell material food production facility, in a
5 controlled environment, when the improvements are
6 placed in service on or after the effective date of
7 this amendatory Act of the 103rd General Assembly; and

8 (4) no later than 90 days after an application is
9 submitted, the Department shall notify the applicant of
10 the Department's determination of the qualification of the
11 proposed High Impact Business under this Section.

12 (b) Businesses designated as High Impact Businesses
13 pursuant to subdivision (a)(3)(A) of this Section shall
14 qualify for the credits and exemptions described in the
15 following Acts: Section 9-222 and Section 9-222.1A of the
16 Public Utilities Act, subsection (h) of Section 201 of the
17 Illinois Income Tax Act, and Section 1d of the Retailers'
18 Occupation Tax Act; provided that these credits and exemptions
19 described in these Acts shall not be authorized until the
20 minimum investments set forth in subdivision (a)(3)(A) of this
21 Section have been placed in service in qualified properties
22 and, in the case of the exemptions described in the Public
23 Utilities Act and Section 1d of the Retailers' Occupation Tax
24 Act, the minimum full-time equivalent jobs or full-time
25 retained jobs set forth in subdivision (a)(3)(A) of this
26 Section have been created or retained. Businesses designated

1 as High Impact Businesses under this Section shall also
2 qualify for the exemption described in Section 51 of the
3 Retailers' Occupation Tax Act. The credit provided in
4 subsection (h) of Section 201 of the Illinois Income Tax Act
5 shall be applicable to investments in qualified property as
6 set forth in subdivision (a) (3) (A) of this Section.

7 (b-5) Businesses designated as High Impact Businesses
8 pursuant to subdivisions (a) (3) (B), (a) (3) (B-5), (a) (3) (C),
9 ~~and~~ (a) (3) (D), and (a) (3) (G) of this Section shall qualify for
10 the credits and exemptions described in the following Acts:
11 Section 51 of the Retailers' Occupation Tax Act, Section 9-222
12 and Section 9-222.1A of the Public Utilities Act, and
13 subsection (h) of Section 201 of the Illinois Income Tax Act;
14 however, the credits and exemptions authorized under Section
15 9-222 and Section 9-222.1A of the Public Utilities Act, and
16 subsection (h) of Section 201 of the Illinois Income Tax Act
17 shall not be authorized until the new electric generating
18 facility, the new gasification facility, the new transmission
19 facility, ~~or~~ the new, expanded, or reopened coal mine, or the
20 new cultured cell material food production facility is
21 operational, except that a new electric generating facility
22 whose primary fuel source is natural gas is eligible only for
23 the exemption under Section 51 of the Retailers' Occupation
24 Tax Act.

25 (b-6) Businesses designated as High Impact Businesses
26 pursuant to subdivision (a) (3) (E) or (a) (3) (E-5) of this

1 Section shall qualify for the exemptions described in Section
2 51 of the Retailers' Occupation Tax Act; any business so
3 designated as a High Impact Business being, for purposes of
4 this Section, a "Wind Energy Business".

5 (b-7) Beginning on January 1, 2021, businesses designated
6 as High Impact Businesses by the Department shall qualify for
7 the High Impact Business construction jobs credit under
8 subsection (h-5) of Section 201 of the Illinois Income Tax Act
9 if the business meets the criteria set forth in subsection (i)
10 of this Section. The total aggregate amount of credits awarded
11 under the Blue Collar Jobs Act (Article 20 of Public Act 101-9)
12 shall not exceed \$20,000,000 in any State fiscal year.

13 (c) High Impact Businesses located in federally designated
14 foreign trade zones or sub-zones are also eligible for
15 additional credits, exemptions and deductions as described in
16 the following Acts: Section 9-221 and Section 9-222.1 of the
17 Public Utilities Act; and subsection (g) of Section 201, and
18 Section 203 of the Illinois Income Tax Act.

19 (d) Except for businesses contemplated under subdivision
20 (a) (3) (E), ~~or~~ (a) (3) (E-5), or (a) (3) (G) of this Section,
21 existing Illinois businesses which apply for designation as a
22 High Impact Business must provide the Department with the
23 prospective plan for which 1,500 full-time retained jobs would
24 be eliminated in the event that the business is not
25 designated.

26 (e) Except for new businesses ~~wind power facilities~~

1 contemplated under subdivision (a) (3) (E) or subdivision
2 (a) (3) (G) of this Section, new proposed facilities which apply
3 for designation as High Impact Business must provide the
4 Department with proof of alternative non-Illinois sites which
5 would receive the proposed investment and job creation in the
6 event that the business is not designated as a High Impact
7 Business.

8 (f) Except for businesses contemplated under subdivision
9 (a) (3) (E) or subdivision (a) (3) (G) of this Section, in the
10 event that a business is designated a High Impact Business and
11 it is later determined after reasonable notice and an
12 opportunity for a hearing as provided under the Illinois
13 Administrative Procedure Act, that the business would have
14 placed in service in qualified property the investments and
15 created or retained the requisite number of jobs without the
16 benefits of the High Impact Business designation, the
17 Department shall be required to immediately revoke the
18 designation and notify the Director of the Department of
19 Revenue who shall begin proceedings to recover all wrongfully
20 exempted State taxes with interest. The business shall also be
21 ineligible for all State funded Department programs for a
22 period of 10 years.

23 (g) The Department shall revoke a High Impact Business
24 designation if the participating business fails to comply with
25 the terms and conditions of the designation.

26 (h) Prior to designating a business, the Department shall

1 provide the members of the General Assembly and Commission on
2 Government Forecasting and Accountability with a report
3 setting forth the terms and conditions of the designation and
4 guarantees that have been received by the Department in
5 relation to the proposed business being designated.

6 (i) High Impact Business construction jobs credit.
7 Beginning on January 1, 2021, a High Impact Business may
8 receive a tax credit against the tax imposed under subsections
9 (a) and (b) of Section 201 of the Illinois Income Tax Act in an
10 amount equal to 50% of the amount of the incremental income tax
11 attributable to High Impact Business construction jobs credit
12 employees employed in the course of completing a High Impact
13 Business construction jobs project. However, the High Impact
14 Business construction jobs credit may equal 75% of the amount
15 of the incremental income tax attributable to High Impact
16 Business construction jobs credit employees if the High Impact
17 Business construction jobs credit project is located in an
18 underserved area.

19 The Department shall certify to the Department of Revenue:
20 (1) the identity of taxpayers that are eligible for the High
21 Impact Business construction jobs credit; and (2) the amount
22 of High Impact Business construction jobs credits that are
23 claimed pursuant to subsection (h-5) of Section 201 of the
24 Illinois Income Tax Act in each taxable year. Any business
25 entity that receives a High Impact Business construction jobs
26 credit shall maintain a certified payroll pursuant to

1 subsection (j) of this Section.

2 As used in this subsection (i):

3 "High Impact Business construction jobs credit" means an
4 amount equal to 50% (or 75% if the High Impact Business
5 construction project is located in an underserved area) of the
6 incremental income tax attributable to High Impact Business
7 construction job employees. The total aggregate amount of
8 credits awarded under the Blue Collar Jobs Act (Article 20 of
9 Public Act 101-9) shall not exceed \$20,000,000 in any State
10 fiscal year

11 "High Impact Business construction job employee" means a
12 laborer or worker who is employed by an Illinois contractor or
13 subcontractor in the actual construction work on the site of a
14 High Impact Business construction job project.

15 "High Impact Business construction jobs project" means
16 building a structure or building or making improvements of any
17 kind to real property, undertaken and commissioned by a
18 business that was designated as a High Impact Business by the
19 Department. The term "High Impact Business construction jobs
20 project" does not include the routine operation, routine
21 repair, or routine maintenance of existing structures,
22 buildings, or real property.

23 "Incremental income tax" means the total amount withheld
24 during the taxable year from the compensation of High Impact
25 Business construction job employees.

26 "Underserved area" means a geographic area that meets one

1 or more of the following conditions:

2 (1) the area has a poverty rate of at least 20%
3 according to the latest American Community Survey;

4 (2) 35% or more of the families with children in the
5 area are living below 130% of the poverty line, according
6 to the latest American Community Survey;

7 (3) at least 20% of the households in the area receive
8 assistance under the Supplemental Nutrition Assistance
9 Program (SNAP); or

10 (4) the area has an average unemployment rate, as
11 determined by the Illinois Department of Employment
12 Security, that is more than 120% of the national
13 unemployment average, as determined by the U.S. Department
14 of Labor, for a period of at least 2 consecutive calendar
15 years preceding the date of the application.

16 (j) Each contractor and subcontractor who is engaged in
17 and executing a High Impact Business Construction jobs
18 project, as defined under subsection (i) of this Section, for
19 a business that is entitled to a credit pursuant to subsection
20 (i) of this Section shall:

21 (1) make and keep, for a period of 5 years from the
22 date of the last payment made on or after June 5, 2019 (the
23 effective date of Public Act 101-9) on a contract or
24 subcontract for a High Impact Business Construction Jobs
25 Project, records for all laborers and other workers
26 employed by the contractor or subcontractor on the

1 project; the records shall include:

2 (A) the worker's name;

3 (B) the worker's address;

4 (C) the worker's telephone number, if available;

5 (D) the worker's social security number;

6 (E) the worker's classification or
7 classifications;

8 (F) the worker's gross and net wages paid in each
9 pay period;

10 (G) the worker's number of hours worked each day;

11 (H) the worker's starting and ending times of work
12 each day;

13 (I) the worker's hourly wage rate;

14 (J) the worker's hourly overtime wage rate;

15 (K) the worker's race and ethnicity; and

16 (L) the worker's gender;

17 (2) no later than the 15th day of each calendar month,
18 provide a certified payroll for the immediately preceding
19 month to the taxpayer in charge of the High Impact
20 Business construction jobs project; within 5 business days
21 after receiving the certified payroll, the taxpayer shall
22 file the certified payroll with the Department of Labor
23 and the Department of Commerce and Economic Opportunity; a
24 certified payroll must be filed for only those calendar
25 months during which construction on a High Impact Business
26 construction jobs project has occurred; the certified

1 payroll shall consist of a complete copy of the records
2 identified in paragraph (1) of this subsection (j), but
3 may exclude the starting and ending times of work each
4 day; the certified payroll shall be accompanied by a
5 statement signed by the contractor or subcontractor or an
6 officer, employee, or agent of the contractor or
7 subcontractor which avers that:

8 (A) he or she has examined the certified payroll
9 records required to be submitted by the Act and such
10 records are true and accurate; and

11 (B) the contractor or subcontractor is aware that
12 filing a certified payroll that he or she knows to be
13 false is a Class A misdemeanor.

14 A general contractor is not prohibited from relying on a
15 certified payroll of a lower-tier subcontractor, provided the
16 general contractor does not knowingly rely upon a
17 subcontractor's false certification.

18 Any contractor or subcontractor subject to this
19 subsection, and any officer, employee, or agent of such
20 contractor or subcontractor whose duty as an officer,
21 employee, or agent it is to file a certified payroll under this
22 subsection, who willfully fails to file such a certified
23 payroll on or before the date such certified payroll is
24 required by this paragraph to be filed and any person who
25 willfully files a false certified payroll that is false as to
26 any material fact is in violation of this Act and guilty of a

1 Class A misdemeanor.

2 The taxpayer in charge of the project shall keep the
3 records submitted in accordance with this subsection on or
4 after June 5, 2019 (the effective date of Public Act 101-9) for
5 a period of 5 years from the date of the last payment for work
6 on a contract or subcontract for the High Impact Business
7 construction jobs project.

8 The records submitted in accordance with this subsection
9 shall be considered public records, except an employee's
10 address, telephone number, and social security number, and
11 made available in accordance with the Freedom of Information
12 Act. The Department of Labor shall share the information with
13 the Department in order to comply with the awarding of a High
14 Impact Business construction jobs credit. A contractor,
15 subcontractor, or public body may retain records required
16 under this Section in paper or electronic format.

17 (k) Upon 7 business days' notice, each contractor and
18 subcontractor shall make available for inspection and copying
19 at a location within this State during reasonable hours, the
20 records identified in this subsection (j) to the taxpayer in
21 charge of the High Impact Business construction jobs project,
22 its officers and agents, the Director of the Department of
23 Labor and his or her deputies and agents, and to federal,
24 State, or local law enforcement agencies and prosecutors.

25 (l) The changes made to this Section by this amendatory
26 Act of the 102nd General Assembly, other than the changes in

1 subsection (a), apply to high impact businesses that submit
2 applications on or after the effective date of this amendatory
3 Act of the 102nd General Assembly.

4 (Source: P.A. 101-9, eff. 6-5-19; 102-108, eff. 1-1-22;
5 102-558, eff. 8-20-21; 102-605, eff. 8-27-21; 102-662, eff.
6 9-15-21; 102-673, eff. 11-30-21; 102-813, eff. 5-13-22;
7 102-1125, eff. 2-3-23.)

8 Section 45-10. The Economic Development for a Growing
9 Economy Tax Credit Act is amended by changing Sections 5-5 and
10 5-15 as follows:

11 (35 ILCS 10/5-5)

12 Sec. 5-5. Definitions. As used in this Act:

13 "Agreement" means the Agreement between a Taxpayer and the
14 Department under the provisions of Section 5-50 of this Act.

15 "Applicant" means a Taxpayer that is operating a business
16 located or that the Taxpayer plans to locate within the State
17 of Illinois and that is engaged in interstate or intrastate
18 commerce for the purpose of manufacturing, processing,
19 assembling, warehousing, or distributing products, conducting
20 research and development, providing tourism services, or
21 providing services in interstate commerce, office industries,
22 or agricultural processing, but excluding retail, retail food,
23 health, or professional services. "Applicant" does not include
24 a Taxpayer who closes or substantially reduces an operation at

1 one location in the State and relocates substantially the same
2 operation to another location in the State. This does not
3 prohibit a Taxpayer from expanding its operations at another
4 location in the State, provided that existing operations of a
5 similar nature located within the State are not closed or
6 substantially reduced. This also does not prohibit a Taxpayer
7 from moving its operations from one location in the State to
8 another location in the State for the purpose of expanding the
9 operation provided that the Department determines that
10 expansion cannot reasonably be accommodated within the
11 municipality in which the business is located, or in the case
12 of a business located in an incorporated area of the county,
13 within the county in which the business is located, after
14 conferring with the chief elected official of the municipality
15 or county and taking into consideration any evidence offered
16 by the municipality or county regarding the ability to
17 accommodate expansion within the municipality or county.

18 "Credit" means the amount agreed to between the Department
19 and Applicant under this Act, but not to exceed the lesser of:
20 (1) the sum of (i) 50% of the Incremental Income Tax
21 attributable to New Employees at the Applicant's project and
22 (ii) 10% of the training costs of New Employees; or (2) 100% of
23 the Incremental Income Tax attributable to New Employees at
24 the Applicant's project. However, if the project is located in
25 an underserved area, then the amount of the Credit may not
26 exceed the lesser of: (1) the sum of (i) 75% of the Incremental

1 Income Tax attributable to New Employees at the Applicant's
2 project and (ii) 10% of the training costs of New Employees; or
3 (2) 100% of the Incremental Income Tax attributable to New
4 Employees at the Applicant's project. If the project is not
5 located in an underserved area and the Applicant agrees to
6 hire the required number of New Employees, then the maximum
7 amount of the Credit for that Applicant may be increased by an
8 amount not to exceed 25% of the Incremental Income Tax
9 attributable to retained employees at the Applicant's project.
10 If the project is located in an underserved area and the
11 Applicant agrees to hire the required number of New Employees,
12 then the maximum amount of the credit for that Applicant may be
13 increased by an amount not to exceed 50% of the Incremental
14 Income Tax attributable to retained employees at the
15 Applicant's project.

16 "Department" means the Department of Commerce and Economic
17 Opportunity.

18 "Director" means the Director of Commerce and Economic
19 Opportunity.

20 "Full-time Employee" means an individual who is employed
21 for consideration for at least 35 hours each week or who
22 renders any other standard of service generally accepted by
23 industry custom or practice as full-time employment. An
24 individual for whom a W-2 is issued by a Professional Employer
25 Organization (PEO) is a full-time employee if employed in the
26 service of the Applicant for consideration for at least 35

1 hours each week or who renders any other standard of service
2 generally accepted by industry custom or practice as full-time
3 employment to Applicant.

4 "Incremental Income Tax" means the total amount withheld
5 during the taxable year from the compensation of New Employees
6 and, if applicable, retained employees under Article 7 of the
7 Illinois Income Tax Act arising from employment at a project
8 that is the subject of an Agreement.

9 "New Construction EDGE Agreement" means the Agreement
10 between a Taxpayer and the Department under the provisions of
11 Section 5-51 of this Act.

12 "New Construction EDGE Credit" means an amount agreed to
13 between the Department and the Applicant under this Act as
14 part of a New Construction EDGE Agreement that does not exceed
15 50% of the Incremental Income Tax attributable to New
16 Construction EDGE Employees at the Applicant's project;
17 however, if the New Construction EDGE Project is located in an
18 underserved area, then the amount of the New Construction EDGE
19 Credit may not exceed 75% of the Incremental Income Tax
20 attributable to New Construction EDGE Employees at the
21 Applicant's New Construction EDGE Project.

22 "New Construction EDGE Employee" means a laborer or worker
23 who is employed by an Illinois contractor or subcontractor in
24 the actual construction work on the site of a New Construction
25 EDGE Project, pursuant to a New Construction EDGE Agreement.

26 "New Construction EDGE Incremental Income Tax" means the

1 total amount withheld during the taxable year from the
2 compensation of New Construction EDGE Employees.

3 "New Construction EDGE Project" means the building of a
4 Taxpayer's structure or building, or making improvements of
5 any kind to real property. "New Construction EDGE Project"
6 does not include the routine operation, routine repair, or
7 routine maintenance of existing structures, buildings, or real
8 property.

9 "New Employee" means:

10 (a) A Full-time Employee first employed by a Taxpayer
11 in the project that is the subject of an Agreement and who
12 is hired after the Taxpayer enters into the tax credit
13 Agreement.

14 (b) The term "New Employee" does not include:

15 (1) an employee of the Taxpayer who performs a job
16 that was previously performed by another employee, if
17 that job existed for at least 6 months before hiring
18 the employee;

19 (2) an employee of the Taxpayer who was previously
20 employed in Illinois by a Related Member of the
21 Taxpayer and whose employment was shifted to the
22 Taxpayer after the Taxpayer entered into the tax
23 credit Agreement; or

24 (3) a child, grandchild, parent, or spouse, other
25 than a spouse who is legally separated from the
26 individual, of any individual who has a direct or an

1 indirect ownership interest of at least 5% in the
2 profits, capital, or value of the Taxpayer.

3 (c) Notwithstanding paragraph (1) of subsection (b),
4 an employee may be considered a New Employee under the
5 Agreement if the employee performs a job that was
6 previously performed by an employee who was:

7 (1) treated under the Agreement as a New Employee;

8 and

9 (2) promoted by the Taxpayer to another job.

10 (d) Notwithstanding subsection (a), the Department may
11 award Credit to an Applicant with respect to an employee
12 hired prior to the date of the Agreement if:

13 (1) the Applicant is in receipt of a letter from
14 the Department stating an intent to enter into a
15 credit Agreement;

16 (2) the letter described in paragraph (1) is
17 issued by the Department not later than 15 days after
18 the effective date of this Act; and

19 (3) the employee was hired after the date the
20 letter described in paragraph (1) was issued.

21 "Noncompliance Date" means, in the case of a Taxpayer that
22 is not complying with the requirements of the Agreement or the
23 provisions of this Act, the day following the last date upon
24 which the Taxpayer was in compliance with the requirements of
25 the Agreement and the provisions of this Act, as determined by
26 the Director, pursuant to Section 5-65.

1 "Pass Through Entity" means an entity that is exempt from
2 the tax under subsection (b) or (c) of Section 205 of the
3 Illinois Income Tax Act.

4 "Professional Employer Organization" (PEO) means an
5 employee leasing company, as defined in Section 206.1(A)(2) of
6 the Illinois Unemployment Insurance Act.

7 "Related Member" means a person that, with respect to the
8 Taxpayer during any portion of the taxable year, is any one of
9 the following:

10 (1) An individual stockholder, if the stockholder and
11 the members of the stockholder's family (as defined in
12 Section 318 of the Internal Revenue Code) own directly,
13 indirectly, beneficially, or constructively, in the
14 aggregate, at least 50% of the value of the Taxpayer's
15 outstanding stock.

16 (2) A partnership, estate, or trust and any partner or
17 beneficiary, if the partnership, estate, or trust, and its
18 partners or beneficiaries own directly, indirectly,
19 beneficially, or constructively, in the aggregate, at
20 least 50% of the profits, capital, stock, or value of the
21 Taxpayer.

22 (3) A corporation, and any party related to the
23 corporation in a manner that would require an attribution
24 of stock from the corporation to the party or from the
25 party to the corporation under the attribution rules of
26 Section 318 of the Internal Revenue Code, if the Taxpayer

1 owns directly, indirectly, beneficially, or constructively
2 at least 50% of the value of the corporation's outstanding
3 stock.

4 (4) A corporation and any party related to that
5 corporation in a manner that would require an attribution
6 of stock from the corporation to the party or from the
7 party to the corporation under the attribution rules of
8 Section 318 of the Internal Revenue Code, if the
9 corporation and all such related parties own in the
10 aggregate at least 50% of the profits, capital, stock, or
11 value of the Taxpayer.

12 (5) A person to or from whom there is attribution of
13 stock ownership in accordance with Section 1563(e) of the
14 Internal Revenue Code, except, for purposes of determining
15 whether a person is a Related Member under this paragraph,
16 20% shall be substituted for 5% wherever 5% appears in
17 Section 1563(e) of the Internal Revenue Code.

18 "Startup taxpayer" means, for Agreements that are executed
19 before the effective date of the changes made to this Section
20 by this amendatory Act of the 103rd General Assembly, a
21 corporation, partnership, or other entity incorporated or
22 organized no more than 5 years before the filing of an
23 application for an Agreement that has never had any Illinois
24 income tax liability, excluding any Illinois income tax
25 liability of a Related Member which shall not be attributed to
26 the startup taxpayer. "Startup taxpayer" means, for Agreements

1 that are executed on or after the effective date of this
2 amendatory Act of the 103rd General Assembly, a corporation,
3 partnership, or other entity that is incorporated or organized
4 no more than 10 years before the filing of an application for
5 an Agreement and that has never had any Illinois income tax
6 liability. For the purpose of determining whether the taxpayer
7 has had any Illinois income tax liability, the Illinois income
8 tax liability of a Related Member shall not be attributed to
9 the startup taxpayer.

10 "Taxpayer" means an individual, corporation, partnership,
11 or other entity that has any Illinois Income Tax liability.

12 Until July 1, 2022, "underserved area" means a geographic
13 area that meets one or more of the following conditions:

14 (1) the area has a poverty rate of at least 20%
15 according to the latest federal decennial census;

16 (2) 75% or more of the children in the area
17 participate in the federal free lunch program according to
18 reported statistics from the State Board of Education;

19 (3) at least 20% of the households in the area receive
20 assistance under the Supplemental Nutrition Assistance
21 Program (SNAP); or

22 (4) the area has an average unemployment rate, as
23 determined by the Illinois Department of Employment
24 Security, that is more than 120% of the national
25 unemployment average, as determined by the U.S. Department
26 of Labor, for a period of at least 2 consecutive calendar

1 years preceding the date of the application.

2 On and after July 1, 2022, "underserved area" means a
3 geographic area that meets one or more of the following
4 conditions:

5 (1) the area has a poverty rate of at least 20%
6 according to the latest American Community Survey;

7 (2) 35% or more of the families with children in the
8 area are living below 130% of the poverty line, according
9 to the latest American Community Survey;

10 (3) at least 20% of the households in the area receive
11 assistance under the Supplemental Nutrition Assistance
12 Program (SNAP); or

13 (4) the area has an average unemployment rate, as
14 determined by the Illinois Department of Employment
15 Security, that is more than 120% of the national
16 unemployment average, as determined by the U.S. Department
17 of Labor, for a period of at least 2 consecutive calendar
18 years preceding the date of the application.

19 (Source: P.A. 101-9, eff. 6-5-19; 102-330, eff. 1-1-22;
20 102-700, eff. 4-19-22; 102-1125, eff. 2-3-23.)

21 (35 ILCS 10/5-15)

22 Sec. 5-15. Tax Credit Awards. Subject to the conditions
23 set forth in this Act, a Taxpayer is entitled to a Credit
24 against or, as described in subsection (g) of this Section, a
25 payment towards taxes imposed pursuant to subsections (a) and

1 (b) of Section 201 of the Illinois Income Tax Act that may be
2 imposed on the Taxpayer for a taxable year beginning on or
3 after January 1, 1999, if the Taxpayer is awarded a Credit by
4 the Department under this Act for that taxable year.

5 (a) The Department shall make Credit awards under this Act
6 to foster job creation and retention in Illinois.

7 (b) A person that proposes a project to create new jobs in
8 Illinois must enter into an Agreement with the Department for
9 the Credit under this Act.

10 (c) The Credit shall be claimed for the taxable years
11 specified in the Agreement.

12 (d) The Credit shall not exceed the Incremental Income Tax
13 attributable to the project that is the subject of the
14 Agreement.

15 (e) Nothing herein shall prohibit a Tax Credit Award to an
16 Applicant that uses a PEO if all other award criteria are
17 satisfied.

18 (f) In lieu of the Credit allowed under this Act against
19 the taxes imposed pursuant to subsections (a) and (b) of
20 Section 201 of the Illinois Income Tax Act for any taxable year
21 ending on or after December 31, 2009, for Taxpayers that
22 entered into Agreements prior to January 1, 2015 and otherwise
23 meet the criteria set forth in this subsection (f), the
24 Taxpayer may elect to claim the Credit against its obligation
25 to pay over withholding under Section 704A of the Illinois
26 Income Tax Act.

1 (1) The election under this subsection (f) may be made
2 only by a Taxpayer that (i) is primarily engaged in one of
3 the following business activities: water purification and
4 treatment, motor vehicle metal stamping, automobile
5 manufacturing, automobile and light duty motor vehicle
6 manufacturing, motor vehicle manufacturing, light truck
7 and utility vehicle manufacturing, heavy duty truck
8 manufacturing, motor vehicle body manufacturing, cable
9 television infrastructure design or manufacturing, or
10 wireless telecommunication or computing terminal device
11 design or manufacturing for use on public networks and
12 (ii) meets the following criteria:

13 (A) the Taxpayer (i) had an Illinois net loss or an
14 Illinois net loss deduction under Section 207 of the
15 Illinois Income Tax Act for the taxable year in which
16 the Credit is awarded, (ii) employed a minimum of
17 1,000 full-time employees in this State during the
18 taxable year in which the Credit is awarded, (iii) has
19 an Agreement under this Act on December 14, 2009 (the
20 effective date of Public Act 96-834), and (iv) is in
21 compliance with all provisions of that Agreement;

22 (B) the Taxpayer (i) had an Illinois net loss or an
23 Illinois net loss deduction under Section 207 of the
24 Illinois Income Tax Act for the taxable year in which
25 the Credit is awarded, (ii) employed a minimum of
26 1,000 full-time employees in this State during the

1 taxable year in which the Credit is awarded, and (iii)
2 has applied for an Agreement within 365 days after
3 December 14, 2009 (the effective date of Public Act
4 96-834);

5 (C) the Taxpayer (i) had an Illinois net operating
6 loss carryforward under Section 207 of the Illinois
7 Income Tax Act in a taxable year ending during
8 calendar year 2008, (ii) has applied for an Agreement
9 within 150 days after the effective date of this
10 amendatory Act of the 96th General Assembly, (iii)
11 creates at least 400 new jobs in Illinois, (iv)
12 retains at least 2,000 jobs in Illinois that would
13 have been at risk of relocation out of Illinois over a
14 10-year period, and (v) makes a capital investment of
15 at least \$75,000,000;

16 (D) the Taxpayer (i) had an Illinois net operating
17 loss carryforward under Section 207 of the Illinois
18 Income Tax Act in a taxable year ending during
19 calendar year 2009, (ii) has applied for an Agreement
20 within 150 days after the effective date of this
21 amendatory Act of the 96th General Assembly, (iii)
22 creates at least 150 new jobs, (iv) retains at least
23 1,000 jobs in Illinois that would have been at risk of
24 relocation out of Illinois over a 10-year period, and
25 (v) makes a capital investment of at least
26 \$57,000,000; or

1 (E) the Taxpayer (i) employed at least 2,500
2 full-time employees in the State during the year in
3 which the Credit is awarded, (ii) commits to make at
4 least \$500,000,000 in combined capital improvements
5 and project costs under the Agreement, (iii) applies
6 for an Agreement between January 1, 2011 and June 30,
7 2011, (iv) executes an Agreement for the Credit during
8 calendar year 2011, and (v) was incorporated no more
9 than 5 years before the filing of an application for an
10 Agreement.

11 (1.5) The election under this subsection (f) may also
12 be made by a Taxpayer for any Credit awarded pursuant to an
13 agreement that was executed between January 1, 2011 and
14 June 30, 2011, if the Taxpayer (i) is primarily engaged in
15 the manufacture of inner tubes or tires, or both, from
16 natural and synthetic rubber, (ii) employs a minimum of
17 2,400 full-time employees in Illinois at the time of
18 application, (iii) creates at least 350 full-time jobs and
19 retains at least 250 full-time jobs in Illinois that would
20 have been at risk of being created or retained outside of
21 Illinois, and (iv) makes a capital investment of at least
22 \$200,000,000 at the project location.

23 (1.6) The election under this subsection (f) may also
24 be made by a Taxpayer for any Credit awarded pursuant to an
25 agreement that was executed within 150 days after the
26 effective date of this amendatory Act of the 97th General

1 Assembly, if the Taxpayer (i) is primarily engaged in the
2 operation of a discount department store, (ii) maintains
3 its corporate headquarters in Illinois, (iii) employs a
4 minimum of 4,250 full-time employees at its corporate
5 headquarters in Illinois at the time of application, (iv)
6 retains at least 4,250 full-time jobs in Illinois that
7 would have been at risk of being relocated outside of
8 Illinois, (v) had a minimum of \$40,000,000,000 in total
9 revenue in 2010, and (vi) makes a capital investment of at
10 least \$300,000,000 at the project location.

11 (1.7) Notwithstanding any other provision of law, the
12 election under this subsection (f) may also be made by a
13 Taxpayer for any Credit awarded pursuant to an agreement
14 that was executed or applied for on or after July 1, 2011
15 and on or before March 31, 2012, if the Taxpayer is
16 primarily engaged in the manufacture of original and
17 aftermarket filtration parts and products for automobiles,
18 motor vehicles, light duty motor vehicles, light trucks
19 and utility vehicles, and heavy duty trucks, (ii) employs
20 a minimum of 1,000 full-time employees in Illinois at the
21 time of application, (iii) creates at least 250 full-time
22 jobs in Illinois, (iv) relocates its corporate
23 headquarters to Illinois from another state, and (v) makes
24 a capital investment of at least \$4,000,000 at the project
25 location.

26 (1.8) Notwithstanding any other provision of law, the

1 election under this subsection (f) may also be made by a
2 startup taxpayer for any Credit awarded pursuant to an
3 Agreement that was executed ~~or applied for~~ on or after the
4 effective date of this amendatory Act of the 102nd General
5 Assembly, ~~if the startup taxpayer, without considering any~~
6 ~~Related Member or other investor, (i) has never had any~~
7 ~~Illinois income tax liability and (ii) was incorporated no~~
8 ~~more than 5 years before the filing of an application for~~
9 ~~an Agreement.~~ Any such election under this paragraph (1.8)
10 shall be effective unless and until such startup taxpayer
11 has any Illinois income tax liability. This election under
12 this paragraph (1.8) shall automatically terminate when
13 the startup taxpayer has any Illinois income tax liability
14 at the end of any taxable year during the term of the
15 Agreement. Thereafter, the startup taxpayer may receive a
16 Credit, taking into account any benefits previously
17 enjoyed or received by way of the election under this
18 paragraph (1.8), so long as the startup taxpayer remains
19 in compliance with the terms and conditions of the
20 Agreement.

21 (2) An election under this subsection shall allow the
22 credit to be taken against payments otherwise due under
23 Section 704A of the Illinois Income Tax Act during the
24 first calendar ~~quarter year~~ beginning after the end of the
25 taxable ~~quarter year~~ in which the credit is awarded under
26 this Act.

1 (3) The election shall be made in the form and manner
2 required by the Illinois Department of Revenue and, once
3 made, shall be irrevocable.

4 (4) If a Taxpayer who meets the requirements of
5 subparagraph (A) of paragraph (1) of this subsection (f)
6 elects to claim the Credit against its withholdings as
7 provided in this subsection (f), then, on and after the
8 date of the election, the terms of the Agreement between
9 the Taxpayer and the Department may not be further amended
10 during the term of the Agreement.

11 (g) A pass-through entity that has been awarded a credit
12 under this Act, its shareholders, or its partners may treat
13 some or all of the credit awarded pursuant to this Act as a tax
14 payment for purposes of the Illinois Income Tax Act. The term
15 "tax payment" means a payment as described in Article 6 or
16 Article 8 of the Illinois Income Tax Act or a composite payment
17 made by a pass-through entity on behalf of any of its
18 shareholders or partners to satisfy such shareholders' or
19 partners' taxes imposed pursuant to subsections (a) and (b) of
20 Section 201 of the Illinois Income Tax Act. In no event shall
21 the amount of the award credited pursuant to this Act exceed
22 the Illinois income tax liability of the pass-through entity
23 or its shareholders or partners for the taxable year.

24 (Source: P.A. 102-700, eff. 4-19-22.)

25 Section 45-15. The Public Utilities Act is amended by

1 changing Section 9-222.1A as follows:

2 (220 ILCS 5/9-222.1A)

3 Sec. 9-222.1A. High impact business. Beginning on August
4 1, 1998 and thereafter, a business enterprise that is
5 certified as a High Impact Business by the Department of
6 Commerce and Economic Opportunity (formerly Department of
7 Commerce and Community Affairs) is exempt from the tax imposed
8 by Section 2-4 of the Electricity Excise Tax Law, if the High
9 Impact Business is registered to self-assess that tax, and is
10 exempt from any additional charges added to the business
11 enterprise's utility bills as a pass-on of State utility taxes
12 under Section 9-222 of this Act, to the extent the tax or
13 charges are exempted by the percentage specified by the
14 Department of Commerce and Economic Opportunity for State
15 utility taxes, provided the business enterprise meets the
16 following criteria:

17 (1) (A) it intends either (i) to make a minimum
18 eligible investment of \$12,000,000 that will be placed
19 in service in qualified property in Illinois and is
20 intended to create at least 500 full-time equivalent
21 jobs at a designated location in Illinois; or (ii) to
22 make a minimum eligible investment of \$30,000,000 that
23 will be placed in service in qualified property in
24 Illinois and is intended to retain at least 1,500
25 full-time equivalent jobs at a designated location in

1 Illinois; or

2 (B) it meets the criteria of subdivision
3 (a) (3) (B), (a) (3) (C), (a) (3) (D), ~~or~~ (a) (3) (F), or
4 (a) (3) (G) of Section 5.5 of the Illinois Enterprise
5 Zone Act;

6 (2) it is designated as a High Impact Business by the
7 Department of Commerce and Economic Opportunity; and

8 (3) it is certified by the Department of Commerce and
9 Economic Opportunity as complying with the requirements
10 specified in clauses (1) and (2) of this Section.

11 The Department of Commerce and Economic Opportunity shall
12 determine the period during which the exemption from the
13 Electricity Excise Tax Law and the charges imposed under
14 Section 9-222 are in effect and shall specify the percentage
15 of the exemption from those taxes or additional charges.

16 The Department of Commerce and Economic Opportunity is
17 authorized to promulgate rules and regulations to carry out
18 the provisions of this Section, including procedures for
19 complying with the requirements specified in clauses (1) and
20 (2) of this Section and procedures for applying for the
21 exemptions authorized under this Section; to define the
22 amounts and types of eligible investments that business
23 enterprises must make in order to receive State utility tax
24 exemptions or exemptions from the additional charges imposed
25 under Section 9-222 and this Section; to approve such utility
26 tax exemptions for business enterprises whose investments are

1 not yet placed in service; and to require that business
2 enterprises granted tax exemptions or exemptions from
3 additional charges under Section 9-222 repay the exempted
4 amount if the business enterprise fails to comply with the
5 terms and conditions of the certification.

6 Upon certification of the business enterprises by the
7 Department of Commerce and Economic Opportunity, the
8 Department of Commerce and Economic Opportunity shall notify
9 the Department of Revenue of the certification. The Department
10 of Revenue shall notify the public utilities of the exemption
11 status of business enterprises from the tax or pass-on charges
12 of State utility taxes. The exemption status shall take effect
13 within 3 months after certification of the business
14 enterprise.

15 (Source: P.A. 102-1125, eff. 2-3-23.)

16 ARTICLE 50. INVESTMENT PARTNERSHIPS

17 Section 50-5. The Illinois Income Tax Act is amended by
18 changing Sections 709.5 and 1501 as follows:

19 (35 ILCS 5/709.5)

20 Sec. 709.5. Withholding by partnerships, Subchapter S
21 corporations, and trusts.

22 (a) In general. For each taxable year ending on or after
23 December 31, 2008, every partnership (other than a publicly

1 traded partnership under Section 7704 of the Internal Revenue
2 Code or investment partnership), Subchapter S corporation, and
3 trust must withhold from each nonresident partner,
4 shareholder, or beneficiary (other than a partner,
5 shareholder, or beneficiary who is exempt from tax under
6 Section 501(a) of the Internal Revenue Code or under Section
7 205 of this Act, who is included on a composite return filed by
8 the partnership or Subchapter S corporation for the taxable
9 year under subsection (f) of Section 502 of this Act), or who
10 is a retired partner, to the extent that partner's
11 distributions are exempt from tax under Section 203(a)(2)(F)
12 of this Act) an amount equal to the sum of (i) the share of
13 business income of the partnership, Subchapter S corporation,
14 or trust apportionable to Illinois plus (ii) for taxable years
15 ending on or after December 31, 2014, the share of nonbusiness
16 income of the partnership, Subchapter S corporation, or trust
17 allocated to Illinois under Section 303 of this Act (other
18 than an amount allocated to the commercial domicile of the
19 taxpayer under Section 303 of this Act) that is distributable
20 to that partner, shareholder, or beneficiary under Sections
21 702 and 704 and Subchapter S of the Internal Revenue Code,
22 whether or not distributed, (iii) multiplied by the applicable
23 rates of tax for that partner, shareholder, or beneficiary
24 under subsections (a) through (d) of Section 201 of this Act,
25 and (iv) net of the share of any credit under Article 2 of this
26 Act that is distributable by the partnership, Subchapter S

1 corporation, or trust and allowable against the tax liability
2 of that partner, shareholder, or beneficiary for a taxable
3 year ending on or after December 31, 2014.

4 (b) Credit for taxes withheld. Any amount withheld under
5 subsection (a) of this Section and paid to the Department
6 shall be treated as a payment of the estimated tax liability or
7 of the liability for withholding under this Section of the
8 partner, shareholder, or beneficiary to whom the income is
9 distributable for the taxable year in which that person
10 incurred a liability under this Act with respect to that
11 income. The Department shall adopt rules pursuant to which a
12 partner, shareholder, or beneficiary may claim a credit
13 against its obligation for withholding under this Section for
14 amounts withheld under this Section with respect to income
15 distributable to it by a partnership, Subchapter S
16 corporation, or trust and allowing its partners, shareholders,
17 or beneficiaries to claim a credit under this subsection (b)
18 for those withheld amounts.

19 (c) Exemption from withholding.

20 (1) A partnership, Subchapter S corporation, or trust
21 shall not be required to withhold tax under subsection (a)
22 of this Section with respect to any nonresident partner,
23 shareholder, or beneficiary (other than an individual)
24 from whom the partnership, S corporation, or trust has
25 received a certificate, completed in the form and manner
26 prescribed by the Department, stating that such

1 nonresident partner, shareholder, or beneficiary shall:

2 (A) file all returns that the partner,
3 shareholder, or beneficiary is required to file under
4 Section 502 of this Act and make timely payment of all
5 taxes imposed under Section 201 of this Act or under
6 this Section on the partner, shareholder, or
7 beneficiary with respect to income of the partnership,
8 S corporation, or trust; and

9 (B) be subject to personal jurisdiction in this
10 State for purposes of the collection of income taxes,
11 together with related interest and penalties, imposed
12 on the partner, shareholder, or beneficiary with
13 respect to the income of the partnership, S
14 corporation, or trust.

15 (2) The Department may revoke the exemption provided
16 by this subsection (c) at any time that it determines that
17 the nonresident partner, shareholder, or beneficiary is
18 not abiding by the terms of the certificate. The
19 Department shall notify the partnership, S corporation, or
20 trust that it has revoked a certificate by notice left at
21 the usual place of business of the partnership, S
22 corporation, or trust or by mail to the last known address
23 of the partnership, S corporation, or trust.

24 (3) A partnership, S corporation, or trust that
25 receives a certificate under this subsection (c) properly
26 completed by a nonresident partner, shareholder, or

1 beneficiary shall not be required to withhold any amount
2 from that partner, shareholder, or beneficiary, the
3 payment of which would be due under Section 711(a-5) of
4 this Act after the receipt of the certificate and no
5 earlier than 60 days after the Department has notified the
6 partnership, S corporation, or trust that the certificate
7 has been revoked.

8 (4) Certificates received by a partnership, S
9 corporation, or trust under this subsection (c) must be
10 retained by the partnership, S corporation, or trust and a
11 record of such certificates must be provided to the
12 Department, in a format in which the record is available
13 for review by the Department, upon request by the
14 Department. The Department may, by rule, require the
15 record of certificates to be maintained and provided to
16 the Department electronically.

17 (d) For taxable years ending on and after December 31,
18 2023, every investment partnership, as defined in Section 1501
19 of this Act, shall withhold from each nonresident partner
20 (other than a partner who is exempt from tax under Section
21 501(a) of the Internal Revenue Code or under Section 205 of
22 this Act, or who is a retired partner, to the extent that
23 partner's distributions are exempt from tax under Section
24 203(a) (2) (F) of this Act) an amount calculated as follows:

25 (1) the sum of (i) the share of income that, but for
26 the provisions of subsection (c-5) of Section 305 of this

1 Act, would be apportioned to Illinois by the investment
2 partnership under subsection (a) of Section 305 of this
3 Act and (ii) the share of nonbusiness income that, but for
4 the provisions of subsection (c-5) of Section 305 of this
5 Act, would be allocated to Illinois by the investment
6 partnership under subsection (b) of Sections 305 and
7 Section 303 of this Act (other than an amount allocated to
8 the commercial domicile of the taxpayer under Section 303
9 of this Act) that is distributable to that partner under
10 Sections 702 and 704 of the Internal Revenue Code, whether
11 or not distributed; multiplied by

12 (2) the applicable rates of tax for that partner under
13 subsections (a) through (d) of Section 201 of this Act
14 (except that, if the partner is a partnership or
15 subchapter S corporation, the rate shall be equal to the
16 rate imposed on individuals under subsection (b) of
17 Section 201 of this Act); and

18 (3) net of the investment partnership's distributive
19 share of any credit under Article 2 of this Act that is
20 distributable by the partnership and first allowable
21 against the tax liability of that partner for a taxable
22 year ending on or after December 31, 2023.

23 Except to the extent that the income of the investment
24 partnership is business income in the hands of the partner
25 under subsection (c-5) of Section 305 of this Act, no credit
26 for taxes withheld shall be allowed under subsection (b) of

1 this Section for amounts withheld under this subsection.

2 The provisions of subsection (c) of this Section, allowing
3 for exemption from withholding, shall not apply for purposes
4 of this subsection.

5 (Source: P.A. 100-201, eff. 8-18-17.)

6 (35 ILCS 5/1501) (from Ch. 120, par. 15-1501)

7 Sec. 1501. Definitions.

8 (a) In general. When used in this Act, where not otherwise
9 distinctly expressed or manifestly incompatible with the
10 intent thereof:

11 (1) Business income. The term "business income" means
12 all income that may be treated as apportionable business
13 income under the Constitution of the United States.
14 Business income is net of the deductions allocable
15 thereto. Such term does not include compensation or the
16 deductions allocable thereto. For each taxable year
17 beginning on or after January 1, 2003, a taxpayer may
18 elect to treat all income other than compensation as
19 business income. This election shall be made in accordance
20 with rules adopted by the Department and, once made, shall
21 be irrevocable.

22 (1.5) Captive real estate investment trust:

23 (A) The term "captive real estate investment
24 trust" means a corporation, trust, or association:

25 (i) that is considered a real estate

1 investment trust for the taxable year under
2 Section 856 of the Internal Revenue Code;

3 (ii) the certificates of beneficial interest
4 or shares of which are not regularly traded on an
5 established securities market; and

6 (iii) of which more than 50% of the voting
7 power or value of the beneficial interest or
8 shares, at any time during the last half of the
9 taxable year, is owned or controlled, directly,
10 indirectly, or constructively, by a single
11 corporation.

12 (B) The term "captive real estate investment
13 trust" does not include:

14 (i) a real estate investment trust of which
15 more than 50% of the voting power or value of the
16 beneficial interest or shares is owned or
17 controlled, directly, indirectly, or
18 constructively, by:

19 (a) a real estate investment trust, other
20 than a captive real estate investment trust;

21 (b) a person who is exempt from taxation
22 under Section 501 of the Internal Revenue
23 Code, and who is not required to treat income
24 received from the real estate investment trust
25 as unrelated business taxable income under
26 Section 512 of the Internal Revenue Code;

1 (c) a listed Australian property trust, if
2 no more than 50% of the voting power or value
3 of the beneficial interest or shares of that
4 trust, at any time during the last half of the
5 taxable year, is owned or controlled, directly
6 or indirectly, by a single person;

7 (d) an entity organized as a trust,
8 provided a listed Australian property trust
9 described in subparagraph (c) owns or
10 controls, directly or indirectly, or
11 constructively, 75% or more of the voting
12 power or value of the beneficial interests or
13 shares of such entity; or

14 (e) an entity that is organized outside of
15 the laws of the United States and that
16 satisfies all of the following criteria:

17 (1) at least 75% of the entity's total
18 asset value at the close of its taxable
19 year is represented by real estate assets
20 (as defined in Section 856(c)(5)(B) of the
21 Internal Revenue Code, thereby including
22 shares or certificates of beneficial
23 interest in any real estate investment
24 trust), cash and cash equivalents, and
25 U.S. Government securities;

26 (2) the entity is not subject to tax

1 on amounts that are distributed to its
2 beneficial owners or is exempt from
3 entity-level taxation;

4 (3) the entity distributes at least
5 85% of its taxable income (as computed in
6 the jurisdiction in which it is organized)
7 to the holders of its shares or
8 certificates of beneficial interest on an
9 annual basis;

10 (4) either (i) the shares or
11 beneficial interests of the entity are
12 regularly traded on an established
13 securities market or (ii) not more than
14 10% of the voting power or value in the
15 entity is held, directly, indirectly, or
16 constructively, by a single entity or
17 individual; and

18 (5) the entity is organized in a
19 country that has entered into a tax treaty
20 with the United States; or

21 (ii) during its first taxable year for which
22 it elects to be treated as a real estate
23 investment trust under Section 856(c)(1) of the
24 Internal Revenue Code, a real estate investment
25 trust the certificates of beneficial interest or
26 shares of which are not regularly traded on an

1 established securities market, but only if the
2 certificates of beneficial interest or shares of
3 the real estate investment trust are regularly
4 traded on an established securities market prior
5 to the earlier of the due date (including
6 extensions) for filing its return under this Act
7 for that first taxable year or the date it
8 actually files that return.

9 (C) For the purposes of this subsection (1.5), the
10 constructive ownership rules prescribed under Section
11 318(a) of the Internal Revenue Code, as modified by
12 Section 856(d)(5) of the Internal Revenue Code, apply
13 in determining the ownership of stock, assets, or net
14 profits of any person.

15 (D) For the purposes of this item (1.5), for
16 taxable years ending on or after August 16, 2007, the
17 voting power or value of the beneficial interest or
18 shares of a real estate investment trust does not
19 include any voting power or value of beneficial
20 interest or shares in a real estate investment trust
21 held directly or indirectly in a segregated asset
22 account by a life insurance company (as described in
23 Section 817 of the Internal Revenue Code) to the
24 extent such voting power or value is for the benefit of
25 entities or persons who are either immune from
26 taxation or exempt from taxation under subtitle A of

1 the Internal Revenue Code.

2 (2) Commercial domicile. The term "commercial
3 domicile" means the principal place from which the trade
4 or business of the taxpayer is directed or managed.

5 (3) Compensation. The term "compensation" means wages,
6 salaries, commissions and any other form of remuneration
7 paid to employees for personal services.

8 (4) Corporation. The term "corporation" includes
9 associations, joint-stock companies, insurance companies
10 and cooperatives. Any entity, including a limited
11 liability company formed under the Illinois Limited
12 Liability Company Act, shall be treated as a corporation
13 if it is so classified for federal income tax purposes.

14 (5) Department. The term "Department" means the
15 Department of Revenue of this State.

16 (6) Director. The term "Director" means the Director
17 of Revenue of this State.

18 (7) Fiduciary. The term "fiduciary" means a guardian,
19 trustee, executor, administrator, receiver, or any person
20 acting in any fiduciary capacity for any person.

21 (8) Financial organization.

22 (A) The term "financial organization" means any
23 bank, bank holding company, trust company, savings
24 bank, industrial bank, land bank, safe deposit
25 company, private banker, savings and loan association,
26 building and loan association, credit union, currency

1 exchange, cooperative bank, small loan company, sales
2 finance company, investment company, or any person
3 which is owned by a bank or bank holding company. For
4 the purpose of this Section a "person" will include
5 only those persons which a bank holding company may
6 acquire and hold an interest in, directly or
7 indirectly, under the provisions of the Bank Holding
8 Company Act of 1956 (12 U.S.C. 1841, et seq.), except
9 where interests in any person must be disposed of
10 within certain required time limits under the Bank
11 Holding Company Act of 1956.

12 (B) For purposes of subparagraph (A) of this
13 paragraph, the term "bank" includes (i) any entity
14 that is regulated by the Comptroller of the Currency
15 under the National Bank Act, or by the Federal Reserve
16 Board, or by the Federal Deposit Insurance Corporation
17 and (ii) any federally or State chartered bank
18 operating as a credit card bank.

19 (C) For purposes of subparagraph (A) of this
20 paragraph, the term "sales finance company" has the
21 meaning provided in the following item (i) or (ii):

22 (i) A person primarily engaged in one or more
23 of the following businesses: the business of
24 purchasing customer receivables, the business of
25 making loans upon the security of customer
26 receivables, the business of making loans for the

1 express purpose of funding purchases of tangible
2 personal property or services by the borrower, or
3 the business of finance leasing. For purposes of
4 this item (i), "customer receivable" means:

5 (a) a retail installment contract or
6 retail charge agreement within the meaning of
7 the Sales Finance Agency Act, the Retail
8 Installment Sales Act, or the Motor Vehicle
9 Retail Installment Sales Act;

10 (b) an installment, charge, credit, or
11 similar contract or agreement arising from the
12 sale of tangible personal property or services
13 in a transaction involving a deferred payment
14 price payable in one or more installments
15 subsequent to the sale; or

16 (c) the outstanding balance of a contract
17 or agreement described in provisions (a) or
18 (b) of this item (i).

19 A customer receivable need not provide for
20 payment of interest on deferred payments. A sales
21 finance company may purchase a customer receivable
22 from, or make a loan secured by a customer
23 receivable to, the seller in the original
24 transaction or to a person who purchased the
25 customer receivable directly or indirectly from
26 that seller.

1 (ii) A corporation meeting each of the
2 following criteria:

3 (a) the corporation must be a member of an
4 "affiliated group" within the meaning of
5 Section 1504(a) of the Internal Revenue Code,
6 determined without regard to Section 1504(b)
7 of the Internal Revenue Code;

8 (b) more than 50% of the gross income of
9 the corporation for the taxable year must be
10 interest income derived from qualifying loans.
11 A "qualifying loan" is a loan made to a member
12 of the corporation's affiliated group that
13 originates customer receivables (within the
14 meaning of item (i)) or to whom customer
15 receivables originated by a member of the
16 affiliated group have been transferred, to the
17 extent the average outstanding balance of
18 loans from that corporation to members of its
19 affiliated group during the taxable year do
20 not exceed the limitation amount for that
21 corporation. The "limitation amount" for a
22 corporation is the average outstanding
23 balances during the taxable year of customer
24 receivables (within the meaning of item (i))
25 originated by all members of the affiliated
26 group. If the average outstanding balances of

1 the loans made by a corporation to members of
2 its affiliated group exceed the limitation
3 amount, the interest income of that
4 corporation from qualifying loans shall be
5 equal to its interest income from loans to
6 members of its affiliated groups times a
7 fraction equal to the limitation amount
8 divided by the average outstanding balances of
9 the loans made by that corporation to members
10 of its affiliated group;

11 (c) the total of all shareholder's equity
12 (including, without limitation, paid-in
13 capital on common and preferred stock and
14 retained earnings) of the corporation plus the
15 total of all of its loans, advances, and other
16 obligations payable or owed to members of its
17 affiliated group may not exceed 20% of the
18 total assets of the corporation at any time
19 during the tax year; and

20 (d) more than 50% of all interest-bearing
21 obligations of the affiliated group payable to
22 persons outside the group determined in
23 accordance with generally accepted accounting
24 principles must be obligations of the
25 corporation.

26 This amendatory Act of the 91st General Assembly

1 is declaratory of existing law.

2 (D) Subparagraphs (B) and (C) of this paragraph
3 are declaratory of existing law and apply
4 retroactively, for all tax years beginning on or
5 before December 31, 1996, to all original returns, to
6 all amended returns filed no later than 30 days after
7 the effective date of this amendatory Act of 1996, and
8 to all notices issued on or before the effective date
9 of this amendatory Act of 1996 under subsection (a) of
10 Section 903, subsection (a) of Section 904, subsection
11 (e) of Section 909, or Section 912. A taxpayer that is
12 a "financial organization" that engages in any
13 transaction with an affiliate shall be a "financial
14 organization" for all purposes of this Act.

15 (E) For all tax years beginning on or before
16 December 31, 1996, a taxpayer that falls within the
17 definition of a "financial organization" under
18 subparagraphs (B) or (C) of this paragraph, but who
19 does not fall within the definition of a "financial
20 organization" under the Proposed Regulations issued by
21 the Department of Revenue on July 19, 1996, may
22 irrevocably elect to apply the Proposed Regulations
23 for all of those years as though the Proposed
24 Regulations had been lawfully promulgated, adopted,
25 and in effect for all of those years. For purposes of
26 applying subparagraphs (B) or (C) of this paragraph to

1 all of those years, the election allowed by this
2 subparagraph applies only to the taxpayer making the
3 election and to those members of the taxpayer's
4 unitary business group who are ordinarily required to
5 apportion business income under the same subsection of
6 Section 304 of this Act as the taxpayer making the
7 election. No election allowed by this subparagraph
8 shall be made under a claim filed under subsection (d)
9 of Section 909 more than 30 days after the effective
10 date of this amendatory Act of 1996.

11 (F) Finance Leases. For purposes of this
12 subsection, a finance lease shall be treated as a loan
13 or other extension of credit, rather than as a lease,
14 regardless of how the transaction is characterized for
15 any other purpose, including the purposes of any
16 regulatory agency to which the lessor is subject. A
17 finance lease is any transaction in the form of a lease
18 in which the lessee is treated as the owner of the
19 leased asset entitled to any deduction for
20 depreciation allowed under Section 167 of the Internal
21 Revenue Code.

22 (9) Fiscal year. The term "fiscal year" means an
23 accounting period of 12 months ending on the last day of
24 any month other than December.

25 (9.5) Fixed place of business. The term "fixed place
26 of business" has the same meaning as that term is given in

1 Section 864 of the Internal Revenue Code and the related
2 Treasury regulations.

3 (10) Includes and including. The terms "includes" and
4 "including" when used in a definition contained in this
5 Act shall not be deemed to exclude other things otherwise
6 within the meaning of the term defined.

7 (11) Internal Revenue Code. The term "Internal Revenue
8 Code" means the United States Internal Revenue Code of
9 1954 or any successor law or laws relating to federal
10 income taxes in effect for the taxable year.

11 (11.5) Investment partnership.

12 (A) For tax years ending before December 31, 2023,
13 the ~~The~~ term "investment partnership" means any entity
14 that is treated as a partnership for federal income
15 tax purposes that meets the following requirements:

16 (i) no less than 90% of the partnership's cost
17 of its total assets consists of qualifying
18 investment securities, deposits at banks or other
19 financial institutions, and office space and
20 equipment reasonably necessary to carry on its
21 activities as an investment partnership;

22 (ii) no less than 90% of its gross income
23 consists of interest, dividends, and gains from
24 the sale or exchange of qualifying investment
25 securities; and

26 (iii) the partnership is not a dealer in

1 qualifying investment securities.

2 (A-5) For tax years ending on or after December
3 31, 2023, the term "investment partnership" means any
4 entity that is treated as a partnership for federal
5 income tax purposes that meets the following
6 requirements:

7 (i) no less than 90% of the partnership's cost
8 of its total assets consists of qualifying
9 investment securities, deposits at banks or other
10 financial institutions, and office space and
11 equipment reasonably necessary to carry on its
12 activities as an investment partnership; and

13 (ii) no less than 90% of its gross income
14 consists of interest, dividends, gains from the
15 sale or exchange of qualifying investment
16 securities, and the distributive share of
17 partnership income from lower-tier partnership
18 interests meeting the definition of qualifying
19 investment security under subparagraph (B) (xiii);
20 for the purposes of this subparagraph (ii), "gross
21 income" does not include income from partnerships
22 that are operating at a federal taxable loss.

23 (B) For purposes of this paragraph (11.5), the
24 term "qualifying investment securities" (other than,
25 for tax years ending on or after December 31, 2023,
26 securities with respect to which the taxpayer is

1 required to apply the rules of Internal Revenue Code
2 Section 475(a) includes all of the following:

3 (i) common stock, including preferred or debt
4 securities convertible into common stock, and
5 preferred stock;

6 (ii) bonds, debentures, and other debt
7 securities;

8 (iii) foreign and domestic currency deposits
9 secured by federal, state, or local governmental
10 agencies;

11 (iv) mortgage or asset-backed securities
12 secured by federal, state, or local governmental
13 agencies;

14 (v) repurchase agreements and loan
15 participations;

16 (vi) foreign currency exchange contracts and
17 forward and futures contracts on foreign
18 currencies;

19 (vii) stock and bond index securities and
20 futures contracts and other similar financial
21 securities and futures contracts on those
22 securities;

23 (viii) options for the purchase or sale of any
24 of the securities, currencies, contracts, or
25 financial instruments described in items (i) to
26 (vii), inclusive;

1 (ix) regulated futures contracts;

2 (x) commodities (not described in Section
3 1221(a)(1) of the Internal Revenue Code) or
4 futures, forwards, and options with respect to
5 such commodities, provided, however, that any item
6 of a physical commodity to which title is actually
7 acquired in the partnership's capacity as a dealer
8 in such commodity shall not be a qualifying
9 investment security;

10 (xi) derivatives; ~~and~~

11 (xii) a partnership interest in another
12 partnership that is an investment partnership; and
13 -

14 (xiii) for tax years ending on or after
15 December 31, 2023, a partnership interest that, in
16 the hands of the partnership, qualifies as a
17 security within the meaning of subsection (a)(1)
18 of Subchapter 77b of Chapter 2A of Title 15 of the
19 United States Code.

20 (12) Mathematical error. The term "mathematical error"
21 includes the following types of errors, omissions, or
22 defects in a return filed by a taxpayer which prevents
23 acceptance of the return as filed for processing:

24 (A) arithmetic errors or incorrect computations on
25 the return or supporting schedules;

26 (B) entries on the wrong lines;

1 (C) omission of required supporting forms or
2 schedules or the omission of the information in whole
3 or in part called for thereon; and

4 (D) an attempt to claim, exclude, deduct, or
5 improperly report, in a manner directly contrary to
6 the provisions of the Act and regulations thereunder
7 any item of income, exemption, deduction, or credit.

8 (13) Nonbusiness income. The term "nonbusiness income"
9 means all income other than business income or
10 compensation.

11 (14) Nonresident. The term "nonresident" means a
12 person who is not a resident.

13 (15) Paid, incurred and accrued. The terms "paid",
14 "incurred" and "accrued" shall be construed according to
15 the method of accounting upon the basis of which the
16 person's base income is computed under this Act.

17 (16) Partnership and partner. The term "partnership"
18 includes a syndicate, group, pool, joint venture or other
19 unincorporated organization, through or by means of which
20 any business, financial operation, or venture is carried
21 on, and which is not, within the meaning of this Act, a
22 trust or estate or a corporation; and the term "partner"
23 includes a member in such syndicate, group, pool, joint
24 venture or organization.

25 The term "partnership" includes any entity, including
26 a limited liability company formed under the Illinois

1 Limited Liability Company Act, classified as a partnership
2 for federal income tax purposes.

3 The term "partnership" does not include a syndicate,
4 group, pool, joint venture, or other unincorporated
5 organization established for the sole purpose of playing
6 the Illinois State Lottery.

7 (17) Part-year resident. The term "part-year resident"
8 means an individual who became a resident during the
9 taxable year or ceased to be a resident during the taxable
10 year. Under Section 1501(a)(20)(A)(i) residence commences
11 with presence in this State for other than a temporary or
12 transitory purpose and ceases with absence from this State
13 for other than a temporary or transitory purpose. Under
14 Section 1501(a)(20)(A)(ii) residence commences with the
15 establishment of domicile in this State and ceases with
16 the establishment of domicile in another State.

17 (18) Person. The term "person" shall be construed to
18 mean and include an individual, a trust, estate,
19 partnership, association, firm, company, corporation,
20 limited liability company, or fiduciary. For purposes of
21 Section 1301 and 1302 of this Act, a "person" means (i) an
22 individual, (ii) a corporation, (iii) an officer, agent,
23 or employee of a corporation, (iv) a member, agent or
24 employee of a partnership, or (v) a member, manager,
25 employee, officer, director, or agent of a limited
26 liability company who in such capacity commits an offense

1 specified in Section 1301 and 1302.

2 (18A) Records. The term "records" includes all data
3 maintained by the taxpayer, whether on paper, microfilm,
4 microfiche, or any type of machine-sensible data
5 compilation.

6 (19) Regulations. The term "regulations" includes
7 rules promulgated and forms prescribed by the Department.

8 (20) Resident. The term "resident" means:

9 (A) an individual (i) who is in this State for
10 other than a temporary or transitory purpose during
11 the taxable year; or (ii) who is domiciled in this
12 State but is absent from the State for a temporary or
13 transitory purpose during the taxable year;

14 (B) The estate of a decedent who at his or her
15 death was domiciled in this State;

16 (C) A trust created by a will of a decedent who at
17 his death was domiciled in this State; and

18 (D) An irrevocable trust, the grantor of which was
19 domiciled in this State at the time such trust became
20 irrevocable. For purpose of this subparagraph, a trust
21 shall be considered irrevocable to the extent that the
22 grantor is not treated as the owner thereof under
23 Sections 671 through 678 of the Internal Revenue Code.

24 (21) Sales. The term "sales" means all gross receipts
25 of the taxpayer not allocated under Sections 301, 302 and
26 303.

1 (22) State. The term "state" when applied to a
2 jurisdiction other than this State means any state of the
3 United States, the District of Columbia, the Commonwealth
4 of Puerto Rico, any Territory or Possession of the United
5 States, and any foreign country, or any political
6 subdivision of any of the foregoing. For purposes of the
7 foreign tax credit under Section 601, the term "state"
8 means any state of the United States, the District of
9 Columbia, the Commonwealth of Puerto Rico, and any
10 territory or possession of the United States, or any
11 political subdivision of any of the foregoing, effective
12 for tax years ending on or after December 31, 1989.

13 (23) Taxable year. The term "taxable year" means the
14 calendar year, or the fiscal year ending during such
15 calendar year, upon the basis of which the base income is
16 computed under this Act. "Taxable year" means, in the case
17 of a return made for a fractional part of a year under the
18 provisions of this Act, the period for which such return
19 is made.

20 (24) Taxpayer. The term "taxpayer" means any person
21 subject to the tax imposed by this Act.

22 (25) International banking facility. The term
23 international banking facility shall have the same meaning
24 as is set forth in the Illinois Banking Act or as is set
25 forth in the laws of the United States or regulations of
26 the Board of Governors of the Federal Reserve System.

1 (26) Income Tax Return Preparer.

2 (A) The term "income tax return preparer" means
3 any person who prepares for compensation, or who
4 employs one or more persons to prepare for
5 compensation, any return of tax imposed by this Act or
6 any claim for refund of tax imposed by this Act. The
7 preparation of a substantial portion of a return or
8 claim for refund shall be treated as the preparation
9 of that return or claim for refund.

10 (B) A person is not an income tax return preparer
11 if all he or she does is

12 (i) furnish typing, reproducing, or other
13 mechanical assistance;

14 (ii) prepare returns or claims for refunds for
15 the employer by whom he or she is regularly and
16 continuously employed;

17 (iii) prepare as a fiduciary returns or claims
18 for refunds for any person; or

19 (iv) prepare claims for refunds for a taxpayer
20 in response to any notice of deficiency issued to
21 that taxpayer or in response to any waiver of
22 restriction after the commencement of an audit of
23 that taxpayer or of another taxpayer if a
24 determination in the audit of the other taxpayer
25 directly or indirectly affects the tax liability
26 of the taxpayer whose claims he or she is

1 preparing.

2 (27) Unitary business group.

3 (A) The term "unitary business group" means a
4 group of persons related through common ownership
5 whose business activities are integrated with,
6 dependent upon and contribute to each other. The group
7 will not include those members whose business activity
8 outside the United States is 80% or more of any such
9 member's total business activity; for purposes of this
10 paragraph and clause (a)(3)(B)(ii) of Section 304,
11 business activity within the United States shall be
12 measured by means of the factors ordinarily applicable
13 under subsections (a), (b), (c), (d), or (h) of
14 Section 304 except that, in the case of members
15 ordinarily required to apportion business income by
16 means of the 3 factor formula of property, payroll and
17 sales specified in subsection (a) of Section 304,
18 including the formula as weighted in subsection (h) of
19 Section 304, such members shall not use the sales
20 factor in the computation and the results of the
21 property and payroll factor computations of subsection
22 (a) of Section 304 shall be divided by 2 (by one if
23 either the property or payroll factor has a
24 denominator of zero). The computation required by the
25 preceding sentence shall, in each case, involve the
26 division of the member's property, payroll, or revenue

1 miles in the United States, insurance premiums on
2 property or risk in the United States, or financial
3 organization business income from sources within the
4 United States, as the case may be, by the respective
5 worldwide figures for such items. Common ownership in
6 the case of corporations is the direct or indirect
7 control or ownership of more than 50% of the
8 outstanding voting stock of the persons carrying on
9 unitary business activity. Unitary business activity
10 can ordinarily be illustrated where the activities of
11 the members are: (1) in the same general line (such as
12 manufacturing, wholesaling, retailing of tangible
13 personal property, insurance, transportation or
14 finance); or (2) are steps in a vertically structured
15 enterprise or process (such as the steps involved in
16 the production of natural resources, which might
17 include exploration, mining, refining, and marketing);
18 and, in either instance, the members are functionally
19 integrated through the exercise of strong centralized
20 management (where, for example, authority over such
21 matters as purchasing, financing, tax compliance,
22 product line, personnel, marketing and capital
23 investment is not left to each member).

24 (B) In no event, for taxable years ending prior to
25 December 31, 2017, shall any unitary business group
26 include members which are ordinarily required to

1 apportion business income under different subsections
2 of Section 304 except that for tax years ending on or
3 after December 31, 1987 this prohibition shall not
4 apply to a holding company that would otherwise be a
5 member of a unitary business group with taxpayers that
6 apportion business income under any of subsections
7 (b), (c), (c-1), or (d) of Section 304. If a unitary
8 business group would, but for the preceding sentence,
9 include members that are ordinarily required to
10 apportion business income under different subsections
11 of Section 304, then for each subsection of Section
12 304 for which there are two or more members, there
13 shall be a separate unitary business group composed of
14 such members. For purposes of the preceding two
15 sentences, a member is "ordinarily required to
16 apportion business income" under a particular
17 subsection of Section 304 if it would be required to
18 use the apportionment method prescribed by such
19 subsection except for the fact that it derives
20 business income solely from Illinois. As used in this
21 paragraph, for taxable years ending before December
22 31, 2017, the phrase "United States" means only the 50
23 states and the District of Columbia, but does not
24 include any territory or possession of the United
25 States or any area over which the United States has
26 asserted jurisdiction or claimed exclusive rights with

1 respect to the exploration for or exploitation of
2 natural resources. For taxable years ending on or
3 after December 31, 2017, the phrase "United States",
4 as used in this paragraph, means only the 50 states,
5 the District of Columbia, and any area over which the
6 United States has asserted jurisdiction or claimed
7 exclusive rights with respect to the exploration for
8 or exploitation of natural resources, but does not
9 include any territory or possession of the United
10 States.

11 (C) Holding companies.

12 (i) For purposes of this subparagraph, a
13 "holding company" is a corporation (other than a
14 corporation that is a financial organization under
15 paragraph (8) of this subsection (a) of Section
16 1501 because it is a bank holding company under
17 the provisions of the Bank Holding Company Act of
18 1956 (12 U.S.C. 1841, et seq.) or because it is
19 owned by a bank or a bank holding company) that
20 owns a controlling interest in one or more other
21 taxpayers ("controlled taxpayers"); that, during
22 the period that includes the taxable year and the
23 2 immediately preceding taxable years or, if the
24 corporation was formed during the current or
25 immediately preceding taxable year, the taxable
26 years in which the corporation has been in

1 existence, derived substantially all its gross
2 income from dividends, interest, rents, royalties,
3 fees or other charges received from controlled
4 taxpayers for the provision of services, and gains
5 on the sale or other disposition of interests in
6 controlled taxpayers or in property leased or
7 licensed to controlled taxpayers or used by the
8 taxpayer in providing services to controlled
9 taxpayers; and that incurs no substantial expenses
10 other than expenses (including interest and other
11 costs of borrowing) incurred in connection with
12 the acquisition and holding of interests in
13 controlled taxpayers and in the provision of
14 services to controlled taxpayers or in the leasing
15 or licensing of property to controlled taxpayers.

16 (ii) The income of a holding company which is
17 a member of more than one unitary business group
18 shall be included in each unitary business group
19 of which it is a member on a pro rata basis, by
20 including in each unitary business group that
21 portion of the base income of the holding company
22 that bears the same proportion to the total base
23 income of the holding company as the gross
24 receipts of the unitary business group bears to
25 the combined gross receipts of all unitary
26 business groups (in both cases without regard to

1 the holding company) or on any other reasonable
2 basis, consistently applied.

3 (iii) A holding company shall apportion its
4 business income under the subsection of Section
5 304 used by the other members of its unitary
6 business group. The apportionment factors of a
7 holding company which would be a member of more
8 than one unitary business group shall be included
9 with the apportionment factors of each unitary
10 business group of which it is a member on a pro
11 rata basis using the same method used in clause
12 (ii).

13 (iv) The provisions of this subparagraph (C)
14 are intended to clarify existing law.

15 (D) If including the base income and factors of a
16 holding company in more than one unitary business
17 group under subparagraph (C) does not fairly reflect
18 the degree of integration between the holding company
19 and one or more of the unitary business groups, the
20 dependence of the holding company and one or more of
21 the unitary business groups upon each other, or the
22 contributions between the holding company and one or
23 more of the unitary business groups, the holding
24 company may petition the Director, under the
25 procedures provided under Section 304(f), for
26 permission to include all base income and factors of

1 the holding company only with members of a unitary
2 business group apportioning their business income
3 under one subsection of subsections (a), (b), (c), or
4 (d) of Section 304. If the petition is granted, the
5 holding company shall be included in a unitary
6 business group only with persons apportioning their
7 business income under the selected subsection of
8 Section 304 until the Director grants a petition of
9 the holding company either to be included in more than
10 one unitary business group under subparagraph (C) or
11 to include its base income and factors only with
12 members of a unitary business group apportioning their
13 business income under a different subsection of
14 Section 304.

15 (E) If the unitary business group members'
16 accounting periods differ, the common parent's
17 accounting period or, if there is no common parent,
18 the accounting period of the member that is expected
19 to have, on a recurring basis, the greatest Illinois
20 income tax liability must be used to determine whether
21 to use the apportionment method provided in subsection
22 (a) or subsection (h) of Section 304. The prohibition
23 against membership in a unitary business group for
24 taxpayers ordinarily required to apportion income
25 under different subsections of Section 304 does not
26 apply to taxpayers required to apportion income under

1 subsection (a) and subsection (h) of Section 304. The
2 provisions of this amendatory Act of 1998 apply to tax
3 years ending on or after December 31, 1998.

4 (28) Subchapter S corporation. The term "Subchapter S
5 corporation" means a corporation for which there is in
6 effect an election under Section 1362 of the Internal
7 Revenue Code, or for which there is a federal election to
8 opt out of the provisions of the Subchapter S Revision Act
9 of 1982 and have applied instead the prior federal
10 Subchapter S rules as in effect on July 1, 1982.

11 (30) Foreign person. The term "foreign person" means
12 any person who is a nonresident individual who is a
13 national or citizen of a country other than the United
14 States and any nonindividual entity, regardless of where
15 created or organized, whose business activity outside the
16 United States is 80% or more of the entity's total
17 business activity.

18 (b) Other definitions.

19 (1) Words denoting number, gender, and so forth, when
20 used in this Act, where not otherwise distinctly expressed
21 or manifestly incompatible with the intent thereof:

22 (A) Words importing the singular include and apply
23 to several persons, parties or things;

24 (B) Words importing the plural include the
25 singular; and

26 (C) Words importing the masculine gender include

1 the feminine as well.

2 (2) "Company" or "association" as including successors
3 and assigns. The word "company" or "association", when
4 used in reference to a corporation, shall be deemed to
5 embrace the words "successors and assigns of such company
6 or association", and in like manner as if these last-named
7 words, or words of similar import, were expressed.

8 (3) Other terms. Any term used in any Section of this
9 Act with respect to the application of, or in connection
10 with, the provisions of any other Section of this Act
11 shall have the same meaning as in such other Section.

12 (Source: P.A. 102-1030, eff. 5-27-22.)

13 ARTICLE 55. ANGEL INVESTMENT CREDIT

14 Section 55-5. The Illinois Income Tax Act is amended by
15 changing Section 220 as follows:

16 (35 ILCS 5/220)

17 Sec. 220. Angel investment credit.

18 (a) As used in this Section:

19 "Applicant" means a corporation, partnership, limited
20 liability company, or a natural person that makes an
21 investment in a qualified new business venture. The term
22 "applicant" does not include (i) a corporation, partnership,
23 limited liability company, or a natural person who has a

1 direct or indirect ownership interest of at least 51% in the
2 profits, capital, or value of the qualified new business
3 venture receiving the investment or (ii) a related member.

4 "Claimant" means an applicant certified by the Department
5 who files a claim for a credit under this Section.

6 "Department" means the Department of Commerce and Economic
7 Opportunity.

8 "Investment" means money (or its equivalent) given to a
9 qualified new business venture, at a risk of loss, in
10 consideration for an equity interest of the qualified new
11 business venture. The Department may adopt rules to permit
12 certain forms of contingent equity investments to be
13 considered eligible for a tax credit under this Section.

14 "Qualified new business venture" means a business that is
15 registered with the Department under this Section.

16 "Related member" means a person that, with respect to the
17 applicant, is any one of the following:

18 (1) An individual, if the individual and the members
19 of the individual's family (as defined in Section 318 of
20 the Internal Revenue Code) own directly, indirectly,
21 beneficially, or constructively, in the aggregate, at
22 least 50% of the value of the outstanding profits,
23 capital, stock, or other ownership interest in the
24 qualified new business venture that is the recipient of
25 the applicant's investment.

26 (2) A partnership, estate, or trust and any partner or

1 beneficiary, if the partnership, estate, or trust and its
2 partners or beneficiaries own directly, indirectly,
3 beneficially, or constructively, in the aggregate, at
4 least 50% of the profits, capital, stock, or other
5 ownership interest in the qualified new business venture
6 that is the recipient of the applicant's investment.

7 (3) A corporation, and any party related to the
8 corporation in a manner that would require an attribution
9 of stock from the corporation under the attribution rules
10 of Section 318 of the Internal Revenue Code, if the
11 applicant and any other related member own, in the
12 aggregate, directly, indirectly, beneficially, or
13 constructively, at least 50% of the value of the
14 outstanding stock of the qualified new business venture
15 that is the recipient of the applicant's investment.

16 (4) A corporation and any party related to that
17 corporation in a manner that would require an attribution
18 of stock from the corporation to the party or from the
19 party to the corporation under the attribution rules of
20 Section 318 of the Internal Revenue Code, if the
21 corporation and all such related parties own, in the
22 aggregate, at least 50% of the profits, capital, stock, or
23 other ownership interest in the qualified new business
24 venture that is the recipient of the applicant's
25 investment.

26 (5) A person to or from whom there is attribution of

1 ownership of stock in the qualified new business venture
2 that is the recipient of the applicant's investment in
3 accordance with Section 1563(e) of the Internal Revenue
4 Code, except that for purposes of determining whether a
5 person is a related member under this paragraph, "20%"
6 shall be substituted for "5%" whenever "5%" appears in
7 Section 1563(e) of the Internal Revenue Code.

8 (b) For taxable years beginning after December 31, 2010,
9 and ending on or before December 31, 2026, subject to the
10 limitations provided in this Section, a claimant may claim, as
11 a credit against the tax imposed under subsections (a) and (b)
12 of Section 201 of this Act, an amount equal to 25% of the
13 claimant's investment made directly in a qualified new
14 business venture. However, the amount of the credit is 35% of
15 the claimant's investment made directly in the qualified new
16 business venture if the investment is made in: (1) a qualified
17 new business venture that is a minority-owned business, a
18 women-owned business, or a business owned a person with a
19 disability (as those terms are used and defined in the
20 Business Enterprise for Minorities, Women, and Persons with
21 Disabilities Act); or (2) a qualified new business venture in
22 which the principal place of business is located in a county
23 with a population of not more than 250,000. In order for an
24 investment in a qualified new business venture to be eligible
25 for tax credits, the business must have applied for and
26 received certification under subsection (e) for the taxable

1 year in which the investment was made prior to the date on
2 which the investment was made. The credit under this Section
3 may not exceed the taxpayer's Illinois income tax liability
4 for the taxable year. If the amount of the credit exceeds the
5 tax liability for the year, the excess may be carried forward
6 and applied to the tax liability of the 5 taxable years
7 following the excess credit year. The credit shall be applied
8 to the earliest year for which there is a tax liability. If
9 there are credits from more than one tax year that are
10 available to offset a liability, the earlier credit shall be
11 applied first. In the case of a partnership or Subchapter S
12 Corporation, the credit is allowed to the partners or
13 shareholders in accordance with the determination of income
14 and distributive share of income under Sections 702 and 704
15 and Subchapter S of the Internal Revenue Code.

16 (c) The minimum amount an applicant must invest in any
17 single qualified new business venture in order to be eligible
18 for a credit under this Section is \$10,000. The maximum amount
19 of an applicant's total investment made in any single
20 qualified new business venture that may be used as the basis
21 for a credit under this Section is \$2,000,000.

22 (d) The Department shall implement a program to certify an
23 applicant for an angel investment credit. Upon satisfactory
24 review, the Department shall issue a tax credit certificate
25 stating the amount of the tax credit to which the applicant is
26 entitled. The Department shall annually certify that: (i) each

1 qualified new business venture that receives an angel
2 investment under this Section has maintained a minimum
3 employment threshold, as defined by rule, in the State (and
4 continues to maintain a minimum employment threshold in the
5 State for a period of no less than 3 years from the issue date
6 of the last tax credit certificate issued by the Department
7 with respect to such business pursuant to this Section); and
8 (ii) the claimant's investment has been made and remains,
9 except in the event of a qualifying liquidity event, in the
10 qualified new business venture for no less than 3 years.

11 If an investment for which a claimant is allowed a credit
12 under subsection (b) is held by the claimant for less than 3
13 years, other than as a result of a permitted sale of the
14 investment to person who is not a related member, the claimant
15 shall pay to the Department of Revenue, in the manner
16 prescribed by the Department of Revenue, the aggregate amount
17 of the disqualified credits that the claimant received related
18 to the subject investment.

19 If the Department determines that a qualified new business
20 venture failed to maintain a minimum employment threshold in
21 the State through the date which is 3 years from the issue date
22 of the last tax credit certificate issued by the Department
23 with respect to the subject business pursuant to this Section,
24 the claimant or claimants shall pay to the Department of
25 Revenue, in the manner prescribed by the Department of
26 Revenue, the aggregate amount of the disqualified credits that

1 claimant or claimants received related to investments in that
2 business.

3 (e) The Department shall implement a program to register
4 qualified new business ventures for purposes of this Section.
5 A business desiring registration under this Section shall be
6 required to submit a full and complete application to the
7 Department. A submitted application shall be effective only
8 for the taxable year in which it is submitted, and a business
9 desiring registration under this Section shall be required to
10 submit a separate application in and for each taxable year for
11 which the business desires registration. Further, if at any
12 time prior to the acceptance of an application for
13 registration under this Section by the Department one or more
14 events occurs which makes the information provided in that
15 application materially false or incomplete (in whole or in
16 part), the business shall promptly notify the Department of
17 the same. Any failure of a business to promptly provide the
18 foregoing information to the Department may, at the discretion
19 of the Department, result in a revocation of a previously
20 approved application for that business, or disqualification of
21 the business from future registration under this Section, or
22 both. The Department may register the business only if all of
23 the following conditions are satisfied:

24 (1) it has its principal place of business in this
25 State;

26 (2) at least 51% of the employees employed by the

1 business are employed in this State;

2 (3) the business has the potential for increasing jobs
3 in this State, increasing capital investment in this
4 State, or both, as determined by the Department, and
5 either of the following apply:

6 (A) it is principally engaged in innovation in any
7 of the following: manufacturing; biotechnology;
8 nanotechnology; communications; agricultural
9 sciences; clean energy creation or storage technology;
10 processing or assembling products, including medical
11 devices, pharmaceuticals, computer software, computer
12 hardware, semiconductors, other innovative technology
13 products, or other products that are produced using
14 manufacturing methods that are enabled by applying
15 proprietary technology; or providing services that are
16 enabled by applying proprietary technology; or

17 (B) it is undertaking pre-commercialization
18 activity related to proprietary technology that
19 includes conducting research, developing a new product
20 or business process, or developing a service that is
21 principally reliant on applying proprietary
22 technology;

23 (4) it is not principally engaged in real estate
24 development, insurance, banking, lending, lobbying,
25 political consulting, professional services provided by
26 attorneys, accountants, business consultants, physicians,

1 or health care consultants, wholesale or retail trade,
2 leisure, hospitality, transportation, or construction,
3 except construction of power production plants that derive
4 energy from a renewable energy resource, as defined in
5 Section 1 of the Illinois Power Agency Act;

6 (5) at the time it is first certified:

7 (A) it has fewer than 100 employees;

8 (B) it has been in operation in Illinois for not
9 more than 10 consecutive years prior to the year of
10 certification; and

11 (C) it has received not more than \$10,000,000 in
12 aggregate investments;

13 (5.1) it agrees to maintain a minimum employment
14 threshold in the State of Illinois prior to the date which
15 is 3 years from the issue date of the last tax credit
16 certificate issued by the Department with respect to that
17 business pursuant to this Section;

18 (6) (blank); and

19 (7) it has received not more than \$4,000,000 in
20 investments that qualified for tax credits under this
21 Section.

22 (f) The Department, in consultation with the Department of
23 Revenue, shall adopt rules to administer this Section. For
24 taxable years beginning before January 1, 2024, the ~~The~~
25 aggregate amount of the tax credits that may be claimed under
26 this Section for investments made in qualified new business

1 ventures shall be limited to ~~at~~ \$10,000,000 per calendar year,
2 of which \$500,000 shall be reserved for investments made in
3 qualified new business ventures which are minority-owned
4 businesses, women-owned businesses, or businesses owned by a
5 person with a disability (as those terms are used and defined
6 in the Business Enterprise for Minorities, Women, and Persons
7 with Disabilities Act), and an additional \$500,000 shall be
8 reserved for investments made in qualified new business
9 ventures with their principal place of business in counties
10 with a population of not more than 250,000. For taxable years
11 beginning on or after January 1, 2024, the aggregate amount of
12 the tax credits that may be claimed under this Section for
13 investments made in qualified new business ventures shall be
14 limited to \$15,000,000 per calendar year, of which \$2,500,000
15 shall be reserved for investments made in qualified new
16 business ventures that are minority-owned businesses (as the
17 term is defined in the Business Enterprise for Minorities,
18 Women, and Persons with Disabilities Act), \$1,250,000 shall be
19 reserved for investments made in qualified new business
20 ventures that are women-owned businesses or businesses owned
21 by a person with a disability (as those terms are defined in
22 the Business Enterprise for Minorities, Women, and Persons
23 with Disabilities Act), and \$1,250,000 shall be reserved for
24 investments made in qualified new business ventures with their
25 principal place of business in a county with a population of
26 not more than 250,000. The ~~foregoing~~ annual allowable amounts

1 set forth in this Section shall be allocated by the
2 Department, on a per calendar quarter basis and prior to the
3 commencement of each calendar year, in such proportion as
4 determined by the Department, provided that: (i) the amount
5 initially allocated by the Department for any one calendar
6 quarter shall not exceed 35% of the total allowable amount;
7 (ii) any portion of the allocated allowable amount remaining
8 unused as of the end of any of the first 3 calendar quarters of
9 a given calendar year shall be rolled into, and added to, the
10 total allocated amount for the next available calendar
11 quarter; and (iii) the reservation of tax credits for
12 investments in minority-owned businesses, women-owned
13 businesses, businesses owned by a person with a disability,
14 and in businesses in counties with a population of not more
15 than 250,000 is limited to the first 3 calendar quarters of a
16 given calendar year, after which they may be claimed by
17 investors in any qualified new business venture.

18 (g) A claimant may not sell or otherwise transfer a credit
19 awarded under this Section to another person.

20 (h) On or before March 1 of each year, the Department shall
21 report to the Governor and to the General Assembly on the tax
22 credit certificates awarded under this Section for the prior
23 calendar year.

24 (1) This report must include, for each tax credit
25 certificate awarded:

26 (A) the name of the claimant and the amount of

1 credit awarded or allocated to that claimant;

2 (B) the name and address (including the county) of
3 the qualified new business venture that received the
4 investment giving rise to the credit, the North
5 American Industry Classification System (NAICS) code
6 applicable to that qualified new business venture, and
7 the number of employees of the qualified new business
8 venture; and

9 (C) the date of approval by the Department of each
10 claimant's tax credit certificate.

11 (2) The report must also include:

12 (A) the total number of applicants and the total
13 number of claimants, including the amount of each tax
14 credit certificate awarded to a claimant under this
15 Section in the prior calendar year;

16 (B) the total number of applications from
17 businesses seeking registration under this Section,
18 the total number of new qualified business ventures
19 registered by the Department, and the aggregate amount
20 of investment upon which tax credit certificates were
21 issued in the prior calendar year; and

22 (C) the total amount of tax credit certificates
23 sought by applicants, the amount of each tax credit
24 certificate issued to a claimant, the aggregate amount
25 of all tax credit certificates issued in the prior
26 calendar year and the aggregate amount of tax credit

1 certificates issued as authorized under this Section
2 for all calendar years.

3 (i) For each business seeking registration under this
4 Section after December 31, 2016, the Department shall require
5 the business to include in its application the North American
6 Industry Classification System (NAICS) code applicable to the
7 business and the number of employees of the business at the
8 time of application. Each business registered by the
9 Department as a qualified new business venture that receives
10 an investment giving rise to the issuance of a tax credit
11 certificate pursuant to this Section shall, for each of the 3
12 years following the issue date of the last tax credit
13 certificate issued by the Department with respect to such
14 business pursuant to this Section, report to the Department
15 the following:

16 (1) the number of employees and the location at which
17 those employees are employed, both as of the end of each
18 year;

19 (2) the amount of additional new capital investment
20 raised as of the end of each year, if any; and

21 (3) the terms of any liquidity event occurring during
22 such year; for the purposes of this Section, a "liquidity
23 event" means any event that would be considered an exit
24 for an illiquid investment, including any event that
25 allows the equity holders of the business (or any material
26 portion thereof) to cash out some or all of their

1 respective equity interests.

2 (Source: P.A. 101-81, eff. 7-12-19; 102-16, eff. 6-17-21.)

3 ARTICLE 60. NEW MARKETS DEVELOPMENT PROGRAM

4 Section 60-5. The New Markets Development Program Act is
5 amended by changing Sections 5, 20, 25, 45, and 50 as follows:

6 (20 ILCS 663/5)

7 Sec. 5. Definitions. As used in this Act:

8 "Applicable percentage" means 0% for each of the first 2
9 credit allowance dates, 7% for the third credit allowance
10 date, and 8% for the next 4 credit allowance dates.

11 "Credit allowance date" means with respect to any
12 qualified equity investment:

13 (1) the date on which the investment is initially
14 made; and

15 (2) each of the 6 anniversary dates of that date
16 thereafter.

17 "Department" means the Department of Commerce and Economic
18 Opportunity.

19 "Long-term debt security" means any debt instrument issued
20 by a qualified community development entity, at par value or a
21 premium, with an original maturity date of at least 7 years
22 from the date of its issuance, with no acceleration of
23 repayment, amortization, or prepayment features prior to its

1 original maturity date. Cumulative cash payments of interest
2 on the qualified debt instrument during the period commencing
3 with the issuance of the qualified debt instrument and ending
4 with the seventh anniversary of its issuance shall not exceed
5 the sum of such cash interest payments and the cumulative net
6 income of the issuing community development entity for the
7 same period. This definition in no way limits the holder's
8 ability to accelerate payments on the debt instrument in
9 situations where the issuer has defaulted on covenants
10 designed to ensure compliance with this Act or Section 45D of
11 the Internal Revenue Code of 1986, as amended.

12 "Purchase price" means the amount paid to the issuer of a
13 qualified equity investment for that qualified equity
14 investment.

15 "Qualified active low-income community business" has the
16 meaning given to that term in Section 45D of the Internal
17 Revenue Code of 1986, as amended; except that any business
18 that derives or projects to derive 15% or more of its annual
19 revenue from the rental or sale of real estate is not
20 considered to be a qualified active low-income community
21 business. This exception does not apply to a business that is
22 controlled by or under common control with another business if
23 the second business (i) does not derive or project to derive
24 15% or more of its annual revenue from the rental or sale of
25 real estate and (ii) is the primary tenant of the real estate
26 leased from the initial business. A business shall be

1 considered a qualified active low-income community business
2 for the duration of the qualified community development
3 entity's investment in or loan to the business if the entity
4 reasonably expects, at the time it makes the investment or
5 loan, that the business will continue to satisfy the
6 requirements for being a qualified active low-income community
7 business throughout the entire period of the investment or
8 loan.

9 "Qualified community development entity" has the meaning
10 given to that term in Section 45D of the Internal Revenue Code
11 of 1986, as amended; provided that such entity has entered
12 into, or is controlled by an entity that has entered into, an
13 allocation agreement with the Community Development Financial
14 Institutions Fund of the U.S. Treasury Department with respect
15 to credits authorized by Section 45D of the Internal Revenue
16 Code of 1986, as amended, that includes the State of Illinois
17 within the service area set forth in that allocation
18 agreement.

19 "Qualified equity investment" means any equity investment
20 in, or long-term debt security issued by, a qualified
21 community development entity that:

22 (1) is acquired after the effective date of this Act
23 at its original issuance solely in exchange for cash;

24 (2) with respect to qualified equity investments made
25 before January 1, 2024 ~~2017~~, has at least 85% of its cash
26 purchase price used by the issuer to make qualified

1 low-income community investments in the State of Illinois,
2 and, with respect to qualified equity investments made on
3 or after January 1, 2024 ~~2017~~, has 100% of the cash
4 purchase price used by the issuer to make qualified
5 low-income community investments in the State of Illinois;
6 and

7 (3) is designated by the issuer as a qualified equity
8 investment under this Act; with respect to qualified
9 equity investments made on or after January 1, 2024 ~~2017~~,
10 is designated by the issuer as a qualified equity
11 investment under Section 45D of the Internal Revenue Code
12 of 1986, as amended; and is certified by the Department as
13 not exceeding the limitation contained in Section 20.

14 This term includes any qualified equity investment that
15 does not meet the provisions of item (1) of this definition if
16 the investment was a qualified equity investment in the hands
17 of a prior holder.

18 "Qualified low-income community investment" means any
19 capital or equity investment in, or loan to, any qualified
20 active low-income community business. With respect to any one
21 qualified active low-income community business, the maximum
22 amount of qualified low-income community investments made in
23 that business, on a collective basis with all of its
24 affiliates that may be counted towards the satisfaction of
25 paragraph (2) of the definition of qualified equity
26 investment, shall be \$10,000,000 whether issued to one or

1 several qualified community development entities.

2 "Tax credit" means a credit against any income, franchise,
3 or insurance premium taxes, including insurance retaliatory
4 taxes, otherwise due under Illinois law.

5 "Taxpayer" means any individual or entity subject to any
6 income, franchise, or insurance premium tax under Illinois
7 law.

8 (Source: P.A. 100-408, eff. 8-25-17.)

9 (20 ILCS 663/20)

10 Sec. 20. Annual cap on credits. The Department shall limit
11 the monetary amount of qualified equity investments permitted
12 under this Act to a level necessary to limit tax credit use at
13 no more than (i) \$20,000,000 in ~~of~~ tax credits for fiscal years
14 beginning before July 1, 2023 and (ii) \$25,000,000 in tax
15 credits for fiscal years beginning on or after July 1, 2023 ~~in~~
16 any fiscal year. This limitation on qualified equity
17 investments shall be based on the anticipated use of credits
18 without regard to the potential for taxpayers to carry forward
19 tax credits to later tax years.

20 (Source: P.A. 100-408, eff. 8-25-17.)

21 (20 ILCS 663/25)

22 Sec. 25. Certification of qualified equity investments.

23 (a) A qualified community development entity that seeks to
24 have an equity investment or long-term debt security

1 designated as a qualified equity investment and eligible for
2 tax credits under this Section shall apply to the Department.
3 The qualified community development entity must submit an
4 application on a form that the Department provides that
5 includes:

6 (1) The name, address, tax identification number of
7 the entity, and evidence of the entity's certification as
8 a qualified community development entity.

9 (2) A copy of the allocation agreement executed by the
10 entity, or its controlling entity, and the Community
11 Development Financial Institutions Fund.

12 (3) A certificate executed by an executive officer of
13 the entity attesting that the allocation agreement remains
14 in effect and has not been revoked or cancelled by the
15 Community Development Financial Institutions Fund.

16 (4) A description of the proposed amount, structure,
17 and purchaser of the equity investment or long-term debt
18 security.

19 (5) The name and tax identification number of any
20 taxpayer eligible to utilize tax credits earned as a
21 result of the issuance of the qualified equity investment.

22 (6) Information regarding the proposed use of proceeds
23 from the issuance of the qualified equity investment.

24 (7) A nonrefundable application fee of \$5,000. This
25 fee shall be paid to the Department and shall be required
26 of each application submitted.

1 (8) With respect to qualified equity investments made
2 on or after January 1, 2017, the amount of qualified
3 equity investment authority the applicant agrees to
4 designate as a federal qualified equity investment under
5 Section 45D of the Internal Revenue Code, including a copy
6 of the screen shot from the Community Development
7 Financial Institutions Fund's Allocation Tracking System
8 of the applicant's remaining federal qualified equity
9 investment authority.

10 (b) Within 30 days after receipt of a completed
11 application containing the information necessary for the
12 Department to certify a potential qualified equity investment,
13 including the payment of the application fee, the Department
14 shall grant or deny the application in full or in part. If the
15 Department denies any part of the application, it shall inform
16 the qualified community development entity of the grounds for
17 the denial. If the qualified community development entity
18 provides any additional information required by the Department
19 or otherwise completes its application within 15 days of the
20 notice of denial, the application shall be considered
21 completed as of the original date of submission. If the
22 qualified community development entity fails to provide the
23 information or complete its application within the 15-day
24 period, the application remains denied and must be resubmitted
25 in full with a new submission date.

26 (c) If the application is deemed complete, the Department

1 shall certify the proposed equity investment or long-term debt
2 security as a qualified equity investment that is eligible for
3 tax credits under this Section, subject to the limitations
4 contained in Section 20. The Department shall provide written
5 notice of the certification to the qualified community
6 development entity. The notice shall include the names of
7 those taxpayers who are eligible to utilize the credits and
8 their respective credit amounts. If the names of the taxpayers
9 who are eligible to utilize the credits change due to a
10 transfer of a qualified equity investment or a change in an
11 allocation pursuant to Section 15, the qualified community
12 development entity shall notify the Department of such change.

13 (d) With respect to applications received before January
14 1, 2017, the Department shall certify qualified equity
15 investments in the order applications are received by the
16 Department. Applications received on the same day shall be
17 deemed to have been received simultaneously. For applications
18 received on the same day and deemed complete, the Department
19 shall certify, consistent with remaining tax credit capacity,
20 qualified equity investments in proportionate percentages
21 based upon the ratio of the amount of qualified equity
22 investment requested in an application to the total amount of
23 qualified equity investments requested in all applications
24 received on the same day.

25 (d-5) With respect to applications received on or after
26 January 1, 2017, the Department shall certify applications by

1 applicants that agree to designate qualified equity
2 investments as federal qualified equity investments in
3 accordance with item (8) of subsection (a) of this Section in
4 proportionate percentages based upon the ratio of the amount
5 of qualified equity investments requested in an application to
6 be designated as federal qualified equity investments to the
7 total amount of qualified equity investments to be designated
8 as federal qualified equity investments requested in all
9 applications received on the same day.

10 (d-10) With respect to applications received on or after
11 January 1, 2017, after complying with subsection (d-5), the
12 Department shall certify the qualified equity investments of
13 all other applicants, including the remaining qualified equity
14 investment authority requested by applicants not designated as
15 federal qualified equity investments in accordance with item
16 (8) of subsection (a) of this Section, in proportionate
17 percentages based upon the ratio of the amount of qualified
18 equity investments requested in the applications to the total
19 amount of qualified equity investments requested in all
20 applications received on the same day.

21 (e) Once the Department has certified qualified equity
22 investments that, on a cumulative basis, are eligible for
23 \$20,000,000 in tax credits (for taxable years beginning before
24 July 1, 2023) or \$25,000,000 in tax credits (for taxable years
25 beginning on or after July 1, 2023), the Department may not
26 certify any more qualified equity investments. If a pending

1 request cannot be fully certified, the Department shall
2 certify the portion that may be certified unless the qualified
3 community development entity elects to withdraw its request
4 rather than receive partial credit.

5 (f) Within 30 days after receiving notice of
6 certification, the qualified community development entity
7 shall (i) issue the qualified equity investment and receive
8 cash in the amount of the certified amount and (ii) with
9 respect to qualified equity investments made on or after
10 January 1, 2017, if applicable, designate the required amount
11 of qualified equity investment authority as a federal
12 qualified equity investment. The qualified community
13 development entity must provide the Department with evidence
14 of the receipt of the cash investment within 10 business days
15 after receipt and, with respect to qualified equity
16 investments made on or after January 1, 2017, if applicable,
17 provide evidence that the required amount of qualified equity
18 investment authority was designated as a federal qualified
19 equity investment. If the qualified community development
20 entity does not receive the cash investment and issue the
21 qualified equity investment within 30 days following receipt
22 of the certification notice, the certification shall lapse and
23 the entity may not issue the qualified equity investment
24 without reapplying to the Department for certification. A
25 certification that lapses reverts back to the Department and
26 may be reissued only in accordance with the application

1 process outline in this Section 25.

2 (g) Allocation rounds enabled by this Act shall be applied
3 for according to the following schedule:

4 (1) on January 2, 2019, \$125,000,000 of qualified
5 equity investments; ~~and~~

6 (2) not less than 45 days after but not more than 90
7 days after the Community Development Financial
8 Institutions Fund of the United States Department of the
9 Treasury announces allocation awards under a Notice of
10 Funding Availability that is published in the Federal
11 Register after September 6, 2019, \$125,000,000 of
12 qualified equity investments; ~~and~~ -

13 (3) on or after January 1, 2024, but not more than 120
14 days after the Community Development Financial
15 Institutions Fund of the United States Department of the
16 Treasury announces allocation awards under a Notice of
17 Funding Availability that was published in the Federal
18 Register on November 22, 2022, \$312,500,000 of qualified
19 equity investments.

20 (Source: P.A. 100-408, eff. 8-25-17; 101-604, eff. 12-13-19.)

21 (20 ILCS 663/45)

22 Sec. 45. Examination and Rulemaking.

23 (a) The Department may conduct examinations to verify that
24 the tax credits under this Act have been received and applied
25 according to the requirements of this Act and to verify that no

1 event has occurred that would result in a recapture of tax
2 credits under Section 40.

3 (b) Neither the Department nor the Department of Revenue
4 shall have the authority to promulgate rules under the Act,
5 but, with respect to qualified equity investments issued
6 before January 1, 2024, the Department and the Department of
7 Revenue shall have the authority to issue advisory letters to
8 individual qualified community development entities and their
9 investors that are limited to the specific facts outlined in
10 an advisory letter request from a qualified community
11 development entity. Such rulings cannot be relied upon by any
12 person or entity other than the qualified community
13 development entity that requested the letter and the taxpayers
14 that are entitled to any tax credits generated from
15 investments in such entity. For purposes of this subsection,
16 "rules" is given the meaning contained in Section 1-70 of the
17 Illinois Administrative Procedure Act.

18 (c) In rendering advisory letters and making other
19 determinations under this Act prior to January 1, 2024, to the
20 extent applicable, the Department and the Department of
21 Revenue shall look for guidance to Section 45D of the Internal
22 Revenue Code of 1986, as amended, and the rules and
23 regulations issued thereunder.

24 (d) It is the intent of the General Assembly that
25 qualified equity investment structures allowed pursuant to
26 advisory letters and other determinations by the Department

1 and the Department of Revenue prior to January 1, 2024 shall be
2 allowed and that qualified community development entities may
3 rely on the rules and regulations issued under Section 45D of
4 the Internal Revenue Code of 1986, as amended, where
5 applicable.

6 (Source: P.A. 95-1024, eff. 12-31-08.)

7 (20 ILCS 663/50)

8 Sec. 50. Sunset. For fiscal years following fiscal year
9 2031 ~~2024~~, qualified equity investments shall not be made
10 under this Act unless reauthorization is made pursuant to this
11 Section. For all fiscal years following fiscal year 2031 ~~2024~~,
12 unless the General Assembly adopts a joint resolution granting
13 authority to the Department to approve qualified equity
14 investments for the Illinois new markets development program
15 and clearly describing the amount of tax credits available for
16 the next fiscal year, or otherwise complies with the
17 provisions of this Section, no qualified equity investments
18 may be permitted to be made under this Act. The amount of
19 available tax credits contained in such a resolution shall not
20 exceed the limitation provided under Section 20. Nothing in
21 this Section precludes a taxpayer who makes a qualified equity
22 investment prior to the expiration of authority to make
23 qualified equity investments from claiming tax credits
24 relating to that qualified equity investment for each
25 applicable credit allowance date.

1 (Source: P.A. 102-16, eff. 6-17-21.)

2 ARTICLE 65. STANDARD EXEMPTION

3 Section 65-5. The Illinois Income Tax Act is amended by
4 changing Section 204 as follows:

5 (35 ILCS 5/204) (from Ch. 120, par. 2-204)

6 Sec. 204. Standard exemption.

7 (a) Allowance of exemption. In computing net income under
8 this Act, there shall be allowed as an exemption the sum of the
9 amounts determined under subsections (b), (c) and (d),
10 multiplied by a fraction the numerator of which is the amount
11 of the taxpayer's base income allocable to this State for the
12 taxable year and the denominator of which is the taxpayer's
13 total base income for the taxable year.

14 (b) Basic amount. For the purpose of subsection (a) of
15 this Section, except as provided by subsection (a) of Section
16 205 and in this subsection, each taxpayer shall be allowed a
17 basic amount of \$1000, except that for corporations the basic
18 amount shall be zero for tax years ending on or after December
19 31, 2003, and for individuals the basic amount shall be:

20 (1) for taxable years ending on or after December 31,
21 1998 and prior to December 31, 1999, \$1,300;

22 (2) for taxable years ending on or after December 31,
23 1999 and prior to December 31, 2000, \$1,650;

1 (3) for taxable years ending on or after December 31,
2 2000 and prior to December 31, 2012, \$2,000;

3 (4) for taxable years ending on or after December 31,
4 2012 and prior to December 31, 2013, \$2,050;

5 (5) for taxable years ending on or after December 31,
6 2013 and on or before December 31, 2022 ~~December 31, 2023~~,
7 \$2,050 plus the cost-of-living adjustment under subsection
8 (d-5);

9 (6) for taxable years ending on or after December 31,
10 2023 and prior to December 31, 2024, \$2,425;

11 (7) for taxable years ending on or after December 31,
12 2024 and on or before December 31, 2028, \$2,050 plus the
13 cost-of-living adjustment under subsection (d-5).

14 For taxable years ending on or after December 31, 1992, a
15 taxpayer whose Illinois base income exceeds the basic amount
16 and who is claimed as a dependent on another person's tax
17 return under the Internal Revenue Code shall not be allowed
18 any basic amount under this subsection.

19 (c) Additional amount for individuals. In the case of an
20 individual taxpayer, there shall be allowed for the purpose of
21 subsection (a), in addition to the basic amount provided by
22 subsection (b), an additional exemption equal to the basic
23 amount for each exemption in excess of one allowable to such
24 individual taxpayer for the taxable year under Section 151 of
25 the Internal Revenue Code.

26 (d) Additional exemptions for an individual taxpayer and

1 his or her spouse. In the case of an individual taxpayer and
2 his or her spouse, he or she shall each be allowed additional
3 exemptions as follows:

4 (1) Additional exemption for taxpayer or spouse 65
5 years of age or older.

6 (A) For taxpayer. An additional exemption of
7 \$1,000 for the taxpayer if he or she has attained the
8 age of 65 before the end of the taxable year.

9 (B) For spouse when a joint return is not filed. An
10 additional exemption of \$1,000 for the spouse of the
11 taxpayer if a joint return is not made by the taxpayer
12 and his spouse, and if the spouse has attained the age
13 of 65 before the end of such taxable year, and, for the
14 calendar year in which the taxable year of the
15 taxpayer begins, has no gross income and is not the
16 dependent of another taxpayer.

17 (2) Additional exemption for blindness of taxpayer or
18 spouse.

19 (A) For taxpayer. An additional exemption of
20 \$1,000 for the taxpayer if he or she is blind at the
21 end of the taxable year.

22 (B) For spouse when a joint return is not filed. An
23 additional exemption of \$1,000 for the spouse of the
24 taxpayer if a separate return is made by the taxpayer,
25 and if the spouse is blind and, for the calendar year
26 in which the taxable year of the taxpayer begins, has

1 no gross income and is not the dependent of another
2 taxpayer. For purposes of this paragraph, the
3 determination of whether the spouse is blind shall be
4 made as of the end of the taxable year of the taxpayer;
5 except that if the spouse dies during such taxable
6 year such determination shall be made as of the time of
7 such death.

8 (C) Blindness defined. For purposes of this
9 subsection, an individual is blind only if his or her
10 central visual acuity does not exceed 20/200 in the
11 better eye with correcting lenses, or if his or her
12 visual acuity is greater than 20/200 but is
13 accompanied by a limitation in the fields of vision
14 such that the widest diameter of the visual fields
15 subtends an angle no greater than 20 degrees.

16 (d-5) Cost-of-living adjustment. For purposes of item (5)
17 of subsection (b), the cost-of-living adjustment for any
18 calendar year and for taxable years ending prior to the end of
19 the subsequent calendar year is equal to \$2,050 times the
20 percentage (if any) by which:

21 (1) the Consumer Price Index for the preceding
22 calendar year, exceeds

23 (2) the Consumer Price Index for the calendar year
24 2011.

25 The Consumer Price Index for any calendar year is the
26 average of the Consumer Price Index as of the close of the

1 12-month period ending on August 31 of that calendar year.

2 The term "Consumer Price Index" means the last Consumer
3 Price Index for All Urban Consumers published by the United
4 States Department of Labor or any successor agency.

5 If any cost-of-living adjustment is not a multiple of \$25,
6 that adjustment shall be rounded to the next lowest multiple
7 of \$25.

8 (e) Cross reference. See Article 3 for the manner of
9 determining base income allocable to this State.

10 (f) Application of Section 250. Section 250 does not apply
11 to the amendments to this Section made by Public Act 90-613.

12 (g) Notwithstanding any other provision of law, for
13 taxable years beginning on or after January 1, 2017, no
14 taxpayer may claim an exemption under this Section if the
15 taxpayer's adjusted gross income for the taxable year exceeds
16 (i) \$500,000, in the case of spouses filing a joint federal tax
17 return or (ii) \$250,000, in the case of all other taxpayers.
18 (Source: P.A. 100-22, eff. 7-6-17; 100-865, eff. 8-14-18.)

19 ARTICLE 70. AVIATION FUEL

20 Section 70-5. The Use Tax Act is amended by changing
21 Section 3-87 as follows:

22 (35 ILCS 105/3-87)

23 Sec. 3-87. Sustainable Aviation Fuel Purchase Credit.

1 (a) From July 1, 2023 through December 31, 2032 ~~June 1,~~
2 ~~2023 through January 1, 2033,~~ sustainable aviation fuel sold
3 to or used by an air common carrier, certified by the carrier
4 ~~to the Department~~ to be used in Illinois, earns a credit in the
5 amount of \$1.50 per gallon of sustainable aviation fuel
6 purchased. The credit earned shall be referred to as the
7 Sustainable Aviation Fuel Purchase Credit.

8 Only that portion of each gallon of aviation fuel that
9 consists of sustainable aviation fuel, as defined in this
10 Section, is eligible to earn the credit.

11 The credit is earned at the time sustainable aviation fuel
12 is purchased for use in Illinois. The amount of credit that is
13 earned is based on the number of whole gallons of sustainable
14 aviation fuel purchased for use in Illinois. Partial gallons
15 will not earn a credit. Credits may be used at the same time as
16 they are earned.

17 For a sale or use of aviation fuel to qualify to earn the
18 Sustainable Aviation Fuel Purchase Credit, taxpayers must
19 retain in their books and records a certification from the
20 producer of the aviation fuel that the aviation fuel sold or
21 used and for which a sustainable aviation fuel purchase credit
22 was earned meets the definition of sustainable aviation fuel
23 under this Section. The documentation must include detail
24 sufficient for the Department to determine the number of
25 gallons of sustainable aviation fuel sold or used.

26 A Sustainable Aviation Fuel Purchase Credit earned by an

1 air common carrier expires on December 31, 2032. The
2 Sustainable Aviation Fuel Purchase Credit is non-transferable
3 and non-refundable. Taxpayers shall account for the earning
4 and usage of Sustainable Aviation Fuel Purchase Credits on
5 each monthly return filed with the Department, as deemed
6 necessary by the Department.

7 The purchaser of sustainable aviation fuel shall certify
8 to the seller of the aviation fuel that the purchaser is
9 satisfying all or part of its liability for the 6.25% tax under
10 the Use Tax Act or the Service Use Tax Act that is due on the
11 purchase of aviation fuel by use of the sustainable aviation
12 fuel purchase credit.

13 The Sustainable Aviation Fuel Purchase Credit
14 certification must be dated and shall include the name and
15 address of the purchaser, the purchaser's registration number,
16 if registered, the credit being applied, and a statement that
17 the State Use Tax or Service Use Tax ~~use tax or service use tax~~
18 liability is being satisfied with the air common carrier's
19 ~~accumulated~~ sustainable aviation fuel purchase credit.

20 An air common carrier-purchaser of aviation fuel may
21 utilize the Sustainable Aviation Fuel Purchase Credit in
22 satisfaction of the 6.25% tax arising from the purchase of
23 aviation fuel, but not in satisfaction of penalty or interest.

24 Until January 1, 2033 ~~July 1, 2033~~, on an annual basis,
25 running from January through December each year, no credit may
26 be earned by an air common carrier for soybean oil-derived

1 sustainable aviation fuel once air common carriers in this
2 State have collectively purchased sustainable aviation fuel
3 containing 10,000,000 gallons of soybean oil feedstock. If, in
4 any year, air common carriers collectively purchase
5 sustainable aviation fuel containing more than 10,000,000
6 gallons of soybean oil feedstock for use in this State, then,
7 in the month in which taxpayer reporting shows that the credit
8 earned from these purchases exceeds the cap, the Department
9 shall first determine the remaining number of gallons of
10 soybean oil feedstock available to earn the credit for that
11 year by subtracting from 10,000,000 the number of gallons of
12 soybean oil feedstock collectively purchased that year based
13 on the prior month's taxpayer reporting. The Department shall
14 then allocate the credit from these remaining gallons of
15 soybean oil feedstock available to earn the credit for that
16 year by allowing credit to each air common carrier in the same
17 proportion as the number of gallons of soybean oil feedstock
18 reported as having been purchased by each air common carrier
19 during the month in which the cap is exceeded is to all of the
20 gallons of soybean oil feedstock reported as having been
21 purchased during that month. The earning of any credit in
22 excess of this shall be disallowed for the remainder of the
23 year. For any credit that was used, the earning of which was
24 disallowed in the process described in this paragraph, any
25 resulting tax shall be due on or before April 20th of the year
26 following the year in which the 10,000,000 gallon cap on

1 soybean oil feedstock was exceeded and shall be reported and
2 paid on the aviation fuel tax return. Any credit that is earned
3 for the purchase of soybean oil feedstock but not timely
4 reported in a year in which the cap is exceeded is disallowed.

5 A Sustainable Aviation Fuel Purchase Credit certification
6 provided by the air common carrier may be used to satisfy the
7 retailer's or serviceman's 6.25% tax liability on aviation
8 fuel under the Retailers' Occupation Tax Act or Service
9 Occupation Tax Act for the credit claimed.

10 (b) As used in this Section, "sustainable aviation fuel"
11 means liquid fuel that meets the criteria set forth in
12 subsections (d) and (e) of Section 40B of the federal Internal
13 Revenue Code of 1986 or:

14 (1) consists of synthesized hydrocarbons and meets the
15 requirements of:

16 (A) the American Society for Testing and Materials
17 International Standard D7566; or

18 (B) the Fischer-Tropsch provisions of American
19 Society for Testing and Materials International
20 Standard D1655, Annex A1;

21 (2) prior to June 1, 2028, is derived from biomass
22 resources, waste streams, renewable energy sources, or
23 gaseous carbon oxides, and beginning on June 1, 2028 is
24 derived from domestic biomass resources;

25 (3) is not derived from any palm derivatives; and

26 (4) the fuel production pathway for the sustainable

1 aviation fuel achieves at least a 50% lifecycle greenhouse
2 gas emissions reduction in comparison with petroleum-based
3 jet fuel, as determined by a test that shows:

4 (A) that the fuel production pathway achieves at
5 least a 50% reduction of the aggregate attributional
6 core lifecycle emissions and the positive induced land
7 use change values under the lifecycle methodology for
8 sustainable aviation fuels adopted by the
9 International Civil Aviation Organization with the
10 agreement of the United States; or

11 (B) that the fuel production pathway achieves at
12 least a 50% reduction of the aggregate attributional
13 core lifecycle greenhouse gas emissions values
14 utilizing the most recent version of Argonne National
15 Laboratory's GREET model, inclusive of agricultural
16 practices and carbon capture and sequestration.

17 (Source: P.A. 102-1125, eff. 2-3-23.)

18 Section 70-10. The Service Use Tax Act is amended by
19 changing Section 3-72 as follows:

20 (35 ILCS 110/3-72)

21 Sec. 3-72. Sustainable Aviation Fuel Purchase Credit.

22 (a) From July 1, 2023 through December 31, 2032 ~~June 1,~~
23 ~~2023 through January 1, 2033~~, sustainable aviation fuel sold
24 to or used by an air common carrier, certified by the carrier

1 ~~to the Department~~ to be used in Illinois, earns a credit in the
2 amount of \$1.50 per gallon of sustainable aviation fuel
3 purchased. The credit earned shall be referred to as the
4 Sustainable Aviation Fuel Purchase Credit.

5 Only that portion of each gallon of aviation fuel that
6 consists of sustainable aviation fuel, as defined in this
7 Section, is eligible to earn the credit.

8 The credit is earned at the time sustainable aviation fuel
9 is purchased for use in Illinois. The amount of credit that is
10 earned is based on the number of whole gallons of sustainable
11 aviation fuel purchased for use in Illinois. Partial gallons
12 will not earn a credit. Credits may be used at the same time as
13 they are earned.

14 For a sale or use of aviation fuel to qualify to earn the
15 Sustainable Aviation Fuel Purchase Credit, taxpayers must
16 retain in their books and records a certification from the
17 producer of the aviation fuel that the aviation fuel sold or
18 used and for which a sustainable aviation fuel purchase credit
19 was earned meets the definition of sustainable aviation fuel
20 under this Section. The documentation must include detail
21 sufficient for the Department to determine the number of
22 gallons of sustainable aviation fuel sold or used.

23 A Sustainable Aviation Fuel Purchase Credit earned by an
24 air common carrier expires on December 31, 2032. The
25 Sustainable Aviation Fuel Purchase Credit is a
26 non-transferable and non-refundable credit. Taxpayers shall

1 account for the earning and usage of Sustainable Aviation Fuel
2 Purchase Credits on each monthly return filed with the
3 Department, as deemed necessary by the Department.

4 The purchaser of sustainable aviation fuel shall certify
5 to the seller of the aviation fuel that the purchaser is
6 satisfying all or part of its liability for the 6.25% tax under
7 the Use Tax Act or the Service Use Tax Act that is due on the
8 purchase of aviation fuel by use of the sustainable aviation
9 fuel purchase credit.

10 The Sustainable Aviation Fuel Purchase Credit
11 certification must be dated and shall include the name and
12 address of the purchaser, the purchaser's registration number,
13 if registered, the credit being applied, and a statement that
14 the State Use Tax or Service Use Tax ~~use tax or service use tax~~
15 liability is being satisfied with the air common carrier's
16 ~~accumulated~~ sustainable aviation fuel purchase credit.

17 An air common carrier-purchaser of aviation fuel may
18 utilize the Sustainable Aviation Fuel Purchase Credit in
19 satisfaction of the 6.25% tax arising from the purchase of
20 aviation fuel, but not in satisfaction of penalty or interest.

21 Until January 1, 2033 ~~July 1, 2033~~, on an annual basis
22 running from January through December each year, no credit may
23 be earned by an air common carrier for soybean oil-derived
24 sustainable aviation fuel once air common carriers in this
25 State have collectively purchased sustainable aviation fuel
26 containing 10,000,000 gallons of soybean oil feedstock. If, in

1 any year, air common carriers collectively purchase
2 sustainable aviation fuel containing more than 10,000,000
3 gallons of soybean oil feedstock for use in this State, then,
4 in the month in which taxpayer reporting shows that the credit
5 earned from these purchases exceeds the cap, the Department
6 shall first determine the remaining number of gallons of
7 soybean oil feedstock available to earn the credit for that
8 year by subtracting from 10,000,000 the number of gallons of
9 soybean oil feedstock collectively purchased that year based
10 on the prior month's taxpayer reporting. The Department shall
11 then allocate the credit from these remaining gallons of
12 soybean oil feedstock available to earn the credit for that
13 year by allowing credit to each air common carrier in the same
14 proportion as the number of gallons of soybean oil feedstock
15 reported as having been purchased by each air common carrier
16 during the month in which the cap is exceeded is to all of the
17 gallons of soybean oil feedstock reported as having been
18 purchased during that month. The earning of any credit in
19 excess of this shall be disallowed for the remainder of the
20 year. For any credit that was used, the earning of which was
21 disallowed in the process described in this paragraph, any
22 resulting tax shall be due on or before April 20th of the year
23 following the year in which the 10,000,000 gallon cap on
24 soybean oil feedstock was exceeded and shall be reported and
25 paid on the aviation fuel tax return. Any credit that is earned
26 for the purchase of soybean oil feedstock but not timely

1 reported in a year in which the cap is exceeded is disallowed.

2 A Sustainable Aviation Fuel Purchase Credit certification
3 provided by the air common carrier may be used to satisfy the
4 retailer's or serviceman's 6.25% tax liability on aviation
5 fuel under the Retailers' Occupation Tax Act or Service
6 Occupation Tax Act for the credit claimed.

7 (b) As used in this Section, "sustainable aviation fuel"
8 means liquid fuel that meets the criteria set forth in
9 subsections (d) and (e) of Section 40B of the federal Internal
10 Revenue Code of 1986 or:

11 (1) consists of synthesized hydrocarbons and meets the
12 requirements of:

13 (A) the American Society for Testing and Materials
14 International Standard D7566; or

15 (B) the Fischer-Tropsch provisions of American
16 Society for Testing and Materials International
17 Standard D1655, Annex A1;

18 (2) prior to June 1, 2028, is derived from biomass
19 resources, waste streams, renewable energy sources, or
20 gaseous carbon oxides, and beginning on June 1, 2028 is
21 derived from domestic biomass resources;

22 (3) is not derived from any palm derivatives; and

23 (4) the fuel production pathway for the sustainable
24 aviation fuel achieves at least a 50% lifecycle greenhouse
25 gas emissions reduction in comparison with petroleum-based
26 jet fuel, as determined by a test that shows:

1 (A) that the fuel production pathway achieves at
2 least a 50% reduction of the aggregate attributional
3 core lifecycle emissions and the positive induced land
4 use change values under the lifecycle methodology for
5 sustainable aviation fuels adopted by the
6 International Civil Aviation Organization with the
7 agreement of the United States; or

8 (B) that the fuel production pathway achieves at
9 least a 50% reduction of the aggregate attributional
10 core lifecycle greenhouse gas emissions values
11 utilizing the most recent version of Argonne National
12 Laboratory's GREET model, inclusive of agricultural
13 practices and carbon capture and sequestration.

14 (Source: P.A. 102-1125, eff. 2-3-23.)

15 Section 70-15. The Service Occupation Tax Act is amended
16 by changing Section 9 as follows:

17 (35 ILCS 115/9) (from Ch. 120, par. 439.109)

18 Sec. 9. Each serviceman required or authorized to collect
19 the tax herein imposed shall pay to the Department the amount
20 of such tax at the time when he is required to file his return
21 for the period during which such tax was collectible, less a
22 discount of 2.1% prior to January 1, 1990, and 1.75% on and
23 after January 1, 1990, or \$5 per calendar year, whichever is
24 greater, which is allowed to reimburse the serviceman for

1 expenses incurred in collecting the tax, keeping records,
2 preparing and filing returns, remitting the tax and supplying
3 data to the Department on request. When determining the
4 discount allowed under this Section, servicemen shall include
5 the amount of tax that would have been due at the 1% rate but
6 for the 0% rate imposed under this amendatory Act of the 102nd
7 General Assembly. The discount under this Section is not
8 allowed for the 1.25% portion of taxes paid on aviation fuel
9 that is subject to the revenue use requirements of 49 U.S.C.
10 47107(b) and 49 U.S.C. 47133. The discount allowed under this
11 Section is allowed only for returns that are filed in the
12 manner required by this Act. The Department may disallow the
13 discount for servicemen whose certificate of registration is
14 revoked at the time the return is filed, but only if the
15 Department's decision to revoke the certificate of
16 registration has become final.

17 Where such tangible personal property is sold under a
18 conditional sales contract, or under any other form of sale
19 wherein the payment of the principal sum, or a part thereof, is
20 extended beyond the close of the period for which the return is
21 filed, the serviceman, in collecting the tax may collect, for
22 each tax return period, only the tax applicable to the part of
23 the selling price actually received during such tax return
24 period.

25 Except as provided hereinafter in this Section, on or
26 before the twentieth day of each calendar month, such

1 serviceman shall file a return for the preceding calendar
2 month in accordance with reasonable rules and regulations to
3 be promulgated by the Department of Revenue. Such return shall
4 be filed on a form prescribed by the Department and shall
5 contain such information as the Department may reasonably
6 require. The return shall include the gross receipts which
7 were received during the preceding calendar month or quarter
8 on the following items upon which tax would have been due but
9 for the 0% rate imposed under this amendatory Act of the 102nd
10 General Assembly: (i) food for human consumption that is to be
11 consumed off the premises where it is sold (other than
12 alcoholic beverages, food consisting of or infused with adult
13 use cannabis, soft drinks, and food that has been prepared for
14 immediate consumption); and (ii) food prepared for immediate
15 consumption and transferred incident to a sale of service
16 subject to this Act or the Service Use Tax Act by an entity
17 licensed under the Hospital Licensing Act, the Nursing Home
18 Care Act, the Assisted Living and Shared Housing Act, the
19 ID/DD Community Care Act, the MC/DD Act, the Specialized
20 Mental Health Rehabilitation Act of 2013, or the Child Care
21 Act of 1969, or an entity that holds a permit issued pursuant
22 to the Life Care Facilities Act. The return shall also include
23 the amount of tax that would have been due on the items listed
24 in the previous sentence but for the 0% rate imposed under this
25 amendatory Act of the 102nd General Assembly.

26 On and after January 1, 2018, with respect to servicemen

1 whose annual gross receipts average \$20,000 or more, all
2 returns required to be filed pursuant to this Act shall be
3 filed electronically. Servicemen who demonstrate that they do
4 not have access to the Internet or demonstrate hardship in
5 filing electronically may petition the Department to waive the
6 electronic filing requirement.

7 The Department may require returns to be filed on a
8 quarterly basis. If so required, a return for each calendar
9 quarter shall be filed on or before the twentieth day of the
10 calendar month following the end of such calendar quarter. The
11 taxpayer shall also file a return with the Department for each
12 of the first two months of each calendar quarter, on or before
13 the twentieth day of the following calendar month, stating:

14 1. The name of the seller;

15 2. The address of the principal place of business from
16 which he engages in business as a serviceman in this
17 State;

18 3. The total amount of taxable receipts received by
19 him during the preceding calendar month, including
20 receipts from charge and time sales, but less all
21 deductions allowed by law;

22 4. The amount of credit provided in Section 2d of this
23 Act;

24 5. The amount of tax due;

25 5-5. The signature of the taxpayer; and

26 6. Such other reasonable information as the Department

1 may require.

2 Each serviceman required or authorized to collect the tax
3 herein imposed on aviation fuel acquired as an incident to the
4 purchase of a service in this State during the preceding
5 calendar month shall, instead of reporting and paying tax as
6 otherwise required by this Section, report and pay such tax on
7 a separate aviation fuel tax return. The requirements related
8 to the return shall be as otherwise provided in this Section.
9 Notwithstanding any other provisions of this Act to the
10 contrary, servicemen transferring aviation fuel incident to
11 sales of service shall file all aviation fuel tax returns and
12 shall make all aviation fuel tax payments by electronic means
13 in the manner and form required by the Department. For
14 purposes of this Section, "aviation fuel" means jet fuel and
15 aviation gasoline.

16 If a taxpayer fails to sign a return within 30 days after
17 the proper notice and demand for signature by the Department,
18 the return shall be considered valid and any amount shown to be
19 due on the return shall be deemed assessed.

20 Notwithstanding any other provision of this Act to the
21 contrary, servicemen subject to tax on cannabis shall file all
22 cannabis tax returns and shall make all cannabis tax payments
23 by electronic means in the manner and form required by the
24 Department.

25 Prior to October 1, 2003, and on and after September 1,
26 2004 a serviceman may accept a Manufacturer's Purchase Credit

1 certification from a purchaser in satisfaction of Service Use
2 Tax as provided in Section 3-70 of the Service Use Tax Act if
3 the purchaser provides the appropriate documentation as
4 required by Section 3-70 of the Service Use Tax Act. A
5 Manufacturer's Purchase Credit certification, accepted prior
6 to October 1, 2003 or on or after September 1, 2004 by a
7 serviceman as provided in Section 3-70 of the Service Use Tax
8 Act, may be used by that serviceman to satisfy Service
9 Occupation Tax liability in the amount claimed in the
10 certification, not to exceed 6.25% of the receipts subject to
11 tax from a qualifying purchase. A Manufacturer's Purchase
12 Credit reported on any original or amended return filed under
13 this Act after October 20, 2003 for reporting periods prior to
14 September 1, 2004 shall be disallowed. Manufacturer's Purchase
15 Credit reported on annual returns due on or after January 1,
16 2005 will be disallowed for periods prior to September 1,
17 2004. No Manufacturer's Purchase Credit may be used after
18 September 30, 2003 through August 31, 2004 to satisfy any tax
19 liability imposed under this Act, including any audit
20 liability.

21 Beginning on July 1, 2023 and through December 31, 2032, a
22 serviceman may accept a Sustainable Aviation Fuel Purchase
23 Credit certification from an air common carrier-purchaser in
24 satisfaction of Service Use Tax as provided in Section 3-72 of
25 the Service Use Tax Act if the purchaser provides the
26 appropriate documentation as required by Section 3-72 of the

1 Service Use Tax Act. A Sustainable Aviation Fuel Purchase
2 Credit certification accepted by a serviceman in accordance
3 with this paragraph may be used by that serviceman to satisfy
4 service occupation tax liability (but not in satisfaction of
5 penalty or interest) in the amount claimed in the
6 certification, not to exceed 6.25% of the receipts subject to
7 tax from a sale of aviation fuel. In addition, for a sale of
8 aviation fuel to qualify to earn the Sustainable Aviation Fuel
9 Purchase Credit, servicemen must retain in their books and
10 records a certification from the producer of the aviation fuel
11 that the aviation fuel sold by the serviceman and for which a
12 sustainable aviation fuel purchase credit was earned meets the
13 definition of sustainable aviation fuel under Section 3-72 of
14 the Service Use Tax Act. The documentation must include detail
15 sufficient for the Department to determine the number of
16 gallons of sustainable aviation fuel sold.

17 If the serviceman's average monthly tax liability to the
18 Department does not exceed \$200, the Department may authorize
19 his returns to be filed on a quarter annual basis, with the
20 return for January, February and March of a given year being
21 due by April 20 of such year; with the return for April, May
22 and June of a given year being due by July 20 of such year;
23 with the return for July, August and September of a given year
24 being due by October 20 of such year, and with the return for
25 October, November and December of a given year being due by
26 January 20 of the following year.

1 If the serviceman's average monthly tax liability to the
2 Department does not exceed \$50, the Department may authorize
3 his returns to be filed on an annual basis, with the return for
4 a given year being due by January 20 of the following year.

5 Such quarter annual and annual returns, as to form and
6 substance, shall be subject to the same requirements as
7 monthly returns.

8 Notwithstanding any other provision in this Act concerning
9 the time within which a serviceman may file his return, in the
10 case of any serviceman who ceases to engage in a kind of
11 business which makes him responsible for filing returns under
12 this Act, such serviceman shall file a final return under this
13 Act with the Department not more than 1 month after
14 discontinuing such business.

15 Beginning October 1, 1993, a taxpayer who has an average
16 monthly tax liability of \$150,000 or more shall make all
17 payments required by rules of the Department by electronic
18 funds transfer. Beginning October 1, 1994, a taxpayer who has
19 an average monthly tax liability of \$100,000 or more shall
20 make all payments required by rules of the Department by
21 electronic funds transfer. Beginning October 1, 1995, a
22 taxpayer who has an average monthly tax liability of \$50,000
23 or more shall make all payments required by rules of the
24 Department by electronic funds transfer. Beginning October 1,
25 2000, a taxpayer who has an annual tax liability of \$200,000 or
26 more shall make all payments required by rules of the

1 Department by electronic funds transfer. The term "annual tax
2 liability" shall be the sum of the taxpayer's liabilities
3 under this Act, and under all other State and local occupation
4 and use tax laws administered by the Department, for the
5 immediately preceding calendar year. The term "average monthly
6 tax liability" means the sum of the taxpayer's liabilities
7 under this Act, and under all other State and local occupation
8 and use tax laws administered by the Department, for the
9 immediately preceding calendar year divided by 12. Beginning
10 on October 1, 2002, a taxpayer who has a tax liability in the
11 amount set forth in subsection (b) of Section 2505-210 of the
12 Department of Revenue Law shall make all payments required by
13 rules of the Department by electronic funds transfer.

14 Before August 1 of each year beginning in 1993, the
15 Department shall notify all taxpayers required to make
16 payments by electronic funds transfer. All taxpayers required
17 to make payments by electronic funds transfer shall make those
18 payments for a minimum of one year beginning on October 1.

19 Any taxpayer not required to make payments by electronic
20 funds transfer may make payments by electronic funds transfer
21 with the permission of the Department.

22 All taxpayers required to make payment by electronic funds
23 transfer and any taxpayers authorized to voluntarily make
24 payments by electronic funds transfer shall make those
25 payments in the manner authorized by the Department.

26 The Department shall adopt such rules as are necessary to

1 effectuate a program of electronic funds transfer and the
2 requirements of this Section.

3 Where a serviceman collects the tax with respect to the
4 selling price of tangible personal property which he sells and
5 the purchaser thereafter returns such tangible personal
6 property and the serviceman refunds the selling price thereof
7 to the purchaser, such serviceman shall also refund, to the
8 purchaser, the tax so collected from the purchaser. When
9 filing his return for the period in which he refunds such tax
10 to the purchaser, the serviceman may deduct the amount of the
11 tax so refunded by him to the purchaser from any other Service
12 Occupation Tax, Service Use Tax, Retailers' Occupation Tax or
13 Use Tax which such serviceman may be required to pay or remit
14 to the Department, as shown by such return, provided that the
15 amount of the tax to be deducted shall previously have been
16 remitted to the Department by such serviceman. If the
17 serviceman shall not previously have remitted the amount of
18 such tax to the Department, he shall be entitled to no
19 deduction hereunder upon refunding such tax to the purchaser.

20 If experience indicates such action to be practicable, the
21 Department may prescribe and furnish a combination or joint
22 return which will enable servicemen, who are required to file
23 returns hereunder and also under the Retailers' Occupation Tax
24 Act, the Use Tax Act or the Service Use Tax Act, to furnish all
25 the return information required by all said Acts on the one
26 form.

1 Where the serviceman has more than one business registered
2 with the Department under separate registrations hereunder,
3 such serviceman shall file separate returns for each
4 registered business.

5 Beginning January 1, 1990, each month the Department shall
6 pay into the Local Government Tax Fund the revenue realized
7 for the preceding month from the 1% tax imposed under this Act.

8 Beginning January 1, 1990, each month the Department shall
9 pay into the County and Mass Transit District Fund 4% of the
10 revenue realized for the preceding month from the 6.25%
11 general rate on sales of tangible personal property other than
12 aviation fuel sold on or after December 1, 2019. This
13 exception for aviation fuel only applies for so long as the
14 revenue use requirements of 49 U.S.C. 47107(b) and 49 U.S.C.
15 47133 are binding on the State.

16 Beginning August 1, 2000, each month the Department shall
17 pay into the County and Mass Transit District Fund 20% of the
18 net revenue realized for the preceding month from the 1.25%
19 rate on the selling price of motor fuel and gasohol.

20 Beginning January 1, 1990, each month the Department shall
21 pay into the Local Government Tax Fund 16% of the revenue
22 realized for the preceding month from the 6.25% general rate
23 on transfers of tangible personal property other than aviation
24 fuel sold on or after December 1, 2019. This exception for
25 aviation fuel only applies for so long as the revenue use
26 requirements of 49 U.S.C. 47107(b) and 49 U.S.C. 47133 are

1 binding on the State.

2 For aviation fuel sold on or after December 1, 2019, each
3 month the Department shall pay into the State Aviation Program
4 Fund 20% of the net revenue realized for the preceding month
5 from the 6.25% general rate on the selling price of aviation
6 fuel, less an amount estimated by the Department to be
7 required for refunds of the 20% portion of the tax on aviation
8 fuel under this Act, which amount shall be deposited into the
9 Aviation Fuel Sales Tax Refund Fund. The Department shall only
10 pay moneys into the State Aviation Program Fund and the
11 Aviation Fuel Sales Tax Refund Fund under this Act for so long
12 as the revenue use requirements of 49 U.S.C. 47107(b) and 49
13 U.S.C. 47133 are binding on the State.

14 Beginning August 1, 2000, each month the Department shall
15 pay into the Local Government Tax Fund 80% of the net revenue
16 realized for the preceding month from the 1.25% rate on the
17 selling price of motor fuel and gasohol.

18 Beginning October 1, 2009, each month the Department shall
19 pay into the Capital Projects Fund an amount that is equal to
20 an amount estimated by the Department to represent 80% of the
21 net revenue realized for the preceding month from the sale of
22 candy, grooming and hygiene products, and soft drinks that had
23 been taxed at a rate of 1% prior to September 1, 2009 but that
24 are now taxed at 6.25%.

25 Beginning July 1, 2013, each month the Department shall
26 pay into the Underground Storage Tank Fund from the proceeds

1 collected under this Act, the Use Tax Act, the Service Use Tax
2 Act, and the Retailers' Occupation Tax Act an amount equal to
3 the average monthly deficit in the Underground Storage Tank
4 Fund during the prior year, as certified annually by the
5 Illinois Environmental Protection Agency, but the total
6 payment into the Underground Storage Tank Fund under this Act,
7 the Use Tax Act, the Service Use Tax Act, and the Retailers'
8 Occupation Tax Act shall not exceed \$18,000,000 in any State
9 fiscal year. As used in this paragraph, the "average monthly
10 deficit" shall be equal to the difference between the average
11 monthly claims for payment by the fund and the average monthly
12 revenues deposited into the fund, excluding payments made
13 pursuant to this paragraph.

14 Beginning July 1, 2015, of the remainder of the moneys
15 received by the Department under the Use Tax Act, the Service
16 Use Tax Act, this Act, and the Retailers' Occupation Tax Act,
17 each month the Department shall deposit \$500,000 into the
18 State Crime Laboratory Fund.

19 Of the remainder of the moneys received by the Department
20 pursuant to this Act, (a) 1.75% thereof shall be paid into the
21 Build Illinois Fund and (b) prior to July 1, 1989, 2.2% and on
22 and after July 1, 1989, 3.8% thereof shall be paid into the
23 Build Illinois Fund; provided, however, that if in any fiscal
24 year the sum of (1) the aggregate of 2.2% or 3.8%, as the case
25 may be, of the moneys received by the Department and required
26 to be paid into the Build Illinois Fund pursuant to Section 3

1 of the Retailers' Occupation Tax Act, Section 9 of the Use Tax
2 Act, Section 9 of the Service Use Tax Act, and Section 9 of the
3 Service Occupation Tax Act, such Acts being hereinafter called
4 the "Tax Acts" and such aggregate of 2.2% or 3.8%, as the case
5 may be, of moneys being hereinafter called the "Tax Act
6 Amount", and (2) the amount transferred to the Build Illinois
7 Fund from the State and Local Sales Tax Reform Fund shall be
8 less than the Annual Specified Amount (as defined in Section 3
9 of the Retailers' Occupation Tax Act), an amount equal to the
10 difference shall be immediately paid into the Build Illinois
11 Fund from other moneys received by the Department pursuant to
12 the Tax Acts; and further provided, that if on the last
13 business day of any month the sum of (1) the Tax Act Amount
14 required to be deposited into the Build Illinois Account in
15 the Build Illinois Fund during such month and (2) the amount
16 transferred during such month to the Build Illinois Fund from
17 the State and Local Sales Tax Reform Fund shall have been less
18 than 1/12 of the Annual Specified Amount, an amount equal to
19 the difference shall be immediately paid into the Build
20 Illinois Fund from other moneys received by the Department
21 pursuant to the Tax Acts; and, further provided, that in no
22 event shall the payments required under the preceding proviso
23 result in aggregate payments into the Build Illinois Fund
24 pursuant to this clause (b) for any fiscal year in excess of
25 the greater of (i) the Tax Act Amount or (ii) the Annual
26 Specified Amount for such fiscal year; and, further provided,

1 that the amounts payable into the Build Illinois Fund under
2 this clause (b) shall be payable only until such time as the
3 aggregate amount on deposit under each trust indenture
4 securing Bonds issued and outstanding pursuant to the Build
5 Illinois Bond Act is sufficient, taking into account any
6 future investment income, to fully provide, in accordance with
7 such indenture, for the defeasance of or the payment of the
8 principal of, premium, if any, and interest on the Bonds
9 secured by such indenture and on any Bonds expected to be
10 issued thereafter and all fees and costs payable with respect
11 thereto, all as certified by the Director of the Bureau of the
12 Budget (now Governor's Office of Management and Budget). If on
13 the last business day of any month in which Bonds are
14 outstanding pursuant to the Build Illinois Bond Act, the
15 aggregate of the moneys deposited in the Build Illinois Bond
16 Account in the Build Illinois Fund in such month shall be less
17 than the amount required to be transferred in such month from
18 the Build Illinois Bond Account to the Build Illinois Bond
19 Retirement and Interest Fund pursuant to Section 13 of the
20 Build Illinois Bond Act, an amount equal to such deficiency
21 shall be immediately paid from other moneys received by the
22 Department pursuant to the Tax Acts to the Build Illinois
23 Fund; provided, however, that any amounts paid to the Build
24 Illinois Fund in any fiscal year pursuant to this sentence
25 shall be deemed to constitute payments pursuant to clause (b)
26 of the preceding sentence and shall reduce the amount

1 otherwise payable for such fiscal year pursuant to clause (b)
2 of the preceding sentence. The moneys received by the
3 Department pursuant to this Act and required to be deposited
4 into the Build Illinois Fund are subject to the pledge, claim
5 and charge set forth in Section 12 of the Build Illinois Bond
6 Act.

7 Subject to payment of amounts into the Build Illinois Fund
8 as provided in the preceding paragraph or in any amendment
9 thereto hereafter enacted, the following specified monthly
10 installment of the amount requested in the certificate of the
11 Chairman of the Metropolitan Pier and Exposition Authority
12 provided under Section 8.25f of the State Finance Act, but not
13 in excess of the sums designated as "Total Deposit", shall be
14 deposited in the aggregate from collections under Section 9 of
15 the Use Tax Act, Section 9 of the Service Use Tax Act, Section
16 9 of the Service Occupation Tax Act, and Section 3 of the
17 Retailers' Occupation Tax Act into the McCormick Place
18 Expansion Project Fund in the specified fiscal years.

19	Fiscal Year	Total Deposit
20	1993	\$0
21	1994	53,000,000
22	1995	58,000,000
23	1996	61,000,000
24	1997	64,000,000
25	1998	68,000,000

1	1999	71,000,000
2	2000	75,000,000
3	2001	80,000,000
4	2002	93,000,000
5	2003	99,000,000
6	2004	103,000,000
7	2005	108,000,000
8	2006	113,000,000
9	2007	119,000,000
10	2008	126,000,000
11	2009	132,000,000
12	2010	139,000,000
13	2011	146,000,000
14	2012	153,000,000
15	2013	161,000,000
16	2014	170,000,000
17	2015	179,000,000
18	2016	189,000,000
19	2017	199,000,000
20	2018	210,000,000
21	2019	221,000,000
22	2020	233,000,000
23	2021	300,000,000
24	2022	300,000,000
25	2023	300,000,000
26	2024	300,000,000

1	2025	300,000,000
2	2026	300,000,000
3	2027	375,000,000
4	2028	375,000,000
5	2029	375,000,000
6	2030	375,000,000
7	2031	375,000,000
8	2032	375,000,000
9	2033	375,000,000
10	2034	375,000,000
11	2035	375,000,000
12	2036	450,000,000

13 and
14 each fiscal year
15 thereafter that bonds
16 are outstanding under
17 Section 13.2 of the
18 Metropolitan Pier and
19 Exposition Authority Act,
20 but not after fiscal year 2060.

21 Beginning July 20, 1993 and in each month of each fiscal
22 year thereafter, one-eighth of the amount requested in the
23 certificate of the Chairman of the Metropolitan Pier and
24 Exposition Authority for that fiscal year, less the amount
25 deposited into the McCormick Place Expansion Project Fund by
26 the State Treasurer in the respective month under subsection

1 (g) of Section 13 of the Metropolitan Pier and Exposition
2 Authority Act, plus cumulative deficiencies in the deposits
3 required under this Section for previous months and years,
4 shall be deposited into the McCormick Place Expansion Project
5 Fund, until the full amount requested for the fiscal year, but
6 not in excess of the amount specified above as "Total
7 Deposit", has been deposited.

8 Subject to payment of amounts into the Capital Projects
9 Fund, the Build Illinois Fund, and the McCormick Place
10 Expansion Project Fund pursuant to the preceding paragraphs or
11 in any amendments thereto hereafter enacted, for aviation fuel
12 sold on or after December 1, 2019, the Department shall each
13 month deposit into the Aviation Fuel Sales Tax Refund Fund an
14 amount estimated by the Department to be required for refunds
15 of the 80% portion of the tax on aviation fuel under this Act.
16 The Department shall only deposit moneys into the Aviation
17 Fuel Sales Tax Refund Fund under this paragraph for so long as
18 the revenue use requirements of 49 U.S.C. 47107(b) and 49
19 U.S.C. 47133 are binding on the State.

20 Subject to payment of amounts into the Build Illinois Fund
21 and the McCormick Place Expansion Project Fund pursuant to the
22 preceding paragraphs or in any amendments thereto hereafter
23 enacted, beginning July 1, 1993 and ending on September 30,
24 2013, the Department shall each month pay into the Illinois
25 Tax Increment Fund 0.27% of 80% of the net revenue realized for
26 the preceding month from the 6.25% general rate on the selling

1 price of tangible personal property.

2 Subject to payment of amounts into the Build Illinois Fund
3 and the McCormick Place Expansion Project Fund pursuant to the
4 preceding paragraphs or in any amendments thereto hereafter
5 enacted, beginning with the receipt of the first report of
6 taxes paid by an eligible business and continuing for a
7 25-year period, the Department shall each month pay into the
8 Energy Infrastructure Fund 80% of the net revenue realized
9 from the 6.25% general rate on the selling price of
10 Illinois-mined coal that was sold to an eligible business. For
11 purposes of this paragraph, the term "eligible business" means
12 a new electric generating facility certified pursuant to
13 Section 605-332 of the Department of Commerce and Economic
14 Opportunity Law of the Civil Administrative Code of Illinois.

15 Subject to payment of amounts into the Build Illinois
16 Fund, the McCormick Place Expansion Project Fund, the Illinois
17 Tax Increment Fund, and the Energy Infrastructure Fund
18 pursuant to the preceding paragraphs or in any amendments to
19 this Section hereafter enacted, beginning on the first day of
20 the first calendar month to occur on or after August 26, 2014
21 (the effective date of Public Act 98-1098), each month, from
22 the collections made under Section 9 of the Use Tax Act,
23 Section 9 of the Service Use Tax Act, Section 9 of the Service
24 Occupation Tax Act, and Section 3 of the Retailers' Occupation
25 Tax Act, the Department shall pay into the Tax Compliance and
26 Administration Fund, to be used, subject to appropriation, to

1 fund additional auditors and compliance personnel at the
2 Department of Revenue, an amount equal to 1/12 of 5% of 80% of
3 the cash receipts collected during the preceding fiscal year
4 by the Audit Bureau of the Department under the Use Tax Act,
5 the Service Use Tax Act, the Service Occupation Tax Act, the
6 Retailers' Occupation Tax Act, and associated local occupation
7 and use taxes administered by the Department.

8 Subject to payments of amounts into the Build Illinois
9 Fund, the McCormick Place Expansion Project Fund, the Illinois
10 Tax Increment Fund, the Energy Infrastructure Fund, and the
11 Tax Compliance and Administration Fund as provided in this
12 Section, beginning on July 1, 2018 the Department shall pay
13 each month into the Downstate Public Transportation Fund the
14 moneys required to be so paid under Section 2-3 of the
15 Downstate Public Transportation Act.

16 Subject to successful execution and delivery of a
17 public-private agreement between the public agency and private
18 entity and completion of the civic build, beginning on July 1,
19 2023, of the remainder of the moneys received by the
20 Department under the Use Tax Act, the Service Use Tax Act, the
21 Service Occupation Tax Act, and this Act, the Department shall
22 deposit the following specified deposits in the aggregate from
23 collections under the Use Tax Act, the Service Use Tax Act, the
24 Service Occupation Tax Act, and the Retailers' Occupation Tax
25 Act, as required under Section 8.25g of the State Finance Act
26 for distribution consistent with the Public-Private

1 Partnership for Civic and Transit Infrastructure Project Act.
 2 The moneys received by the Department pursuant to this Act and
 3 required to be deposited into the Civic and Transit
 4 Infrastructure Fund are subject to the pledge, claim and
 5 charge set forth in Section 25-55 of the Public-Private
 6 Partnership for Civic and Transit Infrastructure Project Act.
 7 As used in this paragraph, "civic build", "private entity",
 8 "public-private agreement", and "public agency" have the
 9 meanings provided in Section 25-10 of the Public-Private
 10 Partnership for Civic and Transit Infrastructure Project Act.

11	Fiscal Year.....	Total Deposit
12	2024	\$200,000,000
13	2025	\$206,000,000
14	2026	\$212,200,000
15	2027	\$218,500,000
16	2028	\$225,100,000
17	2029	\$288,700,000
18	2030	\$298,900,000
19	2031	\$309,300,000
20	2032	\$320,100,000
21	2033	\$331,200,000
22	2034	\$341,200,000
23	2035	\$351,400,000
24	2036	\$361,900,000
25	2037	\$372,800,000
26	2038	\$384,000,000

1	2039	\$395,500,000
2	2040	\$407,400,000
3	2041	\$419,600,000
4	2042	\$432,200,000
5	2043	\$445,100,000

6 Beginning July 1, 2021 and until July 1, 2022, subject to
7 the payment of amounts into the County and Mass Transit
8 District Fund, the Local Government Tax Fund, the Build
9 Illinois Fund, the McCormick Place Expansion Project Fund, the
10 Illinois Tax Increment Fund, the Energy Infrastructure Fund,
11 and the Tax Compliance and Administration Fund as provided in
12 this Section, the Department shall pay each month into the
13 Road Fund the amount estimated to represent 16% of the net
14 revenue realized from the taxes imposed on motor fuel and
15 gasohol. Beginning July 1, 2022 and until July 1, 2023,
16 subject to the payment of amounts into the County and Mass
17 Transit District Fund, the Local Government Tax Fund, the
18 Build Illinois Fund, the McCormick Place Expansion Project
19 Fund, the Illinois Tax Increment Fund, the Energy
20 Infrastructure Fund, and the Tax Compliance and Administration
21 Fund as provided in this Section, the Department shall pay
22 each month into the Road Fund the amount estimated to
23 represent 32% of the net revenue realized from the taxes
24 imposed on motor fuel and gasohol. Beginning July 1, 2023 and
25 until July 1, 2024, subject to the payment of amounts into the
26 County and Mass Transit District Fund, the Local Government

1 Tax Fund, the Build Illinois Fund, the McCormick Place
2 Expansion Project Fund, the Illinois Tax Increment Fund, the
3 Energy Infrastructure Fund, and the Tax Compliance and
4 Administration Fund as provided in this Section, the
5 Department shall pay each month into the Road Fund the amount
6 estimated to represent 48% of the net revenue realized from
7 the taxes imposed on motor fuel and gasohol. Beginning July 1,
8 2024 and until July 1, 2025, subject to the payment of amounts
9 into the County and Mass Transit District Fund, the Local
10 Government Tax Fund, the Build Illinois Fund, the McCormick
11 Place Expansion Project Fund, the Illinois Tax Increment Fund,
12 the Energy Infrastructure Fund, and the Tax Compliance and
13 Administration Fund as provided in this Section, the
14 Department shall pay each month into the Road Fund the amount
15 estimated to represent 64% of the net revenue realized from
16 the taxes imposed on motor fuel and gasohol. Beginning on July
17 1, 2025, subject to the payment of amounts into the County and
18 Mass Transit District Fund, the Local Government Tax Fund, the
19 Build Illinois Fund, the McCormick Place Expansion Project
20 Fund, the Illinois Tax Increment Fund, the Energy
21 Infrastructure Fund, and the Tax Compliance and Administration
22 Fund as provided in this Section, the Department shall pay
23 each month into the Road Fund the amount estimated to
24 represent 80% of the net revenue realized from the taxes
25 imposed on motor fuel and gasohol. As used in this paragraph
26 "motor fuel" has the meaning given to that term in Section 1.1

1 of the Motor Fuel Tax Law, and "gasohol" has the meaning given
2 to that term in Section 3-40 of the Use Tax Act.

3 Of the remainder of the moneys received by the Department
4 pursuant to this Act, 75% shall be paid into the General
5 Revenue Fund of the State Treasury and 25% shall be reserved in
6 a special account and used only for the transfer to the Common
7 School Fund as part of the monthly transfer from the General
8 Revenue Fund in accordance with Section 8a of the State
9 Finance Act.

10 The Department may, upon separate written notice to a
11 taxpayer, require the taxpayer to prepare and file with the
12 Department on a form prescribed by the Department within not
13 less than 60 days after receipt of the notice an annual
14 information return for the tax year specified in the notice.
15 Such annual return to the Department shall include a statement
16 of gross receipts as shown by the taxpayer's last Federal
17 income tax return. If the total receipts of the business as
18 reported in the Federal income tax return do not agree with the
19 gross receipts reported to the Department of Revenue for the
20 same period, the taxpayer shall attach to his annual return a
21 schedule showing a reconciliation of the 2 amounts and the
22 reasons for the difference. The taxpayer's annual return to
23 the Department shall also disclose the cost of goods sold by
24 the taxpayer during the year covered by such return, opening
25 and closing inventories of such goods for such year, cost of
26 goods used from stock or taken from stock and given away by the

1 taxpayer during such year, pay roll information of the
2 taxpayer's business during such year and any additional
3 reasonable information which the Department deems would be
4 helpful in determining the accuracy of the monthly, quarterly
5 or annual returns filed by such taxpayer as hereinbefore
6 provided for in this Section.

7 If the annual information return required by this Section
8 is not filed when and as required, the taxpayer shall be liable
9 as follows:

10 (i) Until January 1, 1994, the taxpayer shall be
11 liable for a penalty equal to 1/6 of 1% of the tax due from
12 such taxpayer under this Act during the period to be
13 covered by the annual return for each month or fraction of
14 a month until such return is filed as required, the
15 penalty to be assessed and collected in the same manner as
16 any other penalty provided for in this Act.

17 (ii) On and after January 1, 1994, the taxpayer shall
18 be liable for a penalty as described in Section 3-4 of the
19 Uniform Penalty and Interest Act.

20 The chief executive officer, proprietor, owner or highest
21 ranking manager shall sign the annual return to certify the
22 accuracy of the information contained therein. Any person who
23 willfully signs the annual return containing false or
24 inaccurate information shall be guilty of perjury and punished
25 accordingly. The annual return form prescribed by the
26 Department shall include a warning that the person signing the

1 return may be liable for perjury.

2 The foregoing portion of this Section concerning the
3 filing of an annual information return shall not apply to a
4 serviceman who is not required to file an income tax return
5 with the United States Government.

6 As soon as possible after the first day of each month, upon
7 certification of the Department of Revenue, the Comptroller
8 shall order transferred and the Treasurer shall transfer from
9 the General Revenue Fund to the Motor Fuel Tax Fund an amount
10 equal to 1.7% of 80% of the net revenue realized under this Act
11 for the second preceding month. Beginning April 1, 2000, this
12 transfer is no longer required and shall not be made.

13 Net revenue realized for a month shall be the revenue
14 collected by the State pursuant to this Act, less the amount
15 paid out during that month as refunds to taxpayers for
16 overpayment of liability.

17 For greater simplicity of administration, it shall be
18 permissible for manufacturers, importers and wholesalers whose
19 products are sold by numerous servicemen in Illinois, and who
20 wish to do so, to assume the responsibility for accounting and
21 paying to the Department all tax accruing under this Act with
22 respect to such sales, if the servicemen who are affected do
23 not make written objection to the Department to this
24 arrangement.

25 (Source: P.A. 101-10, Article 15, Section 15-20, eff. 6-5-19;
26 101-10, Article 25, Section 25-115, eff. 6-5-19; 101-27, eff.

1 6-25-19; 101-32, eff. 6-28-19; 101-604, eff. 12-13-19;
2 101-636, eff. 6-10-20; 102-700, eff. 4-19-22.)

3 Section 70-20. The Retailers' Occupation Tax Act is
4 amended by changing Section 3 as follows:

5 (35 ILCS 120/3) (from Ch. 120, par. 442)

6 Sec. 3. Except as provided in this Section, on or before
7 the twentieth day of each calendar month, every person engaged
8 in the business of selling tangible personal property at
9 retail in this State during the preceding calendar month shall
10 file a return with the Department, stating:

11 1. The name of the seller;

12 2. His residence address and the address of his
13 principal place of business and the address of the
14 principal place of business (if that is a different
15 address) from which he engages in the business of selling
16 tangible personal property at retail in this State;

17 3. Total amount of receipts received by him during the
18 preceding calendar month or quarter, as the case may be,
19 from sales of tangible personal property, and from
20 services furnished, by him during such preceding calendar
21 month or quarter;

22 4. Total amount received by him during the preceding
23 calendar month or quarter on charge and time sales of
24 tangible personal property, and from services furnished,

1 by him prior to the month or quarter for which the return
2 is filed;

3 5. Deductions allowed by law;

4 6. Gross receipts which were received by him during
5 the preceding calendar month or quarter and upon the basis
6 of which the tax is imposed, including gross receipts on
7 food for human consumption that is to be consumed off the
8 premises where it is sold (other than alcoholic beverages,
9 food consisting of or infused with adult use cannabis,
10 soft drinks, and food that has been prepared for immediate
11 consumption) which were received during the preceding
12 calendar month or quarter and upon which tax would have
13 been due but for the 0% rate imposed under Public Act
14 102-700 ~~this amendatory Act of the 102nd General Assembly;~~

15 7. The amount of credit provided in Section 2d of this
16 Act;

17 8. The amount of tax due, including the amount of tax
18 that would have been due on food for human consumption
19 that is to be consumed off the premises where it is sold
20 (other than alcoholic beverages, food consisting of or
21 infused with adult use cannabis, soft drinks, and food
22 that has been prepared for immediate consumption) but for
23 the 0% rate imposed under Public Act 102-700 ~~this~~
24 ~~amendatory Act of the 102nd General Assembly;~~

25 9. The signature of the taxpayer; and

26 10. Such other reasonable information as the

1 Department may require.

2 On and after January 1, 2018, except for returns required
3 to be filed prior to January 1, 2023 for motor vehicles,
4 watercraft, aircraft, and trailers that are required to be
5 registered with an agency of this State, with respect to
6 retailers whose annual gross receipts average \$20,000 or more,
7 all returns required to be filed pursuant to this Act shall be
8 filed electronically. On and after January 1, 2023, with
9 respect to retailers whose annual gross receipts average
10 \$20,000 or more, all returns required to be filed pursuant to
11 this Act, including, but not limited to, returns for motor
12 vehicles, watercraft, aircraft, and trailers that are required
13 to be registered with an agency of this State, shall be filed
14 electronically. Retailers who demonstrate that they do not
15 have access to the Internet or demonstrate hardship in filing
16 electronically may petition the Department to waive the
17 electronic filing requirement.

18 If a taxpayer fails to sign a return within 30 days after
19 the proper notice and demand for signature by the Department,
20 the return shall be considered valid and any amount shown to be
21 due on the return shall be deemed assessed.

22 Each return shall be accompanied by the statement of
23 prepaid tax issued pursuant to Section 2e for which credit is
24 claimed.

25 Prior to October 1, 2003, and on and after September 1,
26 2004 a retailer may accept a Manufacturer's Purchase Credit

1 certification from a purchaser in satisfaction of Use Tax as
2 provided in Section 3-85 of the Use Tax Act if the purchaser
3 provides the appropriate documentation as required by Section
4 3-85 of the Use Tax Act. A Manufacturer's Purchase Credit
5 certification, accepted by a retailer prior to October 1, 2003
6 and on and after September 1, 2004 as provided in Section 3-85
7 of the Use Tax Act, may be used by that retailer to satisfy
8 Retailers' Occupation Tax liability in the amount claimed in
9 the certification, not to exceed 6.25% of the receipts subject
10 to tax from a qualifying purchase. A Manufacturer's Purchase
11 Credit reported on any original or amended return filed under
12 this Act after October 20, 2003 for reporting periods prior to
13 September 1, 2004 shall be disallowed. Manufacturer's Purchase
14 Credit reported on annual returns due on or after January 1,
15 2005 will be disallowed for periods prior to September 1,
16 2004. No Manufacturer's Purchase Credit may be used after
17 September 30, 2003 through August 31, 2004 to satisfy any tax
18 liability imposed under this Act, including any audit
19 liability.

20 Beginning on July 1, 2023 and through December 31, 2032, a
21 retailer may accept a Sustainable Aviation Fuel Purchase
22 Credit certification from an air common carrier-purchaser in
23 satisfaction of Use Tax on aviation fuel as provided in
24 Section 3-87 of the Use Tax Act if the purchaser provides the
25 appropriate documentation as required by Section 3-87 of the
26 Use Tax Act. A Sustainable Aviation Fuel Purchase Credit

1 certification accepted by a retailer in accordance with this
2 paragraph may be used by that retailer to satisfy Retailers'
3 Occupation Tax liability (but not in satisfaction of penalty
4 or interest) in the amount claimed in the certification, not
5 to exceed 6.25% of the receipts subject to tax from a sale of
6 aviation fuel. In addition, for a sale of aviation fuel to
7 qualify to earn the Sustainable Aviation Fuel Purchase Credit,
8 retailers must retain in their books and records a
9 certification from the producer of the aviation fuel that the
10 aviation fuel sold by the retailer and for which a sustainable
11 aviation fuel purchase credit was earned meets the definition
12 of sustainable aviation fuel under Section 3-87 of the Use Tax
13 Act. The documentation must include detail sufficient for the
14 Department to determine the number of gallons of sustainable
15 aviation fuel sold.

16 The Department may require returns to be filed on a
17 quarterly basis. If so required, a return for each calendar
18 quarter shall be filed on or before the twentieth day of the
19 calendar month following the end of such calendar quarter. The
20 taxpayer shall also file a return with the Department for each
21 of the first two months of each calendar quarter, on or before
22 the twentieth day of the following calendar month, stating:

- 23 1. The name of the seller;
- 24 2. The address of the principal place of business from
25 which he engages in the business of selling tangible
26 personal property at retail in this State;

1 3. The total amount of taxable receipts received by
2 him during the preceding calendar month from sales of
3 tangible personal property by him during such preceding
4 calendar month, including receipts from charge and time
5 sales, but less all deductions allowed by law;

6 4. The amount of credit provided in Section 2d of this
7 Act;

8 5. The amount of tax due; and

9 6. Such other reasonable information as the Department
10 may require.

11 Every person engaged in the business of selling aviation
12 fuel at retail in this State during the preceding calendar
13 month shall, instead of reporting and paying tax as otherwise
14 required by this Section, report and pay such tax on a separate
15 aviation fuel tax return. The requirements related to the
16 return shall be as otherwise provided in this Section.
17 Notwithstanding any other provisions of this Act to the
18 contrary, retailers selling aviation fuel shall file all
19 aviation fuel tax returns and shall make all aviation fuel tax
20 payments by electronic means in the manner and form required
21 by the Department. For purposes of this Section, "aviation
22 fuel" means jet fuel and aviation gasoline.

23 Beginning on October 1, 2003, any person who is not a
24 licensed distributor, importing distributor, or manufacturer,
25 as defined in the Liquor Control Act of 1934, but is engaged in
26 the business of selling, at retail, alcoholic liquor shall

1 file a statement with the Department of Revenue, in a format
2 and at a time prescribed by the Department, showing the total
3 amount paid for alcoholic liquor purchased during the
4 preceding month and such other information as is reasonably
5 required by the Department. The Department may adopt rules to
6 require that this statement be filed in an electronic or
7 telephonic format. Such rules may provide for exceptions from
8 the filing requirements of this paragraph. For the purposes of
9 this paragraph, the term "alcoholic liquor" shall have the
10 meaning prescribed in the Liquor Control Act of 1934.

11 Beginning on October 1, 2003, every distributor, importing
12 distributor, and manufacturer of alcoholic liquor as defined
13 in the Liquor Control Act of 1934, shall file a statement with
14 the Department of Revenue, no later than the 10th day of the
15 month for the preceding month during which transactions
16 occurred, by electronic means, showing the total amount of
17 gross receipts from the sale of alcoholic liquor sold or
18 distributed during the preceding month to purchasers;
19 identifying the purchaser to whom it was sold or distributed;
20 the purchaser's tax registration number; and such other
21 information reasonably required by the Department. A
22 distributor, importing distributor, or manufacturer of
23 alcoholic liquor must personally deliver, mail, or provide by
24 electronic means to each retailer listed on the monthly
25 statement a report containing a cumulative total of that
26 distributor's, importing distributor's, or manufacturer's

1 total sales of alcoholic liquor to that retailer no later than
2 the 10th day of the month for the preceding month during which
3 the transaction occurred. The distributor, importing
4 distributor, or manufacturer shall notify the retailer as to
5 the method by which the distributor, importing distributor, or
6 manufacturer will provide the sales information. If the
7 retailer is unable to receive the sales information by
8 electronic means, the distributor, importing distributor, or
9 manufacturer shall furnish the sales information by personal
10 delivery or by mail. For purposes of this paragraph, the term
11 "electronic means" includes, but is not limited to, the use of
12 a secure Internet website, e-mail, or facsimile.

13 If a total amount of less than \$1 is payable, refundable or
14 creditable, such amount shall be disregarded if it is less
15 than 50 cents and shall be increased to \$1 if it is 50 cents or
16 more.

17 Notwithstanding any other provision of this Act to the
18 contrary, retailers subject to tax on cannabis shall file all
19 cannabis tax returns and shall make all cannabis tax payments
20 by electronic means in the manner and form required by the
21 Department.

22 Beginning October 1, 1993, a taxpayer who has an average
23 monthly tax liability of \$150,000 or more shall make all
24 payments required by rules of the Department by electronic
25 funds transfer. Beginning October 1, 1994, a taxpayer who has
26 an average monthly tax liability of \$100,000 or more shall

1 make all payments required by rules of the Department by
2 electronic funds transfer. Beginning October 1, 1995, a
3 taxpayer who has an average monthly tax liability of \$50,000
4 or more shall make all payments required by rules of the
5 Department by electronic funds transfer. Beginning October 1,
6 2000, a taxpayer who has an annual tax liability of \$200,000 or
7 more shall make all payments required by rules of the
8 Department by electronic funds transfer. The term "annual tax
9 liability" shall be the sum of the taxpayer's liabilities
10 under this Act, and under all other State and local occupation
11 and use tax laws administered by the Department, for the
12 immediately preceding calendar year. The term "average monthly
13 tax liability" shall be the sum of the taxpayer's liabilities
14 under this Act, and under all other State and local occupation
15 and use tax laws administered by the Department, for the
16 immediately preceding calendar year divided by 12. Beginning
17 on October 1, 2002, a taxpayer who has a tax liability in the
18 amount set forth in subsection (b) of Section 2505-210 of the
19 Department of Revenue Law shall make all payments required by
20 rules of the Department by electronic funds transfer.

21 Before August 1 of each year beginning in 1993, the
22 Department shall notify all taxpayers required to make
23 payments by electronic funds transfer. All taxpayers required
24 to make payments by electronic funds transfer shall make those
25 payments for a minimum of one year beginning on October 1.

26 Any taxpayer not required to make payments by electronic

1 funds transfer may make payments by electronic funds transfer
2 with the permission of the Department.

3 All taxpayers required to make payment by electronic funds
4 transfer and any taxpayers authorized to voluntarily make
5 payments by electronic funds transfer shall make those
6 payments in the manner authorized by the Department.

7 The Department shall adopt such rules as are necessary to
8 effectuate a program of electronic funds transfer and the
9 requirements of this Section.

10 Any amount which is required to be shown or reported on any
11 return or other document under this Act shall, if such amount
12 is not a whole-dollar amount, be increased to the nearest
13 whole-dollar amount in any case where the fractional part of a
14 dollar is 50 cents or more, and decreased to the nearest
15 whole-dollar amount where the fractional part of a dollar is
16 less than 50 cents.

17 If the retailer is otherwise required to file a monthly
18 return and if the retailer's average monthly tax liability to
19 the Department does not exceed \$200, the Department may
20 authorize his returns to be filed on a quarter annual basis,
21 with the return for January, February and March of a given year
22 being due by April 20 of such year; with the return for April,
23 May and June of a given year being due by July 20 of such year;
24 with the return for July, August and September of a given year
25 being due by October 20 of such year, and with the return for
26 October, November and December of a given year being due by

1 January 20 of the following year.

2 If the retailer is otherwise required to file a monthly or
3 quarterly return and if the retailer's average monthly tax
4 liability with the Department does not exceed \$50, the
5 Department may authorize his returns to be filed on an annual
6 basis, with the return for a given year being due by January 20
7 of the following year.

8 Such quarter annual and annual returns, as to form and
9 substance, shall be subject to the same requirements as
10 monthly returns.

11 Notwithstanding any other provision in this Act concerning
12 the time within which a retailer may file his return, in the
13 case of any retailer who ceases to engage in a kind of business
14 which makes him responsible for filing returns under this Act,
15 such retailer shall file a final return under this Act with the
16 Department not more than one month after discontinuing such
17 business.

18 Where the same person has more than one business
19 registered with the Department under separate registrations
20 under this Act, such person may not file each return that is
21 due as a single return covering all such registered
22 businesses, but shall file separate returns for each such
23 registered business.

24 In addition, with respect to motor vehicles, watercraft,
25 aircraft, and trailers that are required to be registered with
26 an agency of this State, except as otherwise provided in this

1 Section, every retailer selling this kind of tangible personal
2 property shall file, with the Department, upon a form to be
3 prescribed and supplied by the Department, a separate return
4 for each such item of tangible personal property which the
5 retailer sells, except that if, in the same transaction, (i) a
6 retailer of aircraft, watercraft, motor vehicles or trailers
7 transfers more than one aircraft, watercraft, motor vehicle or
8 trailer to another aircraft, watercraft, motor vehicle
9 retailer or trailer retailer for the purpose of resale or (ii)
10 a retailer of aircraft, watercraft, motor vehicles, or
11 trailers transfers more than one aircraft, watercraft, motor
12 vehicle, or trailer to a purchaser for use as a qualifying
13 rolling stock as provided in Section 2-5 of this Act, then that
14 seller may report the transfer of all aircraft, watercraft,
15 motor vehicles or trailers involved in that transaction to the
16 Department on the same uniform invoice-transaction reporting
17 return form. For purposes of this Section, "watercraft" means
18 a Class 2, Class 3, or Class 4 watercraft as defined in Section
19 3-2 of the Boat Registration and Safety Act, a personal
20 watercraft, or any boat equipped with an inboard motor.

21 In addition, with respect to motor vehicles, watercraft,
22 aircraft, and trailers that are required to be registered with
23 an agency of this State, every person who is engaged in the
24 business of leasing or renting such items and who, in
25 connection with such business, sells any such item to a
26 retailer for the purpose of resale is, notwithstanding any

1 other provision of this Section to the contrary, authorized to
2 meet the return-filing requirement of this Act by reporting
3 the transfer of all the aircraft, watercraft, motor vehicles,
4 or trailers transferred for resale during a month to the
5 Department on the same uniform invoice-transaction reporting
6 return form on or before the 20th of the month following the
7 month in which the transfer takes place. Notwithstanding any
8 other provision of this Act to the contrary, all returns filed
9 under this paragraph must be filed by electronic means in the
10 manner and form as required by the Department.

11 Any retailer who sells only motor vehicles, watercraft,
12 aircraft, or trailers that are required to be registered with
13 an agency of this State, so that all retailers' occupation tax
14 liability is required to be reported, and is reported, on such
15 transaction reporting returns and who is not otherwise
16 required to file monthly or quarterly returns, need not file
17 monthly or quarterly returns. However, those retailers shall
18 be required to file returns on an annual basis.

19 The transaction reporting return, in the case of motor
20 vehicles or trailers that are required to be registered with
21 an agency of this State, shall be the same document as the
22 Uniform Invoice referred to in Section 5-402 of the Illinois
23 Vehicle Code and must show the name and address of the seller;
24 the name and address of the purchaser; the amount of the
25 selling price including the amount allowed by the retailer for
26 traded-in property, if any; the amount allowed by the retailer

1 for the traded-in tangible personal property, if any, to the
2 extent to which Section 1 of this Act allows an exemption for
3 the value of traded-in property; the balance payable after
4 deducting such trade-in allowance from the total selling
5 price; the amount of tax due from the retailer with respect to
6 such transaction; the amount of tax collected from the
7 purchaser by the retailer on such transaction (or satisfactory
8 evidence that such tax is not due in that particular instance,
9 if that is claimed to be the fact); the place and date of the
10 sale; a sufficient identification of the property sold; such
11 other information as is required in Section 5-402 of the
12 Illinois Vehicle Code, and such other information as the
13 Department may reasonably require.

14 The transaction reporting return in the case of watercraft
15 or aircraft must show the name and address of the seller; the
16 name and address of the purchaser; the amount of the selling
17 price including the amount allowed by the retailer for
18 traded-in property, if any; the amount allowed by the retailer
19 for the traded-in tangible personal property, if any, to the
20 extent to which Section 1 of this Act allows an exemption for
21 the value of traded-in property; the balance payable after
22 deducting such trade-in allowance from the total selling
23 price; the amount of tax due from the retailer with respect to
24 such transaction; the amount of tax collected from the
25 purchaser by the retailer on such transaction (or satisfactory
26 evidence that such tax is not due in that particular instance,

1 if that is claimed to be the fact); the place and date of the
2 sale, a sufficient identification of the property sold, and
3 such other information as the Department may reasonably
4 require.

5 Such transaction reporting return shall be filed not later
6 than 20 days after the day of delivery of the item that is
7 being sold, but may be filed by the retailer at any time sooner
8 than that if he chooses to do so. The transaction reporting
9 return and tax remittance or proof of exemption from the
10 Illinois use tax may be transmitted to the Department by way of
11 the State agency with which, or State officer with whom the
12 tangible personal property must be titled or registered (if
13 titling or registration is required) if the Department and
14 such agency or State officer determine that this procedure
15 will expedite the processing of applications for title or
16 registration.

17 With each such transaction reporting return, the retailer
18 shall remit the proper amount of tax due (or shall submit
19 satisfactory evidence that the sale is not taxable if that is
20 the case), to the Department or its agents, whereupon the
21 Department shall issue, in the purchaser's name, a use tax
22 receipt (or a certificate of exemption if the Department is
23 satisfied that the particular sale is tax exempt) which such
24 purchaser may submit to the agency with which, or State
25 officer with whom, he must title or register the tangible
26 personal property that is involved (if titling or registration

1 is required) in support of such purchaser's application for an
2 Illinois certificate or other evidence of title or
3 registration to such tangible personal property.

4 No retailer's failure or refusal to remit tax under this
5 Act precludes a user, who has paid the proper tax to the
6 retailer, from obtaining his certificate of title or other
7 evidence of title or registration (if titling or registration
8 is required) upon satisfying the Department that such user has
9 paid the proper tax (if tax is due) to the retailer. The
10 Department shall adopt appropriate rules to carry out the
11 mandate of this paragraph.

12 If the user who would otherwise pay tax to the retailer
13 wants the transaction reporting return filed and the payment
14 of the tax or proof of exemption made to the Department before
15 the retailer is willing to take these actions and such user has
16 not paid the tax to the retailer, such user may certify to the
17 fact of such delay by the retailer and may (upon the Department
18 being satisfied of the truth of such certification) transmit
19 the information required by the transaction reporting return
20 and the remittance for tax or proof of exemption directly to
21 the Department and obtain his tax receipt or exemption
22 determination, in which event the transaction reporting return
23 and tax remittance (if a tax payment was required) shall be
24 credited by the Department to the proper retailer's account
25 with the Department, but without the 2.1% or 1.75% discount
26 provided for in this Section being allowed. When the user pays

1 the tax directly to the Department, he shall pay the tax in the
2 same amount and in the same form in which it would be remitted
3 if the tax had been remitted to the Department by the retailer.

4 Refunds made by the seller during the preceding return
5 period to purchasers, on account of tangible personal property
6 returned to the seller, shall be allowed as a deduction under
7 subdivision 5 of his monthly or quarterly return, as the case
8 may be, in case the seller had theretofore included the
9 receipts from the sale of such tangible personal property in a
10 return filed by him and had paid the tax imposed by this Act
11 with respect to such receipts.

12 Where the seller is a corporation, the return filed on
13 behalf of such corporation shall be signed by the president,
14 vice-president, secretary or treasurer or by the properly
15 accredited agent of such corporation.

16 Where the seller is a limited liability company, the
17 return filed on behalf of the limited liability company shall
18 be signed by a manager, member, or properly accredited agent
19 of the limited liability company.

20 Except as provided in this Section, the retailer filing
21 the return under this Section shall, at the time of filing such
22 return, pay to the Department the amount of tax imposed by this
23 Act less a discount of 2.1% prior to January 1, 1990 and 1.75%
24 on and after January 1, 1990, or \$5 per calendar year,
25 whichever is greater, which is allowed to reimburse the
26 retailer for the expenses incurred in keeping records,

1 preparing and filing returns, remitting the tax and supplying
2 data to the Department on request. On and after January 1,
3 2021, a certified service provider, as defined in the Leveling
4 the Playing Field for Illinois Retail Act, filing the return
5 under this Section on behalf of a remote retailer shall, at the
6 time of such return, pay to the Department the amount of tax
7 imposed by this Act less a discount of 1.75%. A remote retailer
8 using a certified service provider to file a return on its
9 behalf, as provided in the Leveling the Playing Field for
10 Illinois Retail Act, is not eligible for the discount. When
11 determining the discount allowed under this Section, retailers
12 shall include the amount of tax that would have been due at the
13 1% rate but for the 0% rate imposed under Public Act 102-700
14 ~~this amendatory Act of the 102nd General Assembly~~. When
15 determining the discount allowed under this Section, retailers
16 shall include the amount of tax that would have been due at the
17 6.25% rate but for the 1.25% rate imposed on sales tax holiday
18 items under Public Act 102-700 ~~this amendatory Act of the~~
19 ~~102nd General Assembly~~. The discount under this Section is not
20 allowed for the 1.25% portion of taxes paid on aviation fuel
21 that is subject to the revenue use requirements of 49 U.S.C.
22 47107(b) and 49 U.S.C. 47133. Any prepayment made pursuant to
23 Section 2d of this Act shall be included in the amount on which
24 such 2.1% or 1.75% discount is computed. In the case of
25 retailers who report and pay the tax on a transaction by
26 transaction basis, as provided in this Section, such discount

1 shall be taken with each such tax remittance instead of when
2 such retailer files his periodic return. The discount allowed
3 under this Section is allowed only for returns that are filed
4 in the manner required by this Act. The Department may
5 disallow the discount for retailers whose certificate of
6 registration is revoked at the time the return is filed, but
7 only if the Department's decision to revoke the certificate of
8 registration has become final.

9 Before October 1, 2000, if the taxpayer's average monthly
10 tax liability to the Department under this Act, the Use Tax
11 Act, the Service Occupation Tax Act, and the Service Use Tax
12 Act, excluding any liability for prepaid sales tax to be
13 remitted in accordance with Section 2d of this Act, was
14 \$10,000 or more during the preceding 4 complete calendar
15 quarters, he shall file a return with the Department each
16 month by the 20th day of the month next following the month
17 during which such tax liability is incurred and shall make
18 payments to the Department on or before the 7th, 15th, 22nd and
19 last day of the month during which such liability is incurred.
20 On and after October 1, 2000, if the taxpayer's average
21 monthly tax liability to the Department under this Act, the
22 Use Tax Act, the Service Occupation Tax Act, and the Service
23 Use Tax Act, excluding any liability for prepaid sales tax to
24 be remitted in accordance with Section 2d of this Act, was
25 \$20,000 or more during the preceding 4 complete calendar
26 quarters, he shall file a return with the Department each

1 month by the 20th day of the month next following the month
2 during which such tax liability is incurred and shall make
3 payment to the Department on or before the 7th, 15th, 22nd and
4 last day of the month during which such liability is incurred.
5 If the month during which such tax liability is incurred began
6 prior to January 1, 1985, each payment shall be in an amount
7 equal to 1/4 of the taxpayer's actual liability for the month
8 or an amount set by the Department not to exceed 1/4 of the
9 average monthly liability of the taxpayer to the Department
10 for the preceding 4 complete calendar quarters (excluding the
11 month of highest liability and the month of lowest liability
12 in such 4 quarter period). If the month during which such tax
13 liability is incurred begins on or after January 1, 1985 and
14 prior to January 1, 1987, each payment shall be in an amount
15 equal to 22.5% of the taxpayer's actual liability for the
16 month or 27.5% of the taxpayer's liability for the same
17 calendar month of the preceding year. If the month during
18 which such tax liability is incurred begins on or after
19 January 1, 1987 and prior to January 1, 1988, each payment
20 shall be in an amount equal to 22.5% of the taxpayer's actual
21 liability for the month or 26.25% of the taxpayer's liability
22 for the same calendar month of the preceding year. If the month
23 during which such tax liability is incurred begins on or after
24 January 1, 1988, and prior to January 1, 1989, or begins on or
25 after January 1, 1996, each payment shall be in an amount equal
26 to 22.5% of the taxpayer's actual liability for the month or

1 25% of the taxpayer's liability for the same calendar month of
2 the preceding year. If the month during which such tax
3 liability is incurred begins on or after January 1, 1989, and
4 prior to January 1, 1996, each payment shall be in an amount
5 equal to 22.5% of the taxpayer's actual liability for the
6 month or 25% of the taxpayer's liability for the same calendar
7 month of the preceding year or 100% of the taxpayer's actual
8 liability for the quarter monthly reporting period. The amount
9 of such quarter monthly payments shall be credited against the
10 final tax liability of the taxpayer's return for that month.
11 Before October 1, 2000, once applicable, the requirement of
12 the making of quarter monthly payments to the Department by
13 taxpayers having an average monthly tax liability of \$10,000
14 or more as determined in the manner provided above shall
15 continue until such taxpayer's average monthly liability to
16 the Department during the preceding 4 complete calendar
17 quarters (excluding the month of highest liability and the
18 month of lowest liability) is less than \$9,000, or until such
19 taxpayer's average monthly liability to the Department as
20 computed for each calendar quarter of the 4 preceding complete
21 calendar quarter period is less than \$10,000. However, if a
22 taxpayer can show the Department that a substantial change in
23 the taxpayer's business has occurred which causes the taxpayer
24 to anticipate that his average monthly tax liability for the
25 reasonably foreseeable future will fall below the \$10,000
26 threshold stated above, then such taxpayer may petition the

1 Department for a change in such taxpayer's reporting status.
2 On and after October 1, 2000, once applicable, the requirement
3 of the making of quarter monthly payments to the Department by
4 taxpayers having an average monthly tax liability of \$20,000
5 or more as determined in the manner provided above shall
6 continue until such taxpayer's average monthly liability to
7 the Department during the preceding 4 complete calendar
8 quarters (excluding the month of highest liability and the
9 month of lowest liability) is less than \$19,000 or until such
10 taxpayer's average monthly liability to the Department as
11 computed for each calendar quarter of the 4 preceding complete
12 calendar quarter period is less than \$20,000. However, if a
13 taxpayer can show the Department that a substantial change in
14 the taxpayer's business has occurred which causes the taxpayer
15 to anticipate that his average monthly tax liability for the
16 reasonably foreseeable future will fall below the \$20,000
17 threshold stated above, then such taxpayer may petition the
18 Department for a change in such taxpayer's reporting status.
19 The Department shall change such taxpayer's reporting status
20 unless it finds that such change is seasonal in nature and not
21 likely to be long term. Quarter monthly payment status shall
22 be determined under this paragraph as if the rate reduction to
23 0% in Public Act 102-700 ~~this amendatory Act of the 102nd~~
24 ~~General Assembly~~ on food for human consumption that is to be
25 consumed off the premises where it is sold (other than
26 alcoholic beverages, food consisting of or infused with adult

1 use cannabis, soft drinks, and food that has been prepared for
2 immediate consumption) had not occurred. For quarter monthly
3 payments due under this paragraph on or after July 1, 2023 and
4 through June 30, 2024, "25% of the taxpayer's liability for
5 the same calendar month of the preceding year" shall be
6 determined as if the rate reduction to 0% in Public Act 102-700
7 ~~this amendatory Act of the 102nd General Assembly~~ had not
8 occurred. Quarter monthly payment status shall be determined
9 under this paragraph as if the rate reduction to 1.25% in
10 Public Act 102-700 ~~this amendatory Act of the 102nd General~~
11 ~~Assembly~~ on sales tax holiday items had not occurred. For
12 quarter monthly payments due on or after July 1, 2023 and
13 through June 30, 2024, "25% of the taxpayer's liability for
14 the same calendar month of the preceding year" shall be
15 determined as if the rate reduction to 1.25% in Public Act
16 102-700 ~~this amendatory Act of the 102nd General Assembly~~ on
17 sales tax holiday items had not occurred. If any such quarter
18 monthly payment is not paid at the time or in the amount
19 required by this Section, then the taxpayer shall be liable
20 for penalties and interest on the difference between the
21 minimum amount due as a payment and the amount of such quarter
22 monthly payment actually and timely paid, except insofar as
23 the taxpayer has previously made payments for that month to
24 the Department in excess of the minimum payments previously
25 due as provided in this Section. The Department shall make
26 reasonable rules and regulations to govern the quarter monthly

1 payment amount and quarter monthly payment dates for taxpayers
2 who file on other than a calendar monthly basis.

3 The provisions of this paragraph apply before October 1,
4 2001. Without regard to whether a taxpayer is required to make
5 quarter monthly payments as specified above, any taxpayer who
6 is required by Section 2d of this Act to collect and remit
7 prepaid taxes and has collected prepaid taxes which average in
8 excess of \$25,000 per month during the preceding 2 complete
9 calendar quarters, shall file a return with the Department as
10 required by Section 2f and shall make payments to the
11 Department on or before the 7th, 15th, 22nd and last day of the
12 month during which such liability is incurred. If the month
13 during which such tax liability is incurred began prior to
14 September 1, 1985 (the effective date of Public Act 84-221),
15 each payment shall be in an amount not less than 22.5% of the
16 taxpayer's actual liability under Section 2d. If the month
17 during which such tax liability is incurred begins on or after
18 January 1, 1986, each payment shall be in an amount equal to
19 22.5% of the taxpayer's actual liability for the month or
20 27.5% of the taxpayer's liability for the same calendar month
21 of the preceding calendar year. If the month during which such
22 tax liability is incurred begins on or after January 1, 1987,
23 each payment shall be in an amount equal to 22.5% of the
24 taxpayer's actual liability for the month or 26.25% of the
25 taxpayer's liability for the same calendar month of the
26 preceding year. The amount of such quarter monthly payments

1 shall be credited against the final tax liability of the
2 taxpayer's return for that month filed under this Section or
3 Section 2f, as the case may be. Once applicable, the
4 requirement of the making of quarter monthly payments to the
5 Department pursuant to this paragraph shall continue until
6 such taxpayer's average monthly prepaid tax collections during
7 the preceding 2 complete calendar quarters is \$25,000 or less.
8 If any such quarter monthly payment is not paid at the time or
9 in the amount required, the taxpayer shall be liable for
10 penalties and interest on such difference, except insofar as
11 the taxpayer has previously made payments for that month in
12 excess of the minimum payments previously due.

13 The provisions of this paragraph apply on and after
14 October 1, 2001. Without regard to whether a taxpayer is
15 required to make quarter monthly payments as specified above,
16 any taxpayer who is required by Section 2d of this Act to
17 collect and remit prepaid taxes and has collected prepaid
18 taxes that average in excess of \$20,000 per month during the
19 preceding 4 complete calendar quarters shall file a return
20 with the Department as required by Section 2f and shall make
21 payments to the Department on or before the 7th, 15th, 22nd and
22 last day of the month during which the liability is incurred.
23 Each payment shall be in an amount equal to 22.5% of the
24 taxpayer's actual liability for the month or 25% of the
25 taxpayer's liability for the same calendar month of the
26 preceding year. The amount of the quarter monthly payments

1 shall be credited against the final tax liability of the
2 taxpayer's return for that month filed under this Section or
3 Section 2f, as the case may be. Once applicable, the
4 requirement of the making of quarter monthly payments to the
5 Department pursuant to this paragraph shall continue until the
6 taxpayer's average monthly prepaid tax collections during the
7 preceding 4 complete calendar quarters (excluding the month of
8 highest liability and the month of lowest liability) is less
9 than \$19,000 or until such taxpayer's average monthly
10 liability to the Department as computed for each calendar
11 quarter of the 4 preceding complete calendar quarters is less
12 than \$20,000. If any such quarter monthly payment is not paid
13 at the time or in the amount required, the taxpayer shall be
14 liable for penalties and interest on such difference, except
15 insofar as the taxpayer has previously made payments for that
16 month in excess of the minimum payments previously due.

17 If any payment provided for in this Section exceeds the
18 taxpayer's liabilities under this Act, the Use Tax Act, the
19 Service Occupation Tax Act and the Service Use Tax Act, as
20 shown on an original monthly return, the Department shall, if
21 requested by the taxpayer, issue to the taxpayer a credit
22 memorandum no later than 30 days after the date of payment. The
23 credit evidenced by such credit memorandum may be assigned by
24 the taxpayer to a similar taxpayer under this Act, the Use Tax
25 Act, the Service Occupation Tax Act or the Service Use Tax Act,
26 in accordance with reasonable rules and regulations to be

1 prescribed by the Department. If no such request is made, the
2 taxpayer may credit such excess payment against tax liability
3 subsequently to be remitted to the Department under this Act,
4 the Use Tax Act, the Service Occupation Tax Act or the Service
5 Use Tax Act, in accordance with reasonable rules and
6 regulations prescribed by the Department. If the Department
7 subsequently determined that all or any part of the credit
8 taken was not actually due to the taxpayer, the taxpayer's
9 2.1% and 1.75% vendor's discount shall be reduced by 2.1% or
10 1.75% of the difference between the credit taken and that
11 actually due, and that taxpayer shall be liable for penalties
12 and interest on such difference.

13 If a retailer of motor fuel is entitled to a credit under
14 Section 2d of this Act which exceeds the taxpayer's liability
15 to the Department under this Act for the month for which the
16 taxpayer is filing a return, the Department shall issue the
17 taxpayer a credit memorandum for the excess.

18 Beginning January 1, 1990, each month the Department shall
19 pay into the Local Government Tax Fund, a special fund in the
20 State treasury which is hereby created, the net revenue
21 realized for the preceding month from the 1% tax imposed under
22 this Act.

23 Beginning January 1, 1990, each month the Department shall
24 pay into the County and Mass Transit District Fund, a special
25 fund in the State treasury which is hereby created, 4% of the
26 net revenue realized for the preceding month from the 6.25%

1 general rate other than aviation fuel sold on or after
2 December 1, 2019. This exception for aviation fuel only
3 applies for so long as the revenue use requirements of 49
4 U.S.C. 47107(b) and 49 U.S.C. 47133 are binding on the State.

5 Beginning August 1, 2000, each month the Department shall
6 pay into the County and Mass Transit District Fund 20% of the
7 net revenue realized for the preceding month from the 1.25%
8 rate on the selling price of motor fuel and gasohol. If, in any
9 month, the tax on sales tax holiday items, as defined in
10 Section 2-8, is imposed at the rate of 1.25%, then the
11 Department shall pay 20% of the net revenue realized for that
12 month from the 1.25% rate on the selling price of sales tax
13 holiday items into the County and Mass Transit District Fund.

14 Beginning January 1, 1990, each month the Department shall
15 pay into the Local Government Tax Fund 16% of the net revenue
16 realized for the preceding month from the 6.25% general rate
17 on the selling price of tangible personal property other than
18 aviation fuel sold on or after December 1, 2019. This
19 exception for aviation fuel only applies for so long as the
20 revenue use requirements of 49 U.S.C. 47107(b) and 49 U.S.C.
21 47133 are binding on the State.

22 For aviation fuel sold on or after December 1, 2019, each
23 month the Department shall pay into the State Aviation Program
24 Fund 20% of the net revenue realized for the preceding month
25 from the 6.25% general rate on the selling price of aviation
26 fuel, less an amount estimated by the Department to be

1 required for refunds of the 20% portion of the tax on aviation
2 fuel under this Act, which amount shall be deposited into the
3 Aviation Fuel Sales Tax Refund Fund. The Department shall only
4 pay moneys into the State Aviation Program Fund and the
5 Aviation Fuel Sales Tax Refund Fund under this Act for so long
6 as the revenue use requirements of 49 U.S.C. 47107(b) and 49
7 U.S.C. 47133 are binding on the State.

8 Beginning August 1, 2000, each month the Department shall
9 pay into the Local Government Tax Fund 80% of the net revenue
10 realized for the preceding month from the 1.25% rate on the
11 selling price of motor fuel and gasohol. If, in any month, the
12 tax on sales tax holiday items, as defined in Section 2-8, is
13 imposed at the rate of 1.25%, then the Department shall pay 80%
14 of the net revenue realized for that month from the 1.25% rate
15 on the selling price of sales tax holiday items into the Local
16 Government Tax Fund.

17 Beginning October 1, 2009, each month the Department shall
18 pay into the Capital Projects Fund an amount that is equal to
19 an amount estimated by the Department to represent 80% of the
20 net revenue realized for the preceding month from the sale of
21 candy, grooming and hygiene products, and soft drinks that had
22 been taxed at a rate of 1% prior to September 1, 2009 but that
23 are now taxed at 6.25%.

24 Beginning July 1, 2011, each month the Department shall
25 pay into the Clean Air Act Permit Fund 80% of the net revenue
26 realized for the preceding month from the 6.25% general rate

1 on the selling price of sorbents used in Illinois in the
2 process of sorbent injection as used to comply with the
3 Environmental Protection Act or the federal Clean Air Act, but
4 the total payment into the Clean Air Act Permit Fund under this
5 Act and the Use Tax Act shall not exceed \$2,000,000 in any
6 fiscal year.

7 Beginning July 1, 2013, each month the Department shall
8 pay into the Underground Storage Tank Fund from the proceeds
9 collected under this Act, the Use Tax Act, the Service Use Tax
10 Act, and the Service Occupation Tax Act an amount equal to the
11 average monthly deficit in the Underground Storage Tank Fund
12 during the prior year, as certified annually by the Illinois
13 Environmental Protection Agency, but the total payment into
14 the Underground Storage Tank Fund under this Act, the Use Tax
15 Act, the Service Use Tax Act, and the Service Occupation Tax
16 Act shall not exceed \$18,000,000 in any State fiscal year. As
17 used in this paragraph, the "average monthly deficit" shall be
18 equal to the difference between the average monthly claims for
19 payment by the fund and the average monthly revenues deposited
20 into the fund, excluding payments made pursuant to this
21 paragraph.

22 Beginning July 1, 2015, of the remainder of the moneys
23 received by the Department under the Use Tax Act, the Service
24 Use Tax Act, the Service Occupation Tax Act, and this Act, each
25 month the Department shall deposit \$500,000 into the State
26 Crime Laboratory Fund.

1 Of the remainder of the moneys received by the Department
2 pursuant to this Act, (a) 1.75% thereof shall be paid into the
3 Build Illinois Fund and (b) prior to July 1, 1989, 2.2% and on
4 and after July 1, 1989, 3.8% thereof shall be paid into the
5 Build Illinois Fund; provided, however, that if in any fiscal
6 year the sum of (1) the aggregate of 2.2% or 3.8%, as the case
7 may be, of the moneys received by the Department and required
8 to be paid into the Build Illinois Fund pursuant to this Act,
9 Section 9 of the Use Tax Act, Section 9 of the Service Use Tax
10 Act, and Section 9 of the Service Occupation Tax Act, such Acts
11 being hereinafter called the "Tax Acts" and such aggregate of
12 2.2% or 3.8%, as the case may be, of moneys being hereinafter
13 called the "Tax Act Amount", and (2) the amount transferred to
14 the Build Illinois Fund from the State and Local Sales Tax
15 Reform Fund shall be less than the Annual Specified Amount (as
16 hereinafter defined), an amount equal to the difference shall
17 be immediately paid into the Build Illinois Fund from other
18 moneys received by the Department pursuant to the Tax Acts;
19 the "Annual Specified Amount" means the amounts specified
20 below for fiscal years 1986 through 1993:

21	Fiscal Year	Annual Specified Amount
22	1986	\$54,800,000
23	1987	\$76,650,000
24	1988	\$80,480,000
25	1989	\$88,510,000
26	1990	\$115,330,000

1	1991	\$145,470,000
2	1992	\$182,730,000
3	1993	\$206,520,000;

4 and means the Certified Annual Debt Service Requirement (as
5 defined in Section 13 of the Build Illinois Bond Act) or the
6 Tax Act Amount, whichever is greater, for fiscal year 1994 and
7 each fiscal year thereafter; and further provided, that if on
8 the last business day of any month the sum of (1) the Tax Act
9 Amount required to be deposited into the Build Illinois Bond
10 Account in the Build Illinois Fund during such month and (2)
11 the amount transferred to the Build Illinois Fund from the
12 State and Local Sales Tax Reform Fund shall have been less than
13 1/12 of the Annual Specified Amount, an amount equal to the
14 difference shall be immediately paid into the Build Illinois
15 Fund from other moneys received by the Department pursuant to
16 the Tax Acts; and, further provided, that in no event shall the
17 payments required under the preceding proviso result in
18 aggregate payments into the Build Illinois Fund pursuant to
19 this clause (b) for any fiscal year in excess of the greater of
20 (i) the Tax Act Amount or (ii) the Annual Specified Amount for
21 such fiscal year. The amounts payable into the Build Illinois
22 Fund under clause (b) of the first sentence in this paragraph
23 shall be payable only until such time as the aggregate amount
24 on deposit under each trust indenture securing Bonds issued
25 and outstanding pursuant to the Build Illinois Bond Act is
26 sufficient, taking into account any future investment income,

1 to fully provide, in accordance with such indenture, for the
2 defeasance of or the payment of the principal of, premium, if
3 any, and interest on the Bonds secured by such indenture and on
4 any Bonds expected to be issued thereafter and all fees and
5 costs payable with respect thereto, all as certified by the
6 Director of the Bureau of the Budget (now Governor's Office of
7 Management and Budget). If on the last business day of any
8 month in which Bonds are outstanding pursuant to the Build
9 Illinois Bond Act, the aggregate of moneys deposited in the
10 Build Illinois Bond Account in the Build Illinois Fund in such
11 month shall be less than the amount required to be transferred
12 in such month from the Build Illinois Bond Account to the Build
13 Illinois Bond Retirement and Interest Fund pursuant to Section
14 13 of the Build Illinois Bond Act, an amount equal to such
15 deficiency shall be immediately paid from other moneys
16 received by the Department pursuant to the Tax Acts to the
17 Build Illinois Fund; provided, however, that any amounts paid
18 to the Build Illinois Fund in any fiscal year pursuant to this
19 sentence shall be deemed to constitute payments pursuant to
20 clause (b) of the first sentence of this paragraph and shall
21 reduce the amount otherwise payable for such fiscal year
22 pursuant to that clause (b). The moneys received by the
23 Department pursuant to this Act and required to be deposited
24 into the Build Illinois Fund are subject to the pledge, claim
25 and charge set forth in Section 12 of the Build Illinois Bond
26 Act.

1 Subject to payment of amounts into the Build Illinois Fund
2 as provided in the preceding paragraph or in any amendment
3 thereto hereafter enacted, the following specified monthly
4 installment of the amount requested in the certificate of the
5 Chairman of the Metropolitan Pier and Exposition Authority
6 provided under Section 8.25f of the State Finance Act, but not
7 in excess of sums designated as "Total Deposit", shall be
8 deposited in the aggregate from collections under Section 9 of
9 the Use Tax Act, Section 9 of the Service Use Tax Act, Section
10 9 of the Service Occupation Tax Act, and Section 3 of the
11 Retailers' Occupation Tax Act into the McCormick Place
12 Expansion Project Fund in the specified fiscal years.

13	Fiscal Year	Total Deposit
14	1993	\$0
15	1994	53,000,000
16	1995	58,000,000
17	1996	61,000,000
18	1997	64,000,000
19	1998	68,000,000
20	1999	71,000,000
21	2000	75,000,000
22	2001	80,000,000
23	2002	93,000,000
24	2003	99,000,000
25	2004	103,000,000
26	2005	108,000,000

1	2006	113,000,000
2	2007	119,000,000
3	2008	126,000,000
4	2009	132,000,000
5	2010	139,000,000
6	2011	146,000,000
7	2012	153,000,000
8	2013	161,000,000
9	2014	170,000,000
10	2015	179,000,000
11	2016	189,000,000
12	2017	199,000,000
13	2018	210,000,000
14	2019	221,000,000
15	2020	233,000,000
16	2021	300,000,000
17	2022	300,000,000
18	2023	300,000,000
19	2024	300,000,000
20	2025	300,000,000
21	2026	300,000,000
22	2027	375,000,000
23	2028	375,000,000
24	2029	375,000,000
25	2030	375,000,000
26	2031	375,000,000

1	2032	375,000,000
2	2033	375,000,000
3	2034	375,000,000
4	2035	375,000,000
5	2036	450,000,000

6 and

7 each fiscal year

8 thereafter that bonds

9 are outstanding under

10 Section 13.2 of the

11 Metropolitan Pier and

12 Exposition Authority Act,

13 but not after fiscal year 2060.

14 Beginning July 20, 1993 and in each month of each fiscal
15 year thereafter, one-eighth of the amount requested in the
16 certificate of the Chairman of the Metropolitan Pier and
17 Exposition Authority for that fiscal year, less the amount
18 deposited into the McCormick Place Expansion Project Fund by
19 the State Treasurer in the respective month under subsection
20 (g) of Section 13 of the Metropolitan Pier and Exposition
21 Authority Act, plus cumulative deficiencies in the deposits
22 required under this Section for previous months and years,
23 shall be deposited into the McCormick Place Expansion Project
24 Fund, until the full amount requested for the fiscal year, but
25 not in excess of the amount specified above as "Total
26 Deposit", has been deposited.

1 Subject to payment of amounts into the Capital Projects
2 Fund, the Clean Air Act Permit Fund, the Build Illinois Fund,
3 and the McCormick Place Expansion Project Fund pursuant to the
4 preceding paragraphs or in any amendments thereto hereafter
5 enacted, for aviation fuel sold on or after December 1, 2019,
6 the Department shall each month deposit into the Aviation Fuel
7 Sales Tax Refund Fund an amount estimated by the Department to
8 be required for refunds of the 80% portion of the tax on
9 aviation fuel under this Act. The Department shall only
10 deposit moneys into the Aviation Fuel Sales Tax Refund Fund
11 under this paragraph for so long as the revenue use
12 requirements of 49 U.S.C. 47107(b) and 49 U.S.C. 47133 are
13 binding on the State.

14 Subject to payment of amounts into the Build Illinois Fund
15 and the McCormick Place Expansion Project Fund pursuant to the
16 preceding paragraphs or in any amendments thereto hereafter
17 enacted, beginning July 1, 1993 and ending on September 30,
18 2013, the Department shall each month pay into the Illinois
19 Tax Increment Fund 0.27% of 80% of the net revenue realized for
20 the preceding month from the 6.25% general rate on the selling
21 price of tangible personal property.

22 Subject to payment of amounts into the Build Illinois Fund
23 and the McCormick Place Expansion Project Fund pursuant to the
24 preceding paragraphs or in any amendments thereto hereafter
25 enacted, beginning with the receipt of the first report of
26 taxes paid by an eligible business and continuing for a

1 25-year period, the Department shall each month pay into the
2 Energy Infrastructure Fund 80% of the net revenue realized
3 from the 6.25% general rate on the selling price of
4 Illinois-mined coal that was sold to an eligible business. For
5 purposes of this paragraph, the term "eligible business" means
6 a new electric generating facility certified pursuant to
7 Section 605-332 of the Department of Commerce and Economic
8 Opportunity Law of the Civil Administrative Code of Illinois.

9 Subject to payment of amounts into the Build Illinois
10 Fund, the McCormick Place Expansion Project Fund, the Illinois
11 Tax Increment Fund, and the Energy Infrastructure Fund
12 pursuant to the preceding paragraphs or in any amendments to
13 this Section hereafter enacted, beginning on the first day of
14 the first calendar month to occur on or after August 26, 2014
15 (the effective date of Public Act 98-1098), each month, from
16 the collections made under Section 9 of the Use Tax Act,
17 Section 9 of the Service Use Tax Act, Section 9 of the Service
18 Occupation Tax Act, and Section 3 of the Retailers' Occupation
19 Tax Act, the Department shall pay into the Tax Compliance and
20 Administration Fund, to be used, subject to appropriation, to
21 fund additional auditors and compliance personnel at the
22 Department of Revenue, an amount equal to 1/12 of 5% of 80% of
23 the cash receipts collected during the preceding fiscal year
24 by the Audit Bureau of the Department under the Use Tax Act,
25 the Service Use Tax Act, the Service Occupation Tax Act, the
26 Retailers' Occupation Tax Act, and associated local occupation

1 and use taxes administered by the Department.

2 Subject to payments of amounts into the Build Illinois
3 Fund, the McCormick Place Expansion Project Fund, the Illinois
4 Tax Increment Fund, the Energy Infrastructure Fund, and the
5 Tax Compliance and Administration Fund as provided in this
6 Section, beginning on July 1, 2018 the Department shall pay
7 each month into the Downstate Public Transportation Fund the
8 moneys required to be so paid under Section 2-3 of the
9 Downstate Public Transportation Act.

10 Subject to successful execution and delivery of a
11 public-private agreement between the public agency and private
12 entity and completion of the civic build, beginning on July 1,
13 2023, of the remainder of the moneys received by the
14 Department under the Use Tax Act, the Service Use Tax Act, the
15 Service Occupation Tax Act, and this Act, the Department shall
16 deposit the following specified deposits in the aggregate from
17 collections under the Use Tax Act, the Service Use Tax Act, the
18 Service Occupation Tax Act, and the Retailers' Occupation Tax
19 Act, as required under Section 8.25g of the State Finance Act
20 for distribution consistent with the Public-Private
21 Partnership for Civic and Transit Infrastructure Project Act.
22 The moneys received by the Department pursuant to this Act and
23 required to be deposited into the Civic and Transit
24 Infrastructure Fund are subject to the pledge, claim and
25 charge set forth in Section 25-55 of the Public-Private
26 Partnership for Civic and Transit Infrastructure Project Act.

1 As used in this paragraph, "civic build", "private entity",
 2 "public-private agreement", and "public agency" have the
 3 meanings provided in Section 25-10 of the Public-Private
 4 Partnership for Civic and Transit Infrastructure Project Act.

5	Fiscal Year.....	Total Deposit
6	2024	\$200,000,000
7	2025	\$206,000,000
8	2026	\$212,200,000
9	2027	\$218,500,000
10	2028	\$225,100,000
11	2029	\$288,700,000
12	2030	\$298,900,000
13	2031	\$309,300,000
14	2032	\$320,100,000
15	2033	\$331,200,000
16	2034	\$341,200,000
17	2035	\$351,400,000
18	2036	\$361,900,000
19	2037	\$372,800,000
20	2038	\$384,000,000
21	2039	\$395,500,000
22	2040	\$407,400,000
23	2041	\$419,600,000
24	2042	\$432,200,000
25	2043	\$445,100,000

26 Beginning July 1, 2021 and until July 1, 2022, subject to

1 the payment of amounts into the County and Mass Transit
2 District Fund, the Local Government Tax Fund, the Build
3 Illinois Fund, the McCormick Place Expansion Project Fund, the
4 Illinois Tax Increment Fund, the Energy Infrastructure Fund,
5 and the Tax Compliance and Administration Fund as provided in
6 this Section, the Department shall pay each month into the
7 Road Fund the amount estimated to represent 16% of the net
8 revenue realized from the taxes imposed on motor fuel and
9 gasohol. Beginning July 1, 2022 and until July 1, 2023,
10 subject to the payment of amounts into the County and Mass
11 Transit District Fund, the Local Government Tax Fund, the
12 Build Illinois Fund, the McCormick Place Expansion Project
13 Fund, the Illinois Tax Increment Fund, the Energy
14 Infrastructure Fund, and the Tax Compliance and Administration
15 Fund as provided in this Section, the Department shall pay
16 each month into the Road Fund the amount estimated to
17 represent 32% of the net revenue realized from the taxes
18 imposed on motor fuel and gasohol. Beginning July 1, 2023 and
19 until July 1, 2024, subject to the payment of amounts into the
20 County and Mass Transit District Fund, the Local Government
21 Tax Fund, the Build Illinois Fund, the McCormick Place
22 Expansion Project Fund, the Illinois Tax Increment Fund, the
23 Energy Infrastructure Fund, and the Tax Compliance and
24 Administration Fund as provided in this Section, the
25 Department shall pay each month into the Road Fund the amount
26 estimated to represent 48% of the net revenue realized from

1 the taxes imposed on motor fuel and gasohol. Beginning July 1,
2 2024 and until July 1, 2025, subject to the payment of amounts
3 into the County and Mass Transit District Fund, the Local
4 Government Tax Fund, the Build Illinois Fund, the McCormick
5 Place Expansion Project Fund, the Illinois Tax Increment Fund,
6 the Energy Infrastructure Fund, and the Tax Compliance and
7 Administration Fund as provided in this Section, the
8 Department shall pay each month into the Road Fund the amount
9 estimated to represent 64% of the net revenue realized from
10 the taxes imposed on motor fuel and gasohol. Beginning on July
11 1, 2025, subject to the payment of amounts into the County and
12 Mass Transit District Fund, the Local Government Tax Fund, the
13 Build Illinois Fund, the McCormick Place Expansion Project
14 Fund, the Illinois Tax Increment Fund, the Energy
15 Infrastructure Fund, and the Tax Compliance and Administration
16 Fund as provided in this Section, the Department shall pay
17 each month into the Road Fund the amount estimated to
18 represent 80% of the net revenue realized from the taxes
19 imposed on motor fuel and gasohol. As used in this paragraph
20 "motor fuel" has the meaning given to that term in Section 1.1
21 of the Motor Fuel Tax Law, and "gasohol" has the meaning given
22 to that term in Section 3-40 of the Use Tax Act.

23 Of the remainder of the moneys received by the Department
24 pursuant to this Act, 75% thereof shall be paid into the State
25 treasury ~~Treasury~~ and 25% shall be reserved in a special
26 account and used only for the transfer to the Common School

1 Fund as part of the monthly transfer from the General Revenue
2 Fund in accordance with Section 8a of the State Finance Act.

3 The Department may, upon separate written notice to a
4 taxpayer, require the taxpayer to prepare and file with the
5 Department on a form prescribed by the Department within not
6 less than 60 days after receipt of the notice an annual
7 information return for the tax year specified in the notice.
8 Such annual return to the Department shall include a statement
9 of gross receipts as shown by the retailer's last Federal
10 income tax return. If the total receipts of the business as
11 reported in the Federal income tax return do not agree with the
12 gross receipts reported to the Department of Revenue for the
13 same period, the retailer shall attach to his annual return a
14 schedule showing a reconciliation of the 2 amounts and the
15 reasons for the difference. The retailer's annual return to
16 the Department shall also disclose the cost of goods sold by
17 the retailer during the year covered by such return, opening
18 and closing inventories of such goods for such year, costs of
19 goods used from stock or taken from stock and given away by the
20 retailer during such year, payroll information of the
21 retailer's business during such year and any additional
22 reasonable information which the Department deems would be
23 helpful in determining the accuracy of the monthly, quarterly
24 or annual returns filed by such retailer as provided for in
25 this Section.

26 If the annual information return required by this Section

1 is not filed when and as required, the taxpayer shall be liable
2 as follows:

3 (i) Until January 1, 1994, the taxpayer shall be
4 liable for a penalty equal to 1/6 of 1% of the tax due from
5 such taxpayer under this Act during the period to be
6 covered by the annual return for each month or fraction of
7 a month until such return is filed as required, the
8 penalty to be assessed and collected in the same manner as
9 any other penalty provided for in this Act.

10 (ii) On and after January 1, 1994, the taxpayer shall
11 be liable for a penalty as described in Section 3-4 of the
12 Uniform Penalty and Interest Act.

13 The chief executive officer, proprietor, owner or highest
14 ranking manager shall sign the annual return to certify the
15 accuracy of the information contained therein. Any person who
16 willfully signs the annual return containing false or
17 inaccurate information shall be guilty of perjury and punished
18 accordingly. The annual return form prescribed by the
19 Department shall include a warning that the person signing the
20 return may be liable for perjury.

21 The provisions of this Section concerning the filing of an
22 annual information return do not apply to a retailer who is not
23 required to file an income tax return with the United States
24 Government.

25 As soon as possible after the first day of each month, upon
26 certification of the Department of Revenue, the Comptroller

1 shall order transferred and the Treasurer shall transfer from
2 the General Revenue Fund to the Motor Fuel Tax Fund an amount
3 equal to 1.7% of 80% of the net revenue realized under this Act
4 for the second preceding month. Beginning April 1, 2000, this
5 transfer is no longer required and shall not be made.

6 Net revenue realized for a month shall be the revenue
7 collected by the State pursuant to this Act, less the amount
8 paid out during that month as refunds to taxpayers for
9 overpayment of liability.

10 For greater simplicity of administration, manufacturers,
11 importers and wholesalers whose products are sold at retail in
12 Illinois by numerous retailers, and who wish to do so, may
13 assume the responsibility for accounting and paying to the
14 Department all tax accruing under this Act with respect to
15 such sales, if the retailers who are affected do not make
16 written objection to the Department to this arrangement.

17 Any person who promotes, organizes, provides retail
18 selling space for concessionaires or other types of sellers at
19 the Illinois State Fair, DuQuoin State Fair, county fairs,
20 local fairs, art shows, flea markets and similar exhibitions
21 or events, including any transient merchant as defined by
22 Section 2 of the Transient Merchant Act of 1987, is required to
23 file a report with the Department providing the name of the
24 merchant's business, the name of the person or persons engaged
25 in merchant's business, the permanent address and Illinois
26 Retailers Occupation Tax Registration Number of the merchant,

1 the dates and location of the event and other reasonable
2 information that the Department may require. The report must
3 be filed not later than the 20th day of the month next
4 following the month during which the event with retail sales
5 was held. Any person who fails to file a report required by
6 this Section commits a business offense and is subject to a
7 fine not to exceed \$250.

8 Any person engaged in the business of selling tangible
9 personal property at retail as a concessionaire or other type
10 of seller at the Illinois State Fair, county fairs, art shows,
11 flea markets and similar exhibitions or events, or any
12 transient merchants, as defined by Section 2 of the Transient
13 Merchant Act of 1987, may be required to make a daily report of
14 the amount of such sales to the Department and to make a daily
15 payment of the full amount of tax due. The Department shall
16 impose this requirement when it finds that there is a
17 significant risk of loss of revenue to the State at such an
18 exhibition or event. Such a finding shall be based on evidence
19 that a substantial number of concessionaires or other sellers
20 who are not residents of Illinois will be engaging in the
21 business of selling tangible personal property at retail at
22 the exhibition or event, or other evidence of a significant
23 risk of loss of revenue to the State. The Department shall
24 notify concessionaires and other sellers affected by the
25 imposition of this requirement. In the absence of notification
26 by the Department, the concessionaires and other sellers shall

1 file their returns as otherwise required in this Section.
2 (Source: P.A. 101-10, Article 15, Section 15-25, eff. 6-5-19;
3 101-10, Article 25, Section 25-120, eff. 6-5-19; 101-27, eff.
4 6-25-19; 101-32, eff. 6-28-19; 101-604, eff. 12-13-19;
5 101-636, eff. 6-10-20; 102-634, eff. 8-27-21; 102-700, Article
6 60, Section 60-30, eff. 4-19-22; 102-700, Article 65, Section
7 65-10, eff. 4-19-22; 102-813, eff. 5-13-22; 102-1019, eff.
8 1-1-23; revised 12-13-22.)

9 ARTICLE 75. REV ILLINOIS PROGRAM

10 Section 75-5. The Reimagining Energy and Vehicles in
11 Illinois Act is amended by changing Sections 20, 30, 40, and 45
12 as follows:

13 (20 ILCS 686/20)

14 Sec. 20. REV Illinois Program; project applications.

15 (a) The Reimagining Energy and Vehicles in Illinois (REV
16 Illinois) Program is hereby established and shall be
17 administered by the Department. The Program will provide
18 financial incentives to any one or more of the following: (1)
19 eligible manufacturers of electric vehicles, electric vehicle
20 component parts, and electric vehicle power supply equipment;
21 (2) battery recycling and reuse manufacturers; (3) battery raw
22 materials refining service providers; or (4) renewable energy
23 manufacturers.

1 (b) Any taxpayer planning a project to be located in
2 Illinois may request consideration for designation of its
3 project as a REV Illinois Project, by formal written letter of
4 request or by formal application to the Department, in which
5 the applicant states its intent to make at least a specified
6 level of investment and intends to hire a specified number of
7 full-time employees at a designated location in Illinois. As
8 circumstances require, the Department shall require a formal
9 application from an applicant and a formal letter of request
10 for assistance.

11 (c) In order to qualify for credits under the REV Illinois
12 Program, an applicant must:

13 (1) if the applicant is an electric vehicle
14 manufacturer:

15 (A) make an investment of at least \$1,500,000,000
16 in capital improvements at the project site;

17 (B) to be placed in service within the State
18 within a 60-month period after approval of the
19 application; and

20 (C) create at least 500 new full-time employee
21 jobs; or

22 (2) if the applicant is an electric vehicle component
23 parts manufacturer or a renewable energy manufacturer:

24 (A) make an investment of at least \$300,000,000 in
25 capital improvements at the project site;

26 (B) manufacture one or more parts that are

1 primarily used for electric vehicle manufacturing;

2 (C) to be placed in service within the State
3 within a 60-month period after approval of the
4 application; and

5 (D) create at least 150 new full-time employee
6 jobs; or

7 (3) if the agreement is entered into before the
8 effective date of this amendatory Act of the 102nd General
9 Assembly and the applicant is an electric vehicle
10 manufacturer, an electric vehicle power supply equipment
11 manufacturer, an electric vehicle component part
12 manufacturer that does not qualify under paragraph (2)
13 above, a battery recycling and reuse manufacturer, or a
14 battery raw materials refining service provider:

15 (A) make an investment of at least \$20,000,000 in
16 capital improvements at the project site;

17 (B) for electric vehicle component part
18 manufacturers, manufacture one or more parts that are
19 primarily used for electric vehicle manufacturing;

20 (C) to be placed in service within the State
21 within a 48-month period after approval of the
22 application; and

23 (D) create at least 50 new full-time employee
24 jobs; or

25 (3.1) if the agreement is entered into on or after the
26 effective date of this amendatory Act of the 102nd General

1 Assembly and the applicant is an electric vehicle
2 manufacturer, an electric vehicle power supply equipment
3 manufacturer, an electric vehicle component part
4 manufacturer that does not qualify under paragraph (2)
5 above, a renewable energy manufacturer that does not
6 qualify under paragraph (2) above, a battery recycling and
7 reuse manufacturer, or a battery raw materials refining
8 service provider:

9 (A) make an investment of at least \$2,500,000 in
10 capital improvements at the project site;

11 (B) in the case of electric vehicle component part
12 manufacturers, manufacture one or more parts that are
13 used for electric vehicle manufacturing;

14 (C) to be placed in service within the State
15 within a 48-month period after approval of the
16 application; and

17 (D) create the lesser of 50 new full-time employee
18 jobs or new full-time employee jobs equivalent to 10%
19 of the Statewide baseline applicable to the taxpayer
20 and any related member at the time of application; or

21 (4) if the agreement is entered into before the
22 effective date of this amendatory Act of the 102nd General
23 Assembly and the applicant is an electric vehicle
24 manufacturer or electric vehicle component parts
25 manufacturer with existing operations within Illinois that
26 intends to convert or expand, in whole or in part, the

1 existing facility from traditional manufacturing to
2 primarily electric vehicle manufacturing, electric vehicle
3 component parts manufacturing, or electric vehicle power
4 supply equipment manufacturing:

5 (A) make an investment of at least \$100,000,000 in
6 capital improvements at the project site;

7 (B) to be placed in service within the State
8 within a 60-month period after approval of the
9 application; and

10 (C) create the lesser of 75 new full-time employee
11 jobs or new full-time employee jobs equivalent to 10%
12 of the Statewide baseline applicable to the taxpayer
13 and any related member at the time of application; ~~or~~

14 (4.1) if the agreement is entered into on or after the
15 effective date of this amendatory Act of the 102nd General
16 Assembly and the applicant (i) is an electric vehicle
17 manufacturer, an electric vehicle component parts
18 manufacturer, or a renewable energy manufacturer and (ii)
19 has existing operations within Illinois that the applicant
20 intends to convert or expand, in whole or in part, from
21 traditional manufacturing to electric vehicle
22 manufacturing, electric vehicle component parts
23 manufacturing, renewable energy manufacturing, or electric
24 vehicle power supply equipment manufacturing:

25 (A) make an investment of at least \$100,000,000 in
26 capital improvements at the project site;

1 (B) to be placed in service within the State
2 within a 60-month period after approval of the
3 application; and

4 (C) create the lesser of 50 new full-time employee
5 jobs or new full-time employee jobs equivalent to 10%
6 of the Statewide baseline applicable to the taxpayer
7 and any related member at the time of application; ~~or-~~

8 (5) if the agreement is entered into on or after the
9 effective date of the changes made to this Section by this
10 amendatory Act of the 103rd General Assembly and before
11 June 1, 2024 and the applicant (i) is an electric vehicle
12 manufacturer, an electric vehicle component parts
13 manufacturer, or a renewable energy manufacturer or (ii)
14 has existing operations within Illinois that the applicant
15 intends to convert or expand, in whole or in part, from
16 traditional manufacturing to electric vehicle
17 manufacturing, electric vehicle component parts
18 manufacturing, renewable energy manufacturing, or electric
19 vehicle power supply equipment manufacturing:

20 (A) make an investment of at least \$500,000,000 in
21 capital improvements at the project site;

22 (B) to be placed in service within the State
23 within a 60-month period after approval of the
24 application; and

25 (C) retain at least 800 full-time employee jobs at
26 the project.

1 (d) For agreements entered into prior to April 19, 2022
2 (the effective date of Public Act 102-700), for any applicant
3 creating the full-time employee jobs noted in subsection (c),
4 those jobs must have a total compensation equal to or greater
5 than 120% of the average wage paid to full-time employees in
6 the county where the project is located, as determined by the
7 U.S. Bureau of Labor Statistics. For agreements entered into
8 on or after April 19, 2022 (the effective date of Public Act
9 102-700), for any applicant creating the full-time employee
10 jobs noted in subsection (c), those jobs must have a
11 compensation equal to or greater than 120% of the average wage
12 paid to full-time employees in a similar position within an
13 occupational group in the county where the project is located,
14 as determined by the Department.

15 (e) For any applicant, within 24 months after being placed
16 in service, it must certify to the Department that it is carbon
17 neutral or has attained certification under one of more of the
18 following green building standards:

- 19 (1) BREEAM for New Construction or BREEAM In-Use;
- 20 (2) ENERGY STAR;
- 21 (3) Envision;
- 22 (4) ISO 50001 - energy management;
- 23 (5) LEED for Building Design and Construction or LEED
24 for Building Operations and Maintenance;
- 25 (6) Green Globes for New Construction or Green Globes
26 for Existing Buildings; or

1 (7) UL 3223.

2 (f) Each applicant must outline its hiring plan and
3 commitment to recruit and hire full-time employee positions at
4 the project site. The hiring plan may include a partnership
5 with an institution of higher education to provide
6 internships, including, but not limited to, internships
7 supported by the Clean Jobs Workforce Network Program, or
8 full-time permanent employment for students at the project
9 site. Additionally, the applicant may create or utilize
10 participants from apprenticeship programs that are approved by
11 and registered with the United States Department of Labor's
12 Bureau of Apprenticeship and Training. The applicant may apply
13 for apprenticeship education expense credits in accordance
14 with the provisions set forth in 14 Ill. Adm. Code 522. Each
15 applicant is required to report annually, on or before April
16 15, on the diversity of its workforce in accordance with
17 Section 50 of this Act. For existing facilities of applicants
18 under paragraph (3) of subsection (b) above, if the taxpayer
19 expects a reduction in force due to its transition to
20 manufacturing electric vehicle, electric vehicle component
21 parts, or electric vehicle power supply equipment, the plan
22 submitted under this Section must outline the taxpayer's plan
23 to assist with retraining its workforce aligned with the
24 taxpayer's adoption of new technologies and anticipated
25 efforts to retrain employees through employment opportunities
26 within the taxpayer's workforce.

1 (g) Each applicant must demonstrate a contractual or other
2 relationship with a recycling facility, or demonstrate its own
3 recycling capabilities, at the time of application and report
4 annually a continuing contractual or other relationship with a
5 recycling facility and the percentage of batteries used in
6 electric vehicles recycled throughout the term of the
7 agreement.

8 (h) A taxpayer may not enter into more than one agreement
9 under this Act with respect to a single address or location for
10 the same period of time. Also, a taxpayer may not enter into an
11 agreement under this Act with respect to a single address or
12 location for the same period of time for which the taxpayer
13 currently holds an active agreement under the Economic
14 Development for a Growing Economy Tax Credit Act. This
15 provision does not preclude the applicant from entering into
16 an additional agreement after the expiration or voluntary
17 termination of an earlier agreement under this Act or under
18 the Economic Development for a Growing Economy Tax Credit Act
19 to the extent that the taxpayer's application otherwise
20 satisfies the terms and conditions of this Act and is approved
21 by the Department. An applicant with an existing agreement
22 under the Economic Development for a Growing Economy Tax
23 Credit Act may submit an application for an agreement under
24 this Act after it terminates any existing agreement under the
25 Economic Development for a Growing Economy Tax Credit Act with
26 respect to the same address or location. If a project that is

1 subject to an existing agreement under the Economic
2 Development for a Growing Economy Tax Credit Act meets the
3 requirements to be designated as a REV Illinois project under
4 this Act, including for actions undertaken prior to the
5 effective date of this Act, the taxpayer that is subject to
6 that existing agreement under the Economic Development for a
7 Growing Economy Tax Credit Act may apply to the Department to
8 amend the agreement to allow the project to become a
9 designated REV Illinois project. Following the amendment, time
10 accrued during which the project was eligible for credits
11 under the existing agreement under the Economic Development
12 for a Growing Economy Tax Credit Act shall count toward the
13 duration of the credit subject to limitations described in
14 Section 40 of this Act.

15 (i) If, at any time following the designation of a project
16 as a REV Illinois Project by the Department and prior to the
17 termination or expiration of an agreement under this Act, the
18 project ceases to qualify as a REV Illinois project because
19 the taxpayer is no longer an electric vehicle manufacturer, an
20 electric vehicle component manufacturer, an electric vehicle
21 power supply equipment manufacturer, a battery recycling and
22 reuse manufacturer, or a battery raw materials refining
23 service provider, that project may receive tax credit awards
24 as described in Section 5-15 and Section 5-51 of the Economic
25 Development for a Growing Economy Tax Credit Act, as long as
26 the project continues to meet requirements to obtain those

1 credits as described in the Economic Development for a Growing
2 Economy Tax Credit Act and remains compliant with terms
3 contained in the Agreement under this Act not related to their
4 status as an electric vehicle manufacturer, an electric
5 vehicle component manufacturer, an electric vehicle power
6 supply equipment manufacturer, a battery recycling and reuse
7 manufacturer, or a battery raw materials refining service
8 provider. Time accrued during which the project was eligible
9 for credits under an agreement under this Act shall count
10 toward the duration of the credit subject to limitations
11 described in Section 5-45 of the Economic Development for a
12 Growing Economy Tax Credit Act.

13 (Source: P.A. 102-669, eff. 11-16-21; 102-700, eff. 4-19-22;
14 102-1112, eff. 12-21-22; 102-1125, eff. 2-3-23.)

15 (20 ILCS 686/30)

16 Sec. 30. Tax credit awards.

17 (a) Subject to the conditions set forth in this Act, a
18 taxpayer is entitled to a credit against the tax imposed
19 pursuant to subsections (a) and (b) of Section 201 of the
20 Illinois Income Tax Act for a taxable year beginning on or
21 after January 1, 2025 if the taxpayer is awarded a credit by
22 the Department in accordance with an agreement under this Act.
23 The Department has authority to award credits under this Act
24 on and after January 1, 2022.

25 (b) REV Illinois Credits. A taxpayer may receive a tax

1 credit against the tax imposed under subsections (a) and (b)
2 of Section 201 of the Illinois Income Tax Act, not to exceed
3 the sum of (i) 75% of the incremental income tax attributable
4 to new employees at the applicant's project and (ii) 10% of the
5 training costs of the new employees. If the project is located
6 in an underserved area or an energy transition area, then the
7 amount of the credit may not exceed the sum of (i) 100% of the
8 incremental income tax attributable to new employees at the
9 applicant's project; and (ii) 10% of the training costs of the
10 new employees. The percentage of training costs includable in
11 the calculation may be increased by an additional 15% for
12 training costs associated with new employees that are recent
13 (2 years or less) graduates, certificate holders, or
14 credential recipients from an institution of higher education
15 in Illinois, or, if the training is provided by an institution
16 of higher education in Illinois, the Clean Jobs Workforce
17 Network Program, or an apprenticeship and training program
18 located in Illinois and approved by and registered with the
19 United States Department of Labor's Bureau of Apprenticeship
20 and Training. An applicant is also eligible for a training
21 credit that shall not exceed 10% of the training costs of
22 retained employees for the purpose of upskilling to meet the
23 operational needs of the applicant or the REV Illinois
24 Project. The percentage of training costs includable in the
25 calculation shall not exceed a total of 25%. If an applicant
26 agrees to hire the required number of new employees, then the

1 maximum amount of the credit for that applicant may be
2 increased by an amount not to exceed 75% of the incremental
3 income tax attributable to retained employees at the
4 applicant's project; provided that, in order to receive the
5 increase for retained employees, the applicant must, if
6 applicable, meet or exceed the statewide baseline. For
7 agreements entered into on or after the effective date of this
8 amendatory Act of the 103rd General Assembly and before June
9 1, 2024 that qualify under paragraph (5) of subsection (c) of
10 Section 20, a taxpayer may receive a tax credit not to exceed
11 75% of the incremental income tax attributable to retained
12 employees at the applicant's project. If the project is in an
13 underserved area or an energy transition area and qualifies
14 under paragraph (5) of subsection (c) of Section 20, then the
15 maximum amount of the credit attributable to retained
16 employees for the applicant may be increased to an amount not
17 to exceed 100% of the incremental income tax attributable to
18 retained employees at the applicant's project.

19 If the Project is in an underserved area or an energy
20 transition area, the maximum amount of the credit attributable
21 to retained employees for the applicant may be increased to an
22 amount not to exceed 100% of the incremental income tax
23 attributable to retained employees at the applicant's project;
24 provided that, in order to receive the increase for retained
25 employees, the applicant must meet or exceed the statewide
26 baseline. REV Illinois Credits awarded may include credit

1 earned for incremental income tax withheld and training costs
2 incurred by the taxpayer beginning on or after January 1,
3 2022. Credits so earned and certified by the Department may be
4 applied against the tax imposed by subsections (a) and (b) of
5 Section 201 of the Illinois Income Tax Act for taxable years
6 beginning on or after January 1, 2025.

7 (c) REV Construction Jobs Credit. For construction wages
8 associated with a project that qualified for a REV Illinois
9 Credit under subsection (b), the taxpayer may receive a tax
10 credit against the tax imposed under subsections (a) and (b)
11 of Section 201 of the Illinois Income Tax Act in an amount
12 equal to 50% of the incremental income tax attributable to
13 construction wages paid in connection with construction of the
14 project facilities, as a jobs credit for workers hired to
15 construct the project.

16 The REV Construction Jobs Credit may not exceed 75% of the
17 amount of the incremental income tax attributable to
18 construction wages paid in connection with construction of the
19 project facilities if the project is in an underserved area or
20 an energy transition area.

21 (d) The Department shall certify to the Department of
22 Revenue: (1) the identity of Taxpayers that are eligible for
23 the REV Illinois Credit and REV Construction Jobs Credit; (2)
24 the amount of the REV Illinois Credits and REV Construction
25 Jobs Credits awarded in each calendar year; and (3) the amount
26 of the REV Illinois Credit and REV Construction Jobs Credit

1 claimed in each calendar year. REV Illinois Credits awarded
2 may include credit earned for Incremental Income Tax withheld
3 and Training Costs incurred by the Taxpayer beginning on or
4 after January 1, 2022. Credits so earned and certified by the
5 Department may be applied against the tax imposed by Section
6 201(a) and (b) of the Illinois Income Tax Act for taxable years
7 beginning on or after January 1, 2025.

8 (e) Applicants seeking certification for a tax credits
9 related to the construction of the project facilities in the
10 State shall require the contractor to enter into a project
11 labor agreement that conforms with the Project Labor
12 Agreements Act.

13 (f) Any applicant issued a certificate for a tax credit or
14 tax exemption under this Act must annually report to the
15 Department the total project tax benefits received. Reports
16 are due no later than May 31 of each year and shall cover the
17 previous calendar year. The first report is for the 2022
18 calendar year and is due no later than May 31, 2023. For
19 applicants issued a certificate of exemption under Section 105
20 of this Act, the report shall be the same as required for a
21 High Impact Business under subsection (a-5) of Section 8.1 of
22 the Illinois Enterprise Zone Act. Each person required to file
23 a return under the Gas Revenue Tax Act, the Electricity Excise
24 Tax Law, or the Telecommunications Excise Tax Act shall file a
25 report containing information about customers that are issued
26 an exemption certificate under Section 95 of this Act in the

1 same manner and form as they are required to report under
2 subsection (b) of Section 8.1 of the Illinois Enterprise Zone
3 Act.

4 (g) Nothing in this Act shall prohibit an award of credit
5 to an applicant that uses a PEO if all other award criteria are
6 satisfied.

7 (h) With respect to any portion of a REV Illinois Credit
8 that is based on the incremental income tax attributable to
9 new employees or retained employees, in lieu of the Credit
10 allowed under this Act against the taxes imposed pursuant to
11 subsections (a) and (b) of Section 201 of the Illinois Income
12 Tax Act, a taxpayer that otherwise meets the criteria set
13 forth in this Section, the taxpayer may elect to claim the
14 credit, on or after January 1, 2025, against its obligation to
15 pay over withholding under Section 704A of the Illinois Income
16 Tax Act. The election shall be made in the manner prescribed by
17 the Department of Revenue and once made shall be irrevocable.

18 (Source: P.A. 102-669, eff. 11-16-21; 102-1112, eff. 12-21-22;
19 102-1125, eff. 2-3-23; revised 4-5-23.)

20 (20 ILCS 686/40)

21 Sec. 40. Amount and duration of the credits; limitation to
22 amount of costs of specified items. The Department shall
23 determine the amount and duration of the REV Illinois Credit
24 awarded under this Act, subject to the limitations set forth
25 in this Act. For a project that qualified under paragraph (1),

1 (2), (4), ~~or~~ (4.1), or (5) of subsection (c) of Section 20, the
2 duration of the credit may not exceed 15 taxable years, with an
3 option to renew the agreement for no more than one term not to
4 exceed an additional 15 taxable years. For a project that
5 qualified under paragraph (3) or (3.1) of subsection (c) of
6 Section 20, the duration of the credit may not exceed 10
7 taxable years, with an option to renew the agreement for no
8 more than one term not to exceed an additional 10 taxable
9 years. The credit may be stated as a percentage of the
10 incremental income tax and training costs attributable to the
11 applicant's project and may include a fixed dollar limitation.

12 Nothing in this Section shall prevent the Department, in
13 consultation with the Department of Revenue, from adopting
14 rules to extend the sunset of any earned, existing, and unused
15 tax credit or credits a taxpayer may be in possession of, as
16 provided for in Section 605-1055 of the Department of Commerce
17 and Economic Opportunity Law of the Civil Administrative Code
18 of Illinois, notwithstanding the carry-forward provisions
19 pursuant to paragraph (4) of Section 211 of the Illinois
20 Income Tax Act.

21 (Source: P.A. 102-669, eff. 11-16-21; 102-1112, eff. 12-21-22;
22 102-1125, eff. 2-3-23; revised 4-5-23.)

23 (20 ILCS 686/45)

24 Sec. 45. Contents of agreements with applicants.

25 (a) The Department shall enter into an agreement with an

1 applicant that is awarded a credit under this Act. The
2 agreement shall include all of the following:

3 (1) A detailed description of the project that is the
4 subject of the agreement, including the location and
5 amount of the investment and jobs created or retained.

6 (2) The duration of the credit, the first taxable year
7 for which the credit may be awarded, and the first taxable
8 year in which the credit may be used by the taxpayer.

9 (3) The credit amount that will be allowed for each
10 taxable year.

11 (4) For a project qualified under paragraphs (1), (2),
12 ~~or~~ (4), or (5) of subsection (c) of Section 20, a
13 requirement that the taxpayer shall maintain operations at
14 the project location a minimum number of years not to
15 exceed 15. For a project qualified under paragraph (3) of
16 subsection (c) of Section 20, a requirement that the
17 taxpayer shall maintain operations at the project location
18 a minimum number of years not to exceed 10.

19 (5) A specific method for determining the number of
20 new employees and if applicable, retained employees,
21 employed during a taxable year.

22 (6) A requirement that the taxpayer shall annually
23 report to the Department the number of new employees, the
24 incremental income tax withheld in connection with the new
25 employees, and any other information the Department deems
26 necessary and appropriate to perform its duties under this

1 Act.

2 (7) A requirement that the Director is authorized to
3 verify with the appropriate State agencies the amounts
4 reported under paragraph (6), and after doing so shall
5 issue a certificate to the taxpayer stating that the
6 amounts have been verified.

7 (8) A requirement that the taxpayer shall provide
8 written notification to the Director not more than 30 days
9 after the taxpayer makes or receives a proposal that would
10 transfer the taxpayer's State tax liability obligations to
11 a successor taxpayer.

12 (9) A detailed description of the number of new
13 employees to be hired, and the occupation and payroll of
14 full-time jobs to be created or retained because of the
15 project.

16 (10) The minimum investment the taxpayer will make in
17 capital improvements, the time period for placing the
18 property in service, and the designated location in
19 Illinois for the investment.

20 (11) A requirement that the taxpayer shall provide
21 written notification to the Director and the Director's
22 designee not more than 30 days after the taxpayer
23 determines that the minimum job creation or retention,
24 employment payroll, or investment no longer is or will be
25 achieved or maintained as set forth in the terms and
26 conditions of the agreement. Additionally, the

1 notification should outline to the Department the number
2 of layoffs, date of the layoffs, and detail taxpayer's
3 efforts to provide career and training counseling for the
4 impacted workers with industry-related certifications and
5 trainings.

6 (12) If applicable, a ~~A~~ provision that, if the total
7 number of new employees falls below a specified level, the
8 allowance of credit shall be suspended until the number of
9 new employees equals or exceeds the agreement amount.

10 (13) If applicable, a provision that specifies the
11 statewide baseline at the time of application for retained
12 employees. The ~~Additionally, the~~ agreement must have a
13 provision addressing if the total number of retained
14 employees falls below the lesser of the statewide baseline
15 or the retention requirements specified in the agreement,
16 the allowance of the credit shall be suspended until the
17 number of retained employees equals or exceeds the
18 agreement amount.

19 (14) A detailed description of the items for which the
20 costs incurred by the Taxpayer will be included in the
21 limitation on the Credit provided in Section 40.

22 (15) If the agreement is entered into before the
23 effective date of the changes made to this Section by this
24 amendatory Act of the 103rd General Assembly, a ~~A~~
25 provision stating that if the taxpayer fails to meet
26 either the investment or job creation and retention

1 requirements specified in the agreement during the entire
2 5-year period beginning on the first day of the first
3 taxable year in which the agreement is executed and ending
4 on the last day of the fifth taxable year after the
5 agreement is executed, then the agreement is automatically
6 terminated on the last day of the fifth taxable year after
7 the agreement is executed, and the taxpayer is not
8 entitled to the award of any credits for any of that 5-year
9 period. If the agreement is entered into on or after the
10 effective date of the changes made to this Section by this
11 amendatory Act of the 103rd General Assembly, a provision
12 stating that if the taxpayer fails to meet either the
13 investment or job creation and retention requirements
14 specified in the agreement during the entire 10-year
15 period beginning on the effective date of the agreement
16 and ending 10 years after the effective date of the
17 agreement, then the agreement is automatically terminated,
18 and the taxpayer is not entitled to the award of any
19 credits for any of that 10-year period.

20 (16) A provision stating that if the taxpayer ceases
21 principal operations with the intent to permanently shut
22 down the project in the State during the term of the
23 Agreement, then the entire credit amount awarded to the
24 taxpayer prior to the date the taxpayer ceases principal
25 operations shall be returned to the Department and shall
26 be reallocated to the local workforce investment area in

1 which the project was located.

2 (17) A provision stating that the Taxpayer must
3 provide the reports outlined in Sections 50 and 55 on or
4 before April 15 each year.

5 (18) A provision requiring the taxpayer to report
6 annually its contractual obligations or otherwise with a
7 recycling facility for its operations.

8 (19) Any other performance conditions or contract
9 provisions the Department determines are necessary or
10 appropriate.

11 (20) Each taxpayer under paragraph (1) of subsection
12 (c) of Section 20 above shall maintain labor neutrality
13 toward any union organizing campaign for any employees of
14 the taxpayer assigned to work on the premises of the REV
15 Illinois Project Site. This paragraph shall not apply to
16 an electric vehicle manufacturer, electric vehicle
17 component part manufacturer, electric vehicle power supply
18 manufacturer, or renewable energy manufacturer, or any
19 joint venture including an electric vehicle manufacturer,
20 electric vehicle component part manufacturer, electric
21 vehicle power supply manufacturer, or renewable energy
22 manufacturer, who is subject to collective bargaining
23 agreement entered into prior to the taxpayer filing an
24 application pursuant to this Act.

25 (b) The Department shall post on its website the terms of
26 each agreement entered into under this Act. Such information

1 shall be posted within 10 days after entering into the
2 agreement and must include the following:

3 (1) the name of the taxpayer;

4 (2) the location of the project;

5 (3) the estimated value of the credit;

6 (4) the number of new employee jobs and, if
7 applicable, number of retained employee jobs at the
8 project; and

9 (5) whether or not the project is in an underserved
10 area or energy transition area.

11 (Source: P.A. 102-669, eff. 11-16-21; 102-1125, eff. 2-3-23;
12 revised 4-5-23.)

13 ARTICLE 80. CIGARETTE TAX

14 Section 80-5. The Cigarette Tax Act is amended by changing
15 Section 2 as follows:

16 (35 ILCS 130/2) (from Ch. 120, par. 453.2)

17 Sec. 2. Tax imposed; rate; collection, payment, and
18 distribution; discount.

19 (a) Beginning on July 1, 2019, in place of the aggregate
20 tax rate of 99 mills previously imposed by this Act, a tax is
21 imposed upon any person engaged in business as a retailer of
22 cigarettes at the rate of 149 mills per cigarette sold or
23 otherwise disposed of in the course of such business in this

1 State.

2 (b) The payment of such taxes shall be evidenced by a stamp
3 affixed to each original package of cigarettes, or an
4 authorized substitute for such stamp imprinted on each
5 original package of such cigarettes underneath the sealed
6 transparent outside wrapper of such original package, as
7 hereinafter provided. However, such taxes are not imposed upon
8 any activity in such business in interstate commerce or
9 otherwise, which activity may not under the Constitution and
10 statutes of the United States be made the subject of taxation
11 by this State.

12 Out of the 149 mills per cigarette tax imposed by
13 subsection (a), until July 1, 2023, the revenues received from
14 4 mills shall be paid into the Common School Fund each month,
15 not to exceed \$9,000,000 per month. Out of the 149 mills per
16 cigarette tax imposed by subsection (a), until July 1, 2023,
17 all of the revenues received from 7 mills shall be paid into
18 the Common School Fund each month. Out of the 149 mills per
19 cigarette tax imposed by subsection (a), until July 1, 2023,
20 50 mills per cigarette each month shall be paid into the
21 Healthcare Provider Relief Fund.

22 Beginning on July 1, 2006 and until July 1, 2023, all of
23 the moneys received by the Department of Revenue pursuant to
24 this Act and the Cigarette Use Tax Act, other than the moneys
25 that are dedicated to the Common School Fund and, beginning on
26 the effective date of this amendatory Act of the 97th General

1 Assembly, other than the moneys from the additional taxes
2 imposed by this amendatory Act of the 97th General Assembly
3 that must be paid each month into the Healthcare Provider
4 Relief Fund, and other than the moneys from the additional
5 taxes imposed by this amendatory Act of the 101st General
6 Assembly that must be paid each month under subsection (c),
7 shall be distributed each month as follows: first, there shall
8 be paid into the General Revenue Fund an amount that, when
9 added to the amount paid into the Common School Fund for that
10 month, equals \$29,200,000; then, from the moneys remaining, if
11 any amounts required to be paid into the General Revenue Fund
12 in previous months remain unpaid, those amounts shall be paid
13 into the General Revenue Fund; then from the moneys remaining,
14 \$5,000,000 per month shall be paid into the School
15 Infrastructure Fund; then, if any amounts required to be paid
16 into the School Infrastructure Fund in previous months remain
17 unpaid, those amounts shall be paid into the School
18 Infrastructure Fund; then the moneys remaining, if any, shall
19 be paid into the Long-Term Care Provider Fund. Any amounts
20 required to be paid into the General Revenue Fund, the School
21 Infrastructure Fund, the Long-Term Care Provider Fund, the
22 Common School Fund, the Capital Projects Fund, or the
23 Healthcare Provider Relief Fund under this subsection that
24 remain unpaid as of July 1, 2023 shall be deemed satisfied on
25 that date, eliminating any deficiency accrued through that
26 date.

1 (c) Beginning on July 1, 2019 and until July 1, 2023, all
2 of the moneys from the additional taxes imposed by Public Act
3 101-31, except for moneys received from the tax on electronic
4 cigarettes, received by the Department of Revenue pursuant to
5 this Act, the Cigarette Use Tax Act, and the Tobacco Products
6 Tax Act of 1995 shall be distributed each month into the
7 Capital Projects Fund.

8 (c-5) Beginning on July 1, 2023, all of the moneys
9 received by the Department of Revenue pursuant to (i) this
10 Act, (ii) the Cigarette Use Tax Act, and (iii) the tax imposed
11 on little cigars under Section 10-10 of the Tobacco Products
12 Tax Act of 1995 shall be paid each month as follows:

13 (1) 7% into the Common School Fund;

14 (2) 34% into the Healthcare Provider Relief Fund;

15 (3) 34% into the Capital Projects Fund; and

16 (4) 25% into the General Revenue Fund.

17 (d) Until July 1, 2023, except ~~Except~~ for moneys received
18 from the additional taxes imposed by Public Act 101-31, moneys
19 collected from the tax imposed on little cigars under Section
20 10-10 of the Tobacco Products Tax Act of 1995 shall be included
21 with the moneys collected under the Cigarette Tax Act and the
22 Cigarette Use Tax Act when making distributions to the Common
23 School Fund, the Healthcare Provider Relief Fund, the General
24 Revenue Fund, the School Infrastructure Fund, and the
25 Long-Term Care Provider Fund under this Section. Any amounts,
26 including moneys collected from the tax imposed on little

1 cigars under Section 10-10 of the Tobacco Products Tax Act of
2 1995, that are required to be paid into the General Revenue
3 Fund, the School Infrastructure Fund, the Long-Term Care
4 Provider Fund, the Common School Fund, the Capital Projects
5 Fund, or the Healthcare Provider Relief Fund under subsection
6 (b) that remain unpaid as of July 1, 2023 shall be deemed
7 satisfied on that date, eliminating any deficiency accrued
8 through that date. Beginning on July 1, 2023, moneys collected
9 from the tax imposed on little cigars under Section 10-10 of
10 the Tobacco Products Tax Act of 1995 shall be included with the
11 moneys collected under the Cigarette Tax Act and the Cigarette
12 Use Tax Act when making distributions under subsections (c-5).

13 (e) If the tax imposed herein terminates or has
14 terminated, distributors who have bought stamps while such tax
15 was in effect and who therefore paid such tax, but who can
16 show, to the Department's satisfaction, that they sold the
17 cigarettes to which they affixed such stamps after such tax
18 had terminated and did not recover the tax or its equivalent
19 from purchasers, shall be allowed by the Department to take
20 credit for such absorbed tax against subsequent tax stamp
21 purchases from the Department by such distributor.

22 (f) The impact of the tax levied by this Act is imposed
23 upon the retailer and shall be prepaid or pre-collected by the
24 distributor for the purpose of convenience and facility only,
25 and the amount of the tax shall be added to the price of the
26 cigarettes sold by such distributor. Collection of the tax

1 shall be evidenced by a stamp or stamps affixed to each
2 original package of cigarettes, as hereinafter provided. Any
3 distributor who purchases stamps may credit any excess
4 payments verified by the Department against amounts
5 subsequently due for the purchase of additional stamps, until
6 such time as no excess payment remains.

7 (g) Each distributor shall collect the tax from the
8 retailer at or before the time of the sale, shall affix the
9 stamps as hereinafter required, and shall remit the tax
10 collected from retailers to the Department, as hereinafter
11 provided. Any distributor who fails to properly collect and
12 pay the tax imposed by this Act shall be liable for the tax.

13 (h) Any distributor having cigarettes in his or her
14 possession on July 1, 2019 to which tax stamps have been
15 affixed, and any distributor having stamps in his or her
16 possession on July 1, 2019 that have not been affixed to
17 packages of cigarettes before July 1, 2019, is required to pay
18 the additional tax that begins on July 1, 2019 imposed by this
19 amendatory Act of the 101st General Assembly to the extent
20 that the volume of affixed and unaffixed stamps in the
21 distributor's possession on July 1, 2019 exceeds the average
22 monthly volume of cigarette stamps purchased by the
23 distributor in calendar year 2018. This payment, less the
24 discount provided in subsection (l), is due when the
25 distributor first makes a purchase of cigarette stamps on or
26 after July 1, 2019 or on the first due date of a return under

1 this Act occurring on or after July 1, 2019, whichever occurs
2 first. Those distributors may elect to pay the additional tax
3 on packages of cigarettes to which stamps have been affixed
4 and on any stamps in the distributor's possession that have
5 not been affixed to packages of cigarettes in their possession
6 on July 1, 2019 over a period not to exceed 12 months from the
7 due date of the additional tax by notifying the Department in
8 writing. The first payment for distributors making such
9 election is due when the distributor first makes a purchase of
10 cigarette tax stamps on or after July 1, 2019 or on the first
11 due date of a return under this Act occurring on or after July
12 1, 2019, whichever occurs first. Distributors making such an
13 election are not entitled to take the discount provided in
14 subsection (l) on such payments.

15 (i) Any retailer having cigarettes in its possession on
16 July 1, 2019 to which tax stamps have been affixed is not
17 required to pay the additional tax that begins on July 1, 2019
18 imposed by this amendatory Act of the 101st General Assembly
19 on those stamped cigarettes.

20 (j) Distributors making sales of cigarettes to secondary
21 distributors shall add the amount of the tax to the price of
22 the cigarettes sold by the distributors. Secondary
23 distributors making sales of cigarettes to retailers shall
24 include the amount of the tax in the price of the cigarettes
25 sold to retailers. The amount of tax shall not be less than the
26 amount of taxes imposed by the State and all local

1 jurisdictions. The amount of local taxes shall be calculated
2 based on the location of the retailer's place of business
3 shown on the retailer's certificate of registration or
4 sub-registration issued to the retailer pursuant to Section 2a
5 of the Retailers' Occupation Tax Act. The original packages of
6 cigarettes sold to the retailer shall bear all the required
7 stamps, or other indicia, for the taxes included in the price
8 of cigarettes.

9 (k) The amount of the Cigarette Tax imposed by this Act
10 shall be separately stated, apart from the price of the goods,
11 by distributors, manufacturer representatives, secondary
12 distributors, and retailers, in all bills and sales invoices.

13 (l) The distributor shall be required to collect the tax
14 provided under paragraph (a) hereof, and, to cover the costs
15 of such collection, shall be allowed a discount during any
16 year commencing July 1st and ending the following June 30th in
17 accordance with the schedule set out hereinbelow, which
18 discount shall be allowed at the time of purchase of the stamps
19 when purchase is required by this Act, or at the time when the
20 tax is remitted to the Department without the purchase of
21 stamps from the Department when that method of paying the tax
22 is required or authorized by this Act.

23 On and after December 1, 1985, a discount equal to 1.75% of
24 the amount of the tax payable under this Act up to and
25 including the first \$3,000,000 paid hereunder by such
26 distributor to the Department during any such year and 1.5% of

1 the amount of any additional tax paid hereunder by such
2 distributor to the Department during any such year shall
3 apply.

4 Two or more distributors that use a common means of
5 affixing revenue tax stamps or that are owned or controlled by
6 the same interests shall be treated as a single distributor
7 for the purpose of computing the discount.

8 (m) The taxes herein imposed are in addition to all other
9 occupation or privilege taxes imposed by the State of
10 Illinois, or by any political subdivision thereof, or by any
11 municipal corporation.

12 (Source: P.A. 100-1171, eff. 1-4-19; 101-31, eff. 6-28-19;
13 101-604, eff. 12-13-19.)

14 ARTICLE 85. USE AND OCCUPATION TAXES

15 Section 85-5. The Use Tax Act is amended by changing
16 Section 12 as follows:

17 (35 ILCS 105/12) (from Ch. 120, par. 439.12)

18 Sec. 12. Applicability of Retailers' Occupation Tax Act
19 and Uniform Penalty and Interest Act. All of the provisions of
20 Sections 1d, 1e, 1f, 1i, 1j, 1j.1, 1k, 1m, 1n, 1o, 2-6, 2-12,
21 2-54, 2a, 2b, 2c, 3, 4 (except that the time limitation
22 provisions shall run from the date when the tax is due rather
23 than from the date when gross receipts are received), 5

1 (except that the time limitation provisions on the issuance of
2 notices of tax liability shall run from the date when the tax
3 is due rather than from the date when gross receipts are
4 received and except that in the case of a failure to file a
5 return required by this Act, no notice of tax liability shall
6 be issued on and after each July 1 and January 1 covering tax
7 due with that return during any month or period more than 6
8 years before that July 1 or January 1, respectively), 5a, 5b,
9 5c, 5d, 5e, 5f, 5g, 5h, 5j, 5k, 5l, 5m, 5n, 7, 8, 9, 10, 11 and
10 12 of the Retailers' Occupation Tax Act and Section 3-7 of the
11 Uniform Penalty and Interest Act, which are not inconsistent
12 with this Act, shall apply, as far as practicable, to the
13 subject matter of this Act to the same extent as if such
14 provisions were included herein.

15 (Source: P.A. 102-700, eff. 4-19-22.)

16 Section 85-10. The Service Use Tax Act is amended by
17 changing Section 12 as follows:

18 (35 ILCS 110/12) (from Ch. 120, par. 439.42)

19 Sec. 12. Applicability of Retailers' Occupation Tax Act
20 and Uniform Penalty and Interest Act. All of the provisions of
21 Sections 1d, 1e, 1f, 1i, 1j, 1j.1, 1k, 1m, 1n, 1o, 2-6, 2-12,
22 2-54, 2a, 2b, 2c, 3 (except as to the disposition by the
23 Department of the money collected under this Act), 4 (except
24 that the time limitation provisions shall run from the date

1 when gross receipts are received), 5 (except that the time
2 limitation provisions on the issuance of notices of tax
3 liability shall run from the date when the tax is due rather
4 than from the date when gross receipts are received and except
5 that in the case of a failure to file a return required by this
6 Act, no notice of tax liability shall be issued on and after
7 July 1 and January 1 covering tax due with that return during
8 any month or period more than 6 years before that July 1 or
9 January 1, respectively), 5a, 5b, 5c, 5d, 5e, 5f, 5g, 5j, 5k,
10 5l, 5m, 5n, 6d, 7, 8, 9, 10, 11 and 12 of the Retailers'
11 Occupation Tax Act which are not inconsistent with this Act,
12 and Section 3-7 of the Uniform Penalty and Interest Act, shall
13 apply, as far as practicable, to the subject matter of this Act
14 to the same extent as if such provisions were included herein.
15 (Source: P.A. 102-700, eff. 4-19-22.)

16 Section 85-15. The Service Occupation Tax Act is amended
17 by changing Section 12 as follows:

18 (35 ILCS 115/12) (from Ch. 120, par. 439.112)
19 Sec. 12. All of the provisions of Sections 1d, 1e, 1f, 1i,
20 1j, 1j.1, 1k, 1m, 1n, 1o, 2-6, 2-12, 2-54, 2a, 2b, 2c, 3
21 (except as to the disposition by the Department of the tax
22 collected under this Act), 4 (except that the time limitation
23 provisions shall run from the date when the tax is due rather
24 than from the date when gross receipts are received), 5

1 (except that the time limitation provisions on the issuance of
2 notices of tax liability shall run from the date when the tax
3 is due rather than from the date when gross receipts are
4 received), 5a, 5b, 5c, 5d, 5e, 5f, 5g, 5j, 5k, 5l, 5m, 5n, 6d,
5 7, 8, 9, 10, 11 and 12 of the "Retailers' Occupation Tax Act"
6 which are not inconsistent with this Act, and Section 3-7 of
7 the Uniform Penalty and Interest Act shall apply, as far as
8 practicable, to the subject matter of this Act to the same
9 extent as if such provisions were included herein.

10 (Source: P.A. 102-700, eff. 4-19-22.)

11 ARTICLE 90. MUNICIPAL USE AND OCCUPATION TAXES

12 Section 90-5. The Illinois Municipal Code is amended by
13 changing Sections 8-11-1.4 and 8-11-1.5 as follows:

14 (65 ILCS 5/8-11-1.4) (from Ch. 24, par. 8-11-1.4)

15 Sec. 8-11-1.4. Non-Home Rule Municipal Service Occupation
16 Tax Act. The corporate authorities of a non-home rule
17 municipality may impose a tax upon all persons engaged, in
18 such municipality, in the business of making sales of service
19 for expenditure on public infrastructure or for property tax
20 relief or both as defined in Section 8-11-1.2 if approved by
21 referendum as provided in Section 8-11-1.1, of the selling
22 price of all tangible personal property transferred by such
23 servicemen either in the form of tangible personal property or

1 in the form of real estate as an incident to a sale of service.
2 If the tax is approved by referendum on or after July 14, 2010
3 (the effective date of Public Act 96-1057), the corporate
4 authorities of a non-home rule municipality may, until
5 December 31, 2030 ~~December 31, 2020~~, use the proceeds of the
6 tax for expenditure on municipal operations, in addition to or
7 in lieu of any expenditure on public infrastructure or for
8 property tax relief. The tax imposed may not be more than 1%
9 and may be imposed only in 1/4% increments. The tax may not be
10 imposed on tangible personal property taxed at the 1% rate
11 under the Service Occupation Tax Act (or at the 0% rate imposed
12 under this amendatory Act of the 102nd General Assembly).
13 Beginning December 1, 2019, this tax is not imposed on sales of
14 aviation fuel unless the tax revenue is expended for
15 airport-related purposes. If a municipality does not have an
16 airport-related purpose to which it dedicates aviation fuel
17 tax revenue, then aviation fuel is excluded from the tax. Each
18 municipality must comply with the certification requirements
19 for airport-related purposes under Section 2-22 of the
20 Retailers' Occupation Tax Act. For purposes of this Section,
21 "airport-related purposes" has the meaning ascribed in Section
22 6z-20.2 of the State Finance Act. This exclusion for aviation
23 fuel only applies for so long as the revenue use requirements
24 of 49 U.S.C. 47107(b) and 49 U.S.C. 47133 are binding on the
25 municipality. The tax imposed by a municipality pursuant to
26 this Section and all civil penalties that may be assessed as an

1 incident thereof shall be collected and enforced by the State
2 Department of Revenue. The certificate of registration which
3 is issued by the Department to a retailer under the Retailers'
4 Occupation Tax Act or under the Service Occupation Tax Act
5 shall permit such registrant to engage in a business which is
6 taxable under any ordinance or resolution enacted pursuant to
7 this Section without registering separately with the
8 Department under such ordinance or resolution or under this
9 Section. The Department shall have full power to administer
10 and enforce this Section; to collect all taxes and penalties
11 due hereunder; to dispose of taxes and penalties so collected
12 in the manner hereinafter provided, and to determine all
13 rights to credit memoranda arising on account of the erroneous
14 payment of tax or penalty hereunder. In the administration of,
15 and compliance with, this Section the Department and persons
16 who are subject to this Section shall have the same rights,
17 remedies, privileges, immunities, powers and duties, and be
18 subject to the same conditions, restrictions, limitations,
19 penalties and definitions of terms, and employ the same modes
20 of procedure, as are prescribed in Sections 1a-1, 2, 2a, 3
21 through 3-50 (in respect to all provisions therein other than
22 the State rate of tax), 4 (except that the reference to the
23 State shall be to the taxing municipality), 5, 7, 8 (except
24 that the jurisdiction to which the tax shall be a debt to the
25 extent indicated in that Section 8 shall be the taxing
26 municipality), 9 (except as to the disposition of taxes and

1 penalties collected, and except that the returned merchandise
2 credit for this municipal tax may not be taken against any
3 State tax, and except that the retailer's discount is not
4 allowed for taxes paid on aviation fuel that are subject to the
5 revenue use requirements of 49 U.S.C. 47107(b) and 49 U.S.C.
6 47133), 10, 11, 12 (except the reference therein to Section 2b
7 of the Retailers' Occupation Tax Act), 13 (except that any
8 reference to the State shall mean the taxing municipality),
9 the first paragraph of Section 15, 16, 17, 18, 19 and 20 of the
10 Service Occupation Tax Act and Section 3-7 of the Uniform
11 Penalty and Interest Act, as fully as if those provisions were
12 set forth herein.

13 No municipality may impose a tax under this Section unless
14 the municipality also imposes a tax at the same rate under
15 Section 8-11-1.3 of this Code.

16 Persons subject to any tax imposed pursuant to the
17 authority granted in this Section may reimburse themselves for
18 their serviceman's tax liability hereunder by separately
19 stating such tax as an additional charge, which charge may be
20 stated in combination, in a single amount, with State tax
21 which servicemen are authorized to collect under the Service
22 Use Tax Act, pursuant to such bracket schedules as the
23 Department may prescribe.

24 Whenever the Department determines that a refund should be
25 made under this Section to a claimant instead of issuing
26 credit memorandum, the Department shall notify the State

1 Comptroller, who shall cause the order to be drawn for the
2 amount specified, and to the person named, in such
3 notification from the Department. Such refund shall be paid by
4 the State Treasurer out of the municipal retailers' occupation
5 tax fund or the Local Government Aviation Trust Fund, as
6 appropriate.

7 Except as otherwise provided in this paragraph, the
8 Department shall forthwith pay over to the State Treasurer, ex
9 officio, as trustee, all taxes and penalties collected
10 hereunder for deposit into the municipal retailers' occupation
11 tax fund. Taxes and penalties collected on aviation fuel sold
12 on or after December 1, 2019, shall be immediately paid over by
13 the Department to the State Treasurer, ex officio, as trustee,
14 for deposit into the Local Government Aviation Trust Fund. The
15 Department shall only pay moneys into the Local Government
16 Aviation Trust Fund under this Section for so long as the
17 revenue use requirements of 49 U.S.C. 47107(b) and 49 U.S.C.
18 47133 are binding on the municipality.

19 As soon as possible after the first day of each month,
20 beginning January 1, 2011, upon certification of the
21 Department of Revenue, the Comptroller shall order
22 transferred, and the Treasurer shall transfer, to the STAR
23 Bonds Revenue Fund the local sales tax increment, as defined
24 in the Innovation Development and Economy Act, collected under
25 this Section during the second preceding calendar month for
26 sales within a STAR bond district.

1 After the monthly transfer to the STAR Bonds Revenue Fund,
2 on or before the 25th day of each calendar month, the
3 Department shall prepare and certify to the Comptroller the
4 disbursement of stated sums of money to named municipalities,
5 the municipalities to be those from which suppliers and
6 servicemen have paid taxes or penalties hereunder to the
7 Department during the second preceding calendar month. The
8 amount to be paid to each municipality shall be the amount (not
9 including credit memoranda and not including taxes and
10 penalties collected on aviation fuel sold on or after December
11 1, 2019) collected hereunder during the second preceding
12 calendar month by the Department, and not including an amount
13 equal to the amount of refunds made during the second
14 preceding calendar month by the Department on behalf of such
15 municipality, and not including any amounts that are
16 transferred to the STAR Bonds Revenue Fund, less 1.5% of the
17 remainder, which the Department shall transfer into the Tax
18 Compliance and Administration Fund. The Department, at the
19 time of each monthly disbursement to the municipalities, shall
20 prepare and certify to the State Comptroller the amount to be
21 transferred into the Tax Compliance and Administration Fund
22 under this Section. Within 10 days after receipt, by the
23 Comptroller, of the disbursement certification to the
24 municipalities, the General Revenue Fund, and the Tax
25 Compliance and Administration Fund provided for in this
26 Section to be given to the Comptroller by the Department, the

1 Comptroller shall cause the orders to be drawn for the
2 respective amounts in accordance with the directions contained
3 in such certification.

4 The Department of Revenue shall implement Public Act
5 91-649 so as to collect the tax on and after January 1, 2002.

6 Nothing in this Section shall be construed to authorize a
7 municipality to impose a tax upon the privilege of engaging in
8 any business which under the constitution of the United States
9 may not be made the subject of taxation by this State.

10 As used in this Section, "municipal" or "municipality"
11 means or refers to a city, village or incorporated town,
12 including an incorporated town which has superseded a civil
13 township.

14 This Section shall be known and may be cited as the
15 "Non-Home Rule Municipal Service Occupation Tax Act".

16 (Source: P.A. 101-10, eff. 6-5-19; 101-81, eff. 7-12-19;
17 101-604, eff. 12-13-19; 102-700, eff. 4-19-22.)

18 (65 ILCS 5/8-11-1.5) (from Ch. 24, par. 8-11-1.5)

19 Sec. 8-11-1.5. Non-Home Rule Municipal Use Tax Act. The
20 corporate authorities of a non-home rule municipality may
21 impose a tax upon the privilege of using, in such
22 municipality, any item of tangible personal property which is
23 purchased at retail from a retailer, and which is titled or
24 registered with an agency of this State's government, based on
25 the selling price of such tangible personal property, as

1 "selling price" is defined in the Use Tax Act, for expenditure
2 on public infrastructure or for property tax relief or both as
3 defined in Section 8-11-1.2, if approved by referendum as
4 provided in Section 8-11-1.1. If the tax is approved by
5 referendum on or after the effective date of this amendatory
6 Act of the 96th General Assembly, the corporate authorities of
7 a non-home rule municipality may, until December 31, 2030
8 ~~December 31, 2020~~, use the proceeds of the tax for expenditure
9 on municipal operations, in addition to or in lieu of any
10 expenditure on public infrastructure or for property tax
11 relief. The tax imposed may not be more than 1% and may be
12 imposed only in 1/4% increments. Such tax shall be collected
13 from persons whose Illinois address for title or registration
14 purposes is given as being in such municipality. Such tax
15 shall be collected by the municipality imposing such tax. A
16 non-home rule municipality may not impose and collect the tax
17 prior to January 1, 2002.

18 This Section shall be known and may be cited as the
19 "Non-Home Rule Municipal Use Tax Act".

20 (Source: P.A. 96-1057, eff. 7-14-10; 97-837, eff. 7-20-12.)

21 ARTICLE 95. VOLUNTEER EMERGENCY WORKERS

22 Section 95-5. The Illinois Administrative Procedure Act is
23 amended by adding Section 5-45.36 as follows:

1 (5 ILCS 100/5-45.36 new)

2 Sec. 5-45.36. Emergency rulemaking. To provide for the
3 expeditious and timely implementation of Section 234 of the
4 Illinois Income Tax Act, emergency rules implementing that
5 Section may be adopted in accordance with Section 5-45 by the
6 Department of Revenue. The adoption of emergency rules
7 authorized by Section 5-45 and this Section is deemed to be
8 necessary for the public interest, safety, and welfare.

9 This Section is repealed one year after the effective date
10 of this amendatory Act of the 103rd General Assembly.

11 Section 95-10. The Illinois Income Tax Act is amended by
12 adding Section 234 as follows:

13 (35 ILCS 5/234 new)

14 Sec. 234. Volunteer emergency workers.

15 (a) For taxable years beginning on or after January 1,
16 2023 and beginning prior to January 1, 2028, each individual
17 who (i) serves as a volunteer emergency worker for at least 9
18 months during the taxable year and (ii) does not receive
19 compensation for his or her services as a volunteer emergency
20 worker of more than \$5,000 for the taxable year may apply to
21 the Department for a credit against the taxes imposed by
22 subsections (a) and (b) of Section 201. The amount of the
23 credit shall be \$500 per eligible individual. The aggregate
24 amount of all tax credits awarded by the Department under this

1 Section in any calendar year may not exceed \$5,000,000.

2 Credits shall be awarded on a first-come first-served basis.

3 (b) A credit under this Section may not reduce a
4 taxpayer's liability to less than zero.

5 (c) By January 24 of each year, the Office of the State
6 Fire Marshal shall provide the Department of Revenue an
7 electronic file with the names of volunteer emergency workers
8 who (i) volunteered for at least 9 months during the
9 immediately preceding calendar year, (ii) did not receive
10 compensation for their services as a volunteer emergency
11 worker of more than \$5,000 during the immediately preceding
12 calendar year, and (iii) are registered with the Office of the
13 State Fire Marshal as of January 12 of the current year as
14 meeting the requirements of items (i) and (ii) for the
15 immediately preceding calendar year. The chief of the fire
16 department, fire protection district, or fire protection
17 association shall be responsible for notifying the State Fire
18 Marshal of the volunteer emergency workers who met the
19 requirements of items (i) and (ii) during the immediately
20 preceding calendar year by January 12 of the current year.
21 Notification shall be required in the format required by the
22 State Fire Marshal. The chief of the fire department, fire
23 protection district, or fire protection association shall be
24 responsible for the verification and accuracy of their
25 submission to the State Fire Marshal under this subsection.

26 (d) As used in this Section, "volunteer emergency worker"

1 means a person who serves as a member, other than on a
2 full-time career basis, of a fire department, fire protection
3 district, or fire protection association that has a Fire
4 Department Identification Number issued by the Office of the
5 State Fire Marshal and who does not serve as a member on a
6 full-time career basis for another fire department, fire
7 protection district, fire protection association, or
8 governmental entity.

9 (e) The Department shall adopt rules to implement and
10 administer this Section, including rules concerning
11 applications for the tax credit.

12 ARTICLE 100. USE AND OCCUPATION TAX ASSESSMENTS

13 Section 100-5. The Retailers' Occupation Tax Act is
14 amended by changing Section 4 as follows:

15 (35 ILCS 120/4) (from Ch. 120, par. 443)

16 Sec. 4. As soon as practicable after any return is filed,
17 the Department shall examine such return and shall, if
18 necessary, correct such return according to its best judgment
19 and information. If the correction of a return results in an
20 amount of tax that is understated on the taxpayer's return due
21 to a mathematical error, the Department shall notify the
22 taxpayer that the amount of tax in excess of that shown on the
23 return is due and has been assessed. The term "mathematical

1 error" means arithmetic errors or incorrect computations on
2 the return or supporting schedules. No such notice of
3 additional tax due shall be issued on and after each July 1 and
4 January 1 covering gross receipts received during any month or
5 period of time more than 3 years prior to such July 1 and
6 January 1, respectively. Such notice of additional tax due
7 shall not be considered a notice of tax liability nor shall the
8 taxpayer have any right of protest. In the event that the
9 return is corrected for any reason other than a mathematical
10 error, any return so corrected by the Department shall be
11 prima facie correct and shall be prima facie evidence of the
12 correctness of the amount of tax due, as shown therein. In
13 correcting transaction by transaction reporting returns
14 provided for in Section 3 of this Act, it shall be permissible
15 for the Department to show a single corrected return figure
16 for any given period of a calendar month instead of having to
17 correct each transaction by transaction return form
18 individually and having to show a corrected return figure for
19 each of such transaction by transaction return forms. In
20 making a correction of transaction by transaction, monthly or
21 quarterly returns covering a period of 6 months or more, it
22 shall be permissible for the Department to show a single
23 corrected return figure for any given 6-month period.

24 Instead of requiring the person filing such return to file
25 an amended return, the Department may simply notify him of the
26 correction or corrections it has made.

1 Proof of such correction by the Department may be made at
2 any hearing before the Department or the Illinois Independent
3 Tax Tribunal or in any legal proceeding by a reproduced copy or
4 computer print-out of the Department's record relating thereto
5 in the name of the Department under the certificate of the
6 Director of Revenue. If reproduced copies of the Department's
7 records are offered as proof of such correction, the Director
8 must certify that those copies are true and exact copies of
9 records on file with the Department. If computer print-outs of
10 the Department's records are offered as proof of such
11 correction, the Director must certify that those computer
12 print-outs are true and exact representations of records
13 properly entered into standard electronic computing equipment,
14 in the regular course of the Department's business, at or
15 reasonably near the time of the occurrence of the facts
16 recorded, from trustworthy and reliable information. Such
17 certified reproduced copy or certified computer print-out
18 shall without further proof, be admitted into evidence before
19 the Department or in any legal proceeding and shall be prima
20 facie proof of the correctness of the amount of tax due, as
21 shown therein.

22 If the tax computed upon the basis of the gross receipts as
23 fixed by the Department is greater than the amount of tax due
24 under the return or returns as filed, the Department shall (or
25 if the tax or any part thereof that is admitted to be due by a
26 return or returns, whether filed on time or not, is not paid,

1 the Department may) issue the taxpayer a notice of tax
2 liability for the amount of tax claimed by the Department to be
3 due, together with a penalty in an amount determined in
4 accordance with Section 3-3 of the Uniform Penalty and
5 Interest Act. Provided, that if the incorrectness of any
6 return or returns as determined by the Department is due to
7 negligence or fraud, said penalty shall be in an amount
8 determined in accordance with Section 3-5 or Section 3-6 of
9 the Uniform Penalty and Interest Act, as the case may be. If
10 the notice of tax liability is not based on a correction of the
11 taxpayer's return or returns, but is based on the taxpayer's
12 failure to pay all or a part of the tax admitted by his return
13 or returns (whether filed on time or not) to be due, such
14 notice of tax liability shall be prima facie correct and shall
15 be prima facie evidence of the correctness of the amount of tax
16 due, as shown therein.

17 Proof of such notice of tax liability by the Department
18 may be made at any hearing before the Department or the
19 Illinois Independent Tax Tribunal or in any legal proceeding
20 by a reproduced copy of the Department's record relating
21 thereto in the name of the Department under the certificate of
22 the Director of Revenue. Such reproduced copy shall without
23 further proof, be admitted into evidence before the Department
24 or in any legal proceeding and shall be prima facie proof of
25 the correctness of the amount of tax due, as shown therein.

26 If the person filing any return dies or becomes a person

1 under legal disability at any time before the Department
2 issues its notice of tax liability, such notice shall be
3 issued to the administrator, executor or other legal
4 representative, as such, of such person.

5 Except in case of a fraudulent return, or in the case of an
6 amended return (where a notice of tax liability may be issued
7 on or after each January 1 and July 1 for an amended return
8 filed not more than 3 years prior to such January 1 or July 1,
9 respectively), no notice of tax liability shall be issued on
10 and after each January 1 and July 1 covering gross receipts
11 received during any month or period of time more than 3 years
12 prior to such January 1 and July 1, respectively. If, before
13 the expiration of the time prescribed in this Section for the
14 issuance of a notice of tax liability, both the Department and
15 the taxpayer have consented in writing to its issuance after
16 such time, such notice may be issued at any time prior to the
17 expiration of the period agreed upon. The period so agreed
18 upon may be extended by subsequent agreements in writing made
19 before the expiration of the period previously agreed upon.
20 The foregoing limitations upon the issuance of a notice of tax
21 liability shall not apply to the issuance of a notice of tax
22 liability with respect to any period of time prior thereto in
23 cases where the Department has, within the period of
24 limitation then provided, notified the person making the
25 return of a notice of tax liability even though such return,
26 with which the tax that was shown by such return to be due was

1 paid when the return was filed, had not been corrected by the
2 Department in the manner required herein prior to the issuance
3 of such notice, but in no case shall the amount of any such
4 notice of tax liability for any period otherwise barred by
5 this Act exceed for such period the amount shown in the notice
6 of tax liability theretofore issued.

7 If, when a tax or penalty under this Act becomes due and
8 payable, the person alleged to be liable therefor is out of the
9 State, the notice of tax liability may be issued within the
10 times herein limited after his coming into or return to the
11 State; and if, after the tax or penalty under this Act becomes
12 due and payable, the person alleged to be liable therefor
13 departs from and remains out of the State, the time of his or
14 her absence is no part of the time limited for the issuance of
15 the notice of tax liability; but the foregoing provisions
16 concerning absence from the State shall not apply to any case
17 in which, at the time when a tax or penalty becomes due under
18 this Act, the person allegedly liable therefor is not a
19 resident of this State.

20 The time limitation period on the Department's right to
21 issue a notice of tax liability shall not run during any period
22 of time in which the Order of any Court has the effect of
23 enjoining or restraining the Department from issuing the
24 notice of tax liability.

25 If such person or legal representative shall within 60
26 days after such notice of tax liability file a protest to said

1 notice of tax liability with the Department and request a
2 hearing thereon, the Department shall give notice to such
3 person or legal representative of the time and place fixed for
4 such hearing and shall hold a hearing in conformity with the
5 provisions of this Act, and pursuant thereto shall issue to
6 such person or legal representative a final assessment for the
7 amount found to be due as a result of such hearing. On or after
8 July 1, 2013, protests concerning matters that are subject to
9 the jurisdiction of the Illinois Independent Tax Tribunal
10 shall be filed with the Illinois Independent Tax Tribunal in
11 accordance with the Illinois Independent Tax Tribunal Act of
12 2012, and hearings concerning those matters shall be held
13 before the Tribunal in accordance with that Act. The Tribunal
14 shall give notice to such person of the time and place fixed
15 for such hearing and shall hold a hearing. With respect to
16 protests filed with the Department prior to July 1, 2013 that
17 would otherwise be subject to the jurisdiction of the Illinois
18 Independent Tax Tribunal, the taxpayer may elect to be subject
19 to the provisions of the Illinois Independent Tax Tribunal Act
20 of 2012 at any time on or after July 1, 2013, but not later
21 than 30 days after the date on which the protest was filed. If
22 made, the election shall be irrevocable.

23 If a protest to the notice of tax liability and a request
24 for a hearing thereon is not filed within 60 days after such
25 notice, such notice of tax liability shall become final
26 without the necessity of a final assessment being issued and

1 shall be deemed to be a final assessment.

2 Notwithstanding any other provisions of this Act, any
3 amount paid as tax or in respect of tax paid under this Act,
4 other than amounts paid as quarter-monthly payments, shall be
5 deemed assessed upon the date of receipt of payment.

6 After the issuance of a final assessment, or a notice of
7 tax liability which becomes final without the necessity of
8 actually issuing a final assessment as hereinbefore provided,
9 the Department, at any time before such assessment is reduced
10 to judgment, may (subject to rules of the Department) grant a
11 rehearing (or grant departmental review and hold an original
12 hearing if no previous hearing in the matter has been held)
13 upon the application of the person aggrieved. Pursuant to such
14 hearing or rehearing, the Department shall issue a revised
15 final assessment to such person or his legal representative
16 for the amount found to be due as a result of such hearing or
17 rehearing.

18 (Source: P.A. 97-1129, eff. 8-28-12.)

19 Section 100-10. The Cigarette Machine Operators'
20 Occupation Tax Act is amended by changing Section 1-45 as
21 follows:

22 (35 ILCS 128/1-45)

23 Sec. 1-45. Examination and correction of returns.

24 (a) As soon as practicable after any return is filed, the

1 Department shall examine that return and shall correct the
2 return according to its best judgment and information, which
3 return so corrected by the Department shall be prima facie
4 correct and shall be prima facie evidence of the correctness
5 of the amount of tax due, as shown on the corrected return.
6 Instead of requiring the cigarette machine operator to file an
7 amended return, the Department may simply notify the cigarette
8 machine operator of the correction or corrections it has made.
9 Proof of the correction by the Department may be made at any
10 hearing before the Department or in any legal proceeding by a
11 reproduced copy of the Department's record relating thereto in
12 the name of the Department under the certificate of the
13 Director of Revenue. Such reproduced copy shall, without
14 further proof, be admitted into evidence before the Department
15 or in any legal proceeding and shall be prima facie proof of
16 the correctness of the amount of tax due, as shown on the
17 reproduced copy. If the Department finds that any amount of
18 tax is due from the cigarette machine operator, the Department
19 shall issue the cigarette machine operator a notice of tax
20 liability for the amount of tax claimed by the Department to be
21 due, together with a penalty in an amount determined in
22 accordance with Sections 3-3, 3-5 and 3-6 of the Uniform
23 Penalty and Interest Act. If, in administering the provisions
24 of this Act, comparison of a return or returns of a cigarette
25 machine operator with the books, records, and inventories of
26 such cigarette machine operator discloses a deficiency that

1 cannot be allocated by the Department to a particular month or
2 months, the Department shall issue the cigarette machine
3 operator a notice of tax liability for the amount of tax
4 claimed by the Department to be due for a given period, but
5 without any obligation upon the Department to allocate that
6 deficiency to any particular month or months, together with a
7 penalty in an amount determined in accordance with Sections
8 3-3, 3-5, and 3-6 of the Uniform Penalty and Interest Act,
9 under which circumstances the aforesaid notice of tax
10 liability shall be prima facie correct and shall be prima
11 facie evidence of the correctness of the amount of tax due, as
12 shown therein; and proof of such correctness may be made in
13 accordance with, and the admissibility of a reproduced copy of
14 such notice of tax liability shall be governed by, all the
15 provisions of this Act applicable to corrected returns. If any
16 cigarette machine operator filing any return dies or becomes a
17 person under legal disability at any time before the
18 Department issues its notice of tax liability, such notice
19 shall be issued to the administrator, executor, or other legal
20 representative of the cigarette machine operator.

21 (b) If, within 60 days after such notice of tax liability,
22 the cigarette machine operator or his or her legal
23 representative files a written protest to such notice of tax
24 liability and requests a hearing thereon, the Department shall
25 give notice to such cigarette machine operator or legal
26 representative of the time and place fixed for such hearing,

1 and shall hold a hearing in conformity with the provisions of
2 this Act, and pursuant thereto shall issue a final assessment
3 to such cigarette machine operator or legal representative for
4 the amount found to be due as a result of such hearing. If a
5 written protest to the notice of tax liability and a request
6 for a hearing thereon is not filed within 60 days after such
7 notice of tax liability, such notice of tax liability shall
8 become final without the necessity of a final assessment being
9 issued and shall be deemed to be a final assessment.

10 (c) In case of failure to pay the tax, or any portion
11 thereof, or any penalty provided for in this Act, when due, the
12 Department may bring suit to recover the amount of such tax, or
13 portion thereof, or penalty; or, if the taxpayer dies or
14 becomes incompetent, by filing claim therefore against his or
15 her estate; provided that no such action with respect to any
16 tax, or portion thereof, or penalty, shall be instituted more
17 than 2 years after the cause of action accrues, except with the
18 consent of the person from whom such tax or penalty is due.

19 After the expiration of the period within which the person
20 assessed may file an action for judicial review under the
21 Administrative Review Law without such an action being filed,
22 a certified copy of the final assessment or revised final
23 assessment of the Department may be filed with the circuit
24 court of the county in which the taxpayer has his or her
25 principal place of business, or of Sangamon County in those
26 cases in which the taxpayer does not have his or her principal

1 place of business in this State. The certified copy of the
2 final assessment or revised final assessment shall be
3 accompanied by a certification which recites facts that are
4 sufficient to show that the Department complied with the
5 jurisdictional requirements of the law in arriving at its
6 final assessment or its revised final assessment and that the
7 taxpayer had his or her opportunity for an administrative
8 hearing and for judicial review, whether he or she availed
9 himself or herself of either or both of these opportunities or
10 not. If the court is satisfied that the Department complied
11 with the jurisdictional requirements of the law in arriving at
12 its final assessment or its revised final assessment and that
13 the taxpayer had his or her opportunity for an administrative
14 hearing and for judicial review, whether he or she availed
15 himself or herself of either or both of these opportunities or
16 not, the court shall enter judgment in favor of the Department
17 and against the taxpayer for the amount shown to be due by the
18 final assessment or the revised final assessment, and such
19 judgment shall be filed of record in the court. Such judgment
20 shall bear the rate of interest set in the Uniform Penalty and
21 Interest Act, but otherwise shall have the same effect as
22 other judgments. The judgment may be enforced, and all laws
23 applicable to sales for the enforcement of a judgment shall be
24 applicable to sales made under such judgments. The Department
25 shall file the certified copy of its assessment, as herein
26 provided, with the circuit court within 2 years after such

1 assessment becomes final except when the taxpayer consents in
2 writing to an extension of such filing period.

3 If, when the cause of action for a proceeding in court
4 accrues against a person, he or she is out of the State, the
5 action may be commenced within the times herein limited, after
6 his or her coming into or returning to the State; and if, after
7 the cause of action accrues, he or she departs from and remains
8 out of the State, the time of his or her absence is no part of
9 the time limited for the commencement of the action; but the
10 foregoing provisions concerning absence from the State shall
11 not apply to any case in which, at the time the cause of action
12 accrues, the party against whom the cause of action accrues is
13 not a resident of this State. The time within which a court
14 action is to be commenced by the Department hereunder shall
15 not run while the taxpayer is a debtor in any proceeding under
16 the federal Bankruptcy Code nor thereafter until 90 days after
17 the Department is notified by such debtor of being discharged
18 in bankruptcy.

19 No claim shall be filed against the estate of any deceased
20 person or a person under legal disability for any tax or
21 penalty or part of either except in the manner prescribed and
22 within the time limited by the Probate Act of 1975.

23 The remedies provided for herein shall not be exclusive,
24 but all remedies available to creditors for the collection of
25 debts shall be available for the collection of any tax or
26 penalty due hereunder.

1 The collection of tax or penalty by any means provided for
2 herein shall not be a bar to any prosecution under this Act.

3 The certificate of the Director of the Department to the
4 effect that a tax or amount required to be paid by this Act has
5 not been paid, that a return has not been filed, or that
6 information has not been supplied pursuant to the provisions
7 of this Act, shall be prima facie evidence thereof.

8 Notwithstanding any other provisions of this Act, any
9 amount paid as tax or in respect of tax paid under this Act
10 shall be deemed assessed upon the date of receipt of payment.

11 All of the provisions of Sections 5a, 5b, 5c, 5d, 5e, 5f,
12 5g, 5i and 5j of the Retailers' Occupation Tax Act, which are
13 not inconsistent with this Act, shall apply, as far as
14 practicable, to the subject matter of this Act to the same
15 extent as if such provisions were included herein. References
16 in such incorporated Sections of the Retailers' Occupation Tax
17 Act to retailers, to sellers, or to persons engaged in the
18 business of selling tangible personal property shall mean
19 cigarette machine operator when used in this Act.

20 (Source: P.A. 97-688, eff. 6-14-12.)

21 Section 100-15. The Cigarette Tax Act is amended by
22 changing Section 9a as follows:

23 (35 ILCS 130/9a) (from Ch. 120, par. 453.9a)

24 Sec. 9a. Examination and correction of returns.

1 (1) As soon as practicable after any return is filed, the
2 Department shall examine such return and shall correct such
3 return according to its best judgment and information, which
4 return so corrected by the Department shall be prima facie
5 correct and shall be prima facie evidence of the correctness
6 of the amount of tax due, as shown therein. Instead of
7 requiring the distributor to file an amended return, the
8 Department may simply notify the distributor of the correction
9 or corrections it has made. Proof of such correction by the
10 Department may be made at any hearing before the Department or
11 in any legal proceeding by a reproduced copy of the
12 Department's record relating thereto in the name of the
13 Department under the certificate of the Director of Revenue.
14 Such reproduced copy shall, without further proof, be admitted
15 into evidence before the Department or in any legal proceeding
16 and shall be prima facie proof of the correctness of the amount
17 of tax due, as shown therein. If the Department finds that any
18 amount of tax is due from the distributor, the Department
19 shall issue the distributor a notice of tax liability for the
20 amount of tax claimed by the Department to be due, together
21 with a penalty in an amount determined in accordance with
22 Sections 3-3, 3-5 and 3-6 of the Uniform Penalty and Interest
23 Act. If, in administering the provisions of this Act,
24 comparison of a return or returns of a distributor with the
25 books, records and inventories of such distributor discloses a
26 deficiency which cannot be allocated by the Department to a

1 particular month or months, the Department shall issue the
2 distributor a notice of tax liability for the amount of tax
3 claimed by the Department to be due for a given period, but
4 without any obligation upon the Department to allocate such
5 deficiency to any particular month or months, together with a
6 penalty in an amount determined in accordance with Sections
7 3-3, 3-5 and 3-6 of the Uniform Penalty and Interest Act, under
8 which circumstances the aforesaid notice of tax liability
9 shall be prima facie correct and shall be prima facie evidence
10 of the correctness of the amount of tax due, as shown therein;
11 and proof of such correctness may be made in accordance with,
12 and the admissibility of a reproduced copy of such notice of
13 tax liability shall be governed by, all the provisions of this
14 Act applicable to corrected returns. If any distributor filing
15 any return dies or becomes a person under legal disability at
16 any time before the Department issues its notice of tax
17 liability, such notice shall be issued to the administrator,
18 executor or other legal representative, as such, of such
19 distributor.

20 (2) Except as otherwise provided in this Section, if,
21 within 60 days after such notice of tax liability, the
22 distributor or his or her legal representative files a protest
23 to such notice of tax liability and requests a hearing
24 thereon, the Department shall give notice to such distributor
25 or legal representative of the time and place fixed for such
26 hearing, and shall hold a hearing in conformity with the

1 provisions of this Act, and pursuant thereto shall issue a
2 final assessment to such distributor or legal representative
3 for the amount found to be due as a result of such hearing. On
4 or after July 1, 2013, protests concerning matters that are
5 subject to the jurisdiction of the Illinois Independent Tax
6 Tribunal shall be filed in accordance with the Illinois
7 Independent Tax Tribunal Act of 2012, and hearings concerning
8 those matters shall be held before the Tribunal in accordance
9 with that Act. With respect to protests filed with the
10 Department prior to July 1, 2013 that would otherwise be
11 subject to the jurisdiction of the Illinois Independent Tax
12 Tribunal, the taxpayer may elect to be subject to the
13 provisions of the Illinois Independent Tax Tribunal Act of
14 2012 at any time on or after July 1, 2013, but not later than
15 30 days after the date on which the protest was filed. If made,
16 the election shall be irrevocable. If a protest to the notice
17 of tax liability and a request for a hearing thereon is not
18 filed within the time allowed by law, such notice of tax
19 liability shall become final without the necessity of a final
20 assessment being issued and shall be deemed to be a final
21 assessment.

22 (3) In case of failure to pay the tax, or any portion
23 thereof, or any penalty provided for in this Act, when due, the
24 Department may bring suit to recover the amount of such tax, or
25 portion thereof, or penalty; or, if the taxpayer dies or
26 becomes incompetent, by filing claim therefor against his

1 estate; provided that no such action with respect to any tax,
2 or portion thereof, or penalty, shall be instituted more than
3 2 years after the cause of action accrues, except with the
4 consent of the person from whom such tax or penalty is due.

5 After the expiration of the period within which the person
6 assessed may file an action for judicial review under the
7 Administrative Review Law without such an action being filed,
8 a certified copy of the final assessment or revised final
9 assessment of the Department may be filed with the Circuit
10 Court of the county in which the taxpayer has his or her
11 principal place of business, or of Sangamon County in those
12 cases in which the taxpayer does not have his principal place
13 of business in this State. The certified copy of the final
14 assessment or revised final assessment shall be accompanied by
15 a certification which recites facts that are sufficient to
16 show that the Department complied with the jurisdictional
17 requirements of the Law in arriving at its final assessment or
18 its revised final assessment and that the taxpayer had his or
19 her opportunity for an administrative hearing and for judicial
20 review, whether he availed himself or herself of either or
21 both of these opportunities or not. If the court is satisfied
22 that the Department complied with the jurisdictional
23 requirements of the Law in arriving at its final assessment or
24 its revised final assessment and that the taxpayer had his or
25 her opportunity for an administrative hearing and for judicial
26 review, whether he or she availed himself or herself of either

1 or both of these opportunities or not, the court shall enter
2 judgment in favor of the Department and against the taxpayer
3 for the amount shown to be due by the final assessment or the
4 revised final assessment, and such judgment shall be filed of
5 record in the court. Such judgment shall bear the rate of
6 interest set in the Uniform Penalty and Interest Act, but
7 otherwise shall have the same effect as other judgments. The
8 judgment may be enforced, and all laws applicable to sales for
9 the enforcement of a judgment shall be applicable to sales
10 made under such judgments. The Department shall file the
11 certified copy of its assessment, as herein provided, with the
12 Circuit Court within 2 years after such assessment becomes
13 final except when the taxpayer consents in writing to an
14 extension of such filing period.

15 If, when the cause of action for a proceeding in court
16 accrues against a person, he or she is out of the State, the
17 action may be commenced within the times herein limited, after
18 his or her coming into or return to the State; and if, after
19 the cause of action accrues, he or she departs from and remains
20 out of the State, the time of his or her absence is no part of
21 the time limited for the commencement of the action; but the
22 foregoing provisions concerning absence from the State shall
23 not apply to any case in which, at the time the cause of action
24 accrues, the party against whom the cause of action accrues is
25 not a resident of this State. The time within which a court
26 action is to be commenced by the Department hereunder shall

1 not run while the taxpayer is a debtor in any proceeding under
2 the Federal Bankruptcy Act nor thereafter until 90 days after
3 the Department is notified by such debtor of being discharged
4 in bankruptcy.

5 No claim shall be filed against the estate of any deceased
6 person or a person under legal disability for any tax or
7 penalty or part of either except in the manner prescribed and
8 within the time limited by the Probate Act of 1975, as amended.

9 The remedies provided for herein shall not be exclusive,
10 but all remedies available to creditors for the collection of
11 debts shall be available for the collection of any tax or
12 penalty due hereunder.

13 The collection of tax or penalty by any means provided for
14 herein shall not be a bar to any prosecution under this Act.

15 The certificate of the Director of the Department to the
16 effect that a tax or amount required to be paid by this Act has
17 not been paid, that a return has not been filed, or that
18 information has not been supplied pursuant to the provisions
19 of this Act, shall be prima facie evidence thereof.

20 Notwithstanding any other provisions of this Act, any
21 amount paid as tax or in respect of tax paid under this Act
22 shall be deemed assessed upon the date of receipt of payment.

23 All of the provisions of Sections 5a, 5b, 5c, 5d, 5e, 5f,
24 5g, 5i and 5j of the Retailers' Occupation Tax Act, which are
25 not inconsistent with this Act, and Section 3-7 of the Uniform
26 Penalty and Interest Act shall apply, as far as practicable,

1 to the subject matter of this Act to the same extent as if such
2 provisions were included herein. References in such
3 incorporated Sections of the "Retailers' Occupation Tax Act"
4 to retailers, to sellers or to persons engaged in the business
5 of selling tangible personal property shall mean distributors
6 when used in this Act.

7 (Source: P.A. 97-1129, eff. 8-28-12; 98-463, eff. 8-16-13.)

8 Section 100-20. The Cigarette Use Tax Act is amended by
9 changing Section 13 as follows:

10 (35 ILCS 135/13) (from Ch. 120, par. 453.43)

11 Sec. 13. Examination and correction of return. As soon as
12 practicable after any return is filed, the Department shall
13 examine such return and shall correct such return according to
14 its best judgment and information, which return so corrected
15 by the Department shall be prima facie correct and shall be
16 prima facie evidence of the correctness of the amount of tax
17 due, as shown therein. Proof of such correction by the
18 Department may be made at any hearing before the Department or
19 in any legal proceeding by a reproduced copy of the
20 Department's record relating thereto in the name of the
21 Department under the certificate of the Director of Revenue.
22 Such reproduced copy shall, without further proof, be admitted
23 into evidence before the Department or in any legal proceeding
24 and shall be prima facie proof of the correctness of the amount

1 of tax due, as shown therein. If the tax as fixed by the
2 Department is greater than the amount of the tax due under the
3 return as filed, the Department shall issue the person filing
4 such return a notice of tax liability for the amount of tax
5 claimed by the Department to be due, together with a penalty in
6 an amount determined in accordance with Sections 3-3, 3-5 and
7 3-6 of the Uniform Penalty and Interest Act. If, in
8 administering the provisions of this Act, comparison of a
9 return or returns of a distributor with the books, records and
10 inventories of such distributor discloses a deficiency which
11 cannot be allocated by the Department to a particular month or
12 months, the Department shall issue the distributor a notice of
13 tax liability for the amount of tax claimed by the Department
14 to be due for a given period, but without any obligation upon
15 the Department to allocate such deficiency to any particular
16 month or months, together with a penalty in an amount
17 determined in accordance with Sections 3-3, 3-5 and 3-6 of the
18 Uniform Penalty and Interest Act, under which circumstances
19 the aforesaid notice of tax liability shall be prima facie
20 correct and shall be prima facie evidence of the correctness
21 of the amount of tax due, as shown therein; and proof of such
22 correctness may be made in accordance with, and the
23 admissibility of a reproduced copy of such notice of tax
24 liability shall be governed by, all the provisions of this Act
25 applicable to corrected returns.

26 If any person filing any return dies or becomes a person

1 under legal disability at any time before the Department
2 issues its notice of tax liability, such notice shall be
3 issued to the administrator, executor or other legal
4 representative, as such, of such person.

5 Except as otherwise provided in this Section, if within 60
6 days after such notice of tax liability, the person to whom
7 such notice is issued or his legal representative files a
8 protest to such notice of tax liability and requests a hearing
9 thereon, the Department shall give notice to such person or
10 legal representative of the time and place fixed for such
11 hearing, and shall hold a hearing in conformity with the
12 provisions of this Act, and pursuant thereto shall issue a
13 final assessment to such person or legal representative for
14 the amount found to be due as a result of such hearing.
15 Effective July 1, 2013, protests concerning matters that are
16 subject to the jurisdiction of the Illinois Independent Tax
17 Tribunal shall be filed with the Tribunal in accordance with
18 the Illinois Independent Tax Tribunal Act of 2012, and
19 hearings concerning those matters shall be held before the
20 Tribunal in accordance with that Act. With respect to protests
21 filed with the Department prior to July 1, 2013 that would
22 otherwise be subject to the jurisdiction of the Illinois
23 Independent Tax Tribunal, the person filing the protest may
24 elect to be subject to the provisions of the Illinois
25 Independent Tax Tribunal Act of 2012 at any time on or after
26 July 1, 2013, but not later than 30 days after the date on

1 which the protest was filed. If made, the election shall be
2 irrevocable. If a protest to the notice of tax liability and a
3 request for a hearing thereon is not filed within the time
4 allowed by law, such notice of tax liability shall become
5 final without the necessity of a final assessment being issued
6 and shall be deemed to be a final assessment.

7 Notwithstanding any other provisions of this Act, any
8 amount paid as tax or in respect of tax paid under this Act
9 shall be deemed assessed upon the date of receipt of payment.

10 (Source: P.A. 97-1129, eff. 8-28-12.)

11 Section 100-25. The Liquor Control Act of 1934 is amended
12 by changing Section 8-5 as follows:

13 (235 ILCS 5/8-5) (from Ch. 43, par. 163a)

14 Sec. 8-5. As soon as practicable after any return is
15 filed, the Department shall examine such return or amended
16 return and shall correct such return according to its best
17 judgment and information, which return so corrected by the
18 Department shall be prima facie correct and shall be prima
19 facie evidence of the correctness of the amount of tax due, as
20 shown therein. Instead of requiring the licensee to file an
21 amended return, the Department may simply notify the licensee
22 of the correction or corrections it has made. Proof of such
23 correction by the Department, or of the determination of the
24 amount of tax due as provided in Sections 8-4 and 8-10, may be

1 made at any hearing before the Department or in any legal
2 proceeding by a reproduced copy of the Department's record
3 relating thereto in the name of the Department under the
4 certificate of the Director of Revenue. Such reproduced copy
5 shall, without further proof, be admitted into evidence before
6 the Department or in any legal proceeding and shall be prima
7 facie proof of the correctness of the amount of tax due, as
8 shown therein. If the return so corrected by the Department
9 discloses the sale or use, by a licensed manufacturer or
10 importing distributor, of alcoholic liquors as to which the
11 tax provided for in this Article should have been paid, but has
12 not been paid, in excess of the alcoholic liquors reported as
13 being taxable by the licensee, and as to which the proper tax
14 was paid the Department shall notify the licensee that it
15 shall issue the taxpayer a notice of tax liability for the
16 amount of tax claimed by the Department to be due, together
17 with penalties at the rates prescribed by Sections 3-3, 3-5
18 and 3-6 of the Uniform Penalty and Interest Act, which amount
19 of tax shall be equivalent to the amount of tax which, at the
20 prescribed rate per gallon, should have been paid with respect
21 to the alcoholic liquors disposed of in excess of those
22 reported as being taxable. No earlier than 90 days after the
23 due date of the return, the Department may compare filed
24 returns, or any amendments thereto, against reports of sales
25 of alcoholic liquor submitted to the Department by other
26 manufacturers and distributors. If a return or amended return

1 is corrected by the Department because the return or amended
2 return failed to disclose the purchase of alcoholic liquor
3 from manufacturers or distributors on which the tax provided
4 for in this Article should have been paid, but has not been
5 paid, the Department shall issue the taxpayer a notice of tax
6 liability for the amount of tax claimed by the Department to be
7 due, together with penalties at the rates prescribed by
8 Sections 3-3, 3-5, and 3-6 of the Uniform Penalty and Interest
9 Act. In a case where no return has been filed, the Department
10 shall determine the amount of tax due according to its best
11 judgment and information and shall issue the taxpayer a notice
12 of tax liability for the amount of tax claimed by the
13 Department to be due as herein provided together with
14 penalties at the rates prescribed by Sections 3-3, 3-5 and 3-6
15 of the Uniform Penalty and Interest Act. If, in administering
16 the provisions of this Act, a comparison of a licensee's
17 return or returns with the books, records and physical
18 inventories of such licensee discloses a deficiency which
19 cannot be allocated by the Department to a particular month or
20 months, the Department shall issue the taxpayer a notice of
21 tax liability for the amount of tax claimed by the Department
22 to be due for a given period, but without any obligation upon
23 the Department to allocate such deficiency to any particular
24 month or months, together with penalties at the rates
25 prescribed by Sections 3-3, 3-5 and 3-6 of the Uniform Penalty
26 and Interest Act, which amount of tax shall be equivalent to

1 the amount of tax which, at the prescribed rate per gallon,
2 should have been paid with respect to the alcoholic liquors
3 disposed of in excess of those reported being taxable, with
4 the tax thereon having been paid under which circumstances the
5 aforesaid notice of tax liability shall be prima facie correct
6 and shall be prima facie evidence of the correctness of the
7 amount of tax due as shown therein; and proof of such
8 correctness may be made in accordance with, and the
9 admissibility of a reproduced copy of such notice of the
10 Department's notice of tax liability shall be governed by, all
11 the provisions of this Act applicable to corrected returns.

12 If the licensee dies or becomes a person under legal
13 disability at any time before the Department issues its notice
14 of tax liability, such notice shall be issued to the
15 administrator, executor or other legal representative, as
16 such, of the deceased or licensee who is under legal
17 disability.

18 If such licensee or legal representative, within 60 days
19 after such notice of tax liability, files a protest to such
20 notice of tax liability and requests a hearing thereon, the
21 Department shall give at least 7 days' notice to such licensee
22 or legal representative, as the case may be, of the time and
23 place fixed for such hearing and shall hold a hearing in
24 conformity with the provisions of this Act, and pursuant
25 thereto shall issue a final assessment to such licensee or
26 legal representative for the amount found to be due as a result

1 of such hearing.

2 If a protest to the notice of tax liability and a request
3 for a hearing thereon is not filed within 60 days after such
4 notice of tax liability, such notice of tax liability shall
5 become final without the necessity of a final assessment being
6 issued and shall be deemed to be a final assessment.

7 Notwithstanding any other provisions of this Act, any
8 amount paid as tax or in respect of tax paid under this Act
9 shall be deemed assessed upon the date of receipt of payment.

10 In case of failure to pay the tax, or any portion thereof,
11 or any penalty provided for herein, when due, the Department
12 may recover the amount of such tax, or portion thereof, or
13 penalty in a civil action; or if the licensee dies or becomes a
14 person under legal disability, by filing a claim therefor
15 against his or her estate; provided that no such claim shall be
16 filed against the estate of any deceased or of the licensee who
17 is under legal disability for any tax or penalty or portion
18 thereof except in the manner prescribed and within the time
19 limited by the Probate Act of 1975, as amended.

20 The collection of any such tax and penalty, or either, by
21 any means provided for herein, shall not be a bar to any
22 prosecution under this Act.

23 In addition to any other penalty provided for in this
24 Article, all provisions of the Uniform Penalty and Interest
25 Act that are not inconsistent with this Act apply.

26 (Source: P.A. 100-1050, eff. 7-1-19; 101-16, eff. 6-14-19.)

1 ARTICLE 110. PARTNERSHIPS

2 Section 5. The Illinois Income Tax Act is amended by
3 changing Section 201 as follows:

4 (35 ILCS 5/201)

5 Sec. 201. Tax imposed.

6 (a) In general. A tax measured by net income is hereby
7 imposed on every individual, corporation, trust and estate for
8 each taxable year ending after July 31, 1969 on the privilege
9 of earning or receiving income in or as a resident of this
10 State. Such tax shall be in addition to all other occupation or
11 privilege taxes imposed by this State or by any municipal
12 corporation or political subdivision thereof.

13 (b) Rates. The tax imposed by subsection (a) of this
14 Section shall be determined as follows, except as adjusted by
15 subsection (d-1):

16 (1) In the case of an individual, trust or estate, for
17 taxable years ending prior to July 1, 1989, an amount
18 equal to 2 1/2% of the taxpayer's net income for the
19 taxable year.

20 (2) In the case of an individual, trust or estate, for
21 taxable years beginning prior to July 1, 1989 and ending
22 after June 30, 1989, an amount equal to the sum of (i) 2
23 1/2% of the taxpayer's net income for the period prior to

1 July 1, 1989, as calculated under Section 202.3, and (ii)
2 3% of the taxpayer's net income for the period after June
3 30, 1989, as calculated under Section 202.3.

4 (3) In the case of an individual, trust or estate, for
5 taxable years beginning after June 30, 1989, and ending
6 prior to January 1, 2011, an amount equal to 3% of the
7 taxpayer's net income for the taxable year.

8 (4) In the case of an individual, trust, or estate,
9 for taxable years beginning prior to January 1, 2011, and
10 ending after December 31, 2010, an amount equal to the sum
11 of (i) 3% of the taxpayer's net income for the period prior
12 to January 1, 2011, as calculated under Section 202.5, and
13 (ii) 5% of the taxpayer's net income for the period after
14 December 31, 2010, as calculated under Section 202.5.

15 (5) In the case of an individual, trust, or estate,
16 for taxable years beginning on or after January 1, 2011,
17 and ending prior to January 1, 2015, an amount equal to 5%
18 of the taxpayer's net income for the taxable year.

19 (5.1) In the case of an individual, trust, or estate,
20 for taxable years beginning prior to January 1, 2015, and
21 ending after December 31, 2014, an amount equal to the sum
22 of (i) 5% of the taxpayer's net income for the period prior
23 to January 1, 2015, as calculated under Section 202.5, and
24 (ii) 3.75% of the taxpayer's net income for the period
25 after December 31, 2014, as calculated under Section
26 202.5.

1 (5.2) In the case of an individual, trust, or estate,
2 for taxable years beginning on or after January 1, 2015,
3 and ending prior to July 1, 2017, an amount equal to 3.75%
4 of the taxpayer's net income for the taxable year.

5 (5.3) In the case of an individual, trust, or estate,
6 for taxable years beginning prior to July 1, 2017, and
7 ending after June 30, 2017, an amount equal to the sum of
8 (i) 3.75% of the taxpayer's net income for the period
9 prior to July 1, 2017, as calculated under Section 202.5,
10 and (ii) 4.95% of the taxpayer's net income for the period
11 after June 30, 2017, as calculated under Section 202.5.

12 (5.4) In the case of an individual, trust, or estate,
13 for taxable years beginning on or after July 1, 2017, an
14 amount equal to 4.95% of the taxpayer's net income for the
15 taxable year.

16 (6) In the case of a corporation, for taxable years
17 ending prior to July 1, 1989, an amount equal to 4% of the
18 taxpayer's net income for the taxable year.

19 (7) In the case of a corporation, for taxable years
20 beginning prior to July 1, 1989 and ending after June 30,
21 1989, an amount equal to the sum of (i) 4% of the
22 taxpayer's net income for the period prior to July 1,
23 1989, as calculated under Section 202.3, and (ii) 4.8% of
24 the taxpayer's net income for the period after June 30,
25 1989, as calculated under Section 202.3.

26 (8) In the case of a corporation, for taxable years

1 beginning after June 30, 1989, and ending prior to January
2 1, 2011, an amount equal to 4.8% of the taxpayer's net
3 income for the taxable year.

4 (9) In the case of a corporation, for taxable years
5 beginning prior to January 1, 2011, and ending after
6 December 31, 2010, an amount equal to the sum of (i) 4.8%
7 of the taxpayer's net income for the period prior to
8 January 1, 2011, as calculated under Section 202.5, and
9 (ii) 7% of the taxpayer's net income for the period after
10 December 31, 2010, as calculated under Section 202.5.

11 (10) In the case of a corporation, for taxable years
12 beginning on or after January 1, 2011, and ending prior to
13 January 1, 2015, an amount equal to 7% of the taxpayer's
14 net income for the taxable year.

15 (11) In the case of a corporation, for taxable years
16 beginning prior to January 1, 2015, and ending after
17 December 31, 2014, an amount equal to the sum of (i) 7% of
18 the taxpayer's net income for the period prior to January
19 1, 2015, as calculated under Section 202.5, and (ii) 5.25%
20 of the taxpayer's net income for the period after December
21 31, 2014, as calculated under Section 202.5.

22 (12) In the case of a corporation, for taxable years
23 beginning on or after January 1, 2015, and ending prior to
24 July 1, 2017, an amount equal to 5.25% of the taxpayer's
25 net income for the taxable year.

26 (13) In the case of a corporation, for taxable years

1 beginning prior to July 1, 2017, and ending after June 30,
2 2017, an amount equal to the sum of (i) 5.25% of the
3 taxpayer's net income for the period prior to July 1,
4 2017, as calculated under Section 202.5, and (ii) 7% of
5 the taxpayer's net income for the period after June 30,
6 2017, as calculated under Section 202.5.

7 (14) In the case of a corporation, for taxable years
8 beginning on or after July 1, 2017, an amount equal to 7%
9 of the taxpayer's net income for the taxable year.

10 The rates under this subsection (b) are subject to the
11 provisions of Section 201.5.

12 (b-5) Surcharge; sale or exchange of assets, properties,
13 and intangibles of organization gaming licensees. For each of
14 taxable years 2019 through 2027, a surcharge is imposed on all
15 taxpayers on income arising from the sale or exchange of
16 capital assets, depreciable business property, real property
17 used in the trade or business, and Section 197 intangibles (i)
18 of an organization licensee under the Illinois Horse Racing
19 Act of 1975 and (ii) of an organization gaming licensee under
20 the Illinois Gambling Act. The amount of the surcharge is
21 equal to the amount of federal income tax liability for the
22 taxable year attributable to those sales and exchanges. The
23 surcharge imposed shall not apply if:

24 (1) the organization gaming license, organization
25 license, or racetrack property is transferred as a result
26 of any of the following:

1 (A) bankruptcy, a receivership, or a debt
2 adjustment initiated by or against the initial
3 licensee or the substantial owners of the initial
4 licensee;

5 (B) cancellation, revocation, or termination of
6 any such license by the Illinois Gaming Board or the
7 Illinois Racing Board;

8 (C) a determination by the Illinois Gaming Board
9 that transfer of the license is in the best interests
10 of Illinois gaming;

11 (D) the death of an owner of the equity interest in
12 a licensee;

13 (E) the acquisition of a controlling interest in
14 the stock or substantially all of the assets of a
15 publicly traded company;

16 (F) a transfer by a parent company to a wholly
17 owned subsidiary; or

18 (G) the transfer or sale to or by one person to
19 another person where both persons were initial owners
20 of the license when the license was issued; or

21 (2) the controlling interest in the organization
22 gaming license, organization license, or racetrack
23 property is transferred in a transaction to lineal
24 descendants in which no gain or loss is recognized or as a
25 result of a transaction in accordance with Section 351 of
26 the Internal Revenue Code in which no gain or loss is

1 recognized; or

2 (3) live horse racing was not conducted in 2010 at a
3 racetrack located within 3 miles of the Mississippi River
4 under a license issued pursuant to the Illinois Horse
5 Racing Act of 1975.

6 The transfer of an organization gaming license,
7 organization license, or racetrack property by a person other
8 than the initial licensee to receive the organization gaming
9 license is not subject to a surcharge. The Department shall
10 adopt rules necessary to implement and administer this
11 subsection.

12 (c) Personal Property Tax Replacement Income Tax.
13 Beginning on July 1, 1979 and thereafter, in addition to such
14 income tax, there is also hereby imposed the Personal Property
15 Tax Replacement Income Tax measured by net income on every
16 corporation (including Subchapter S corporations), partnership
17 and trust, for each taxable year ending after June 30, 1979.
18 Such taxes are imposed on the privilege of earning or
19 receiving income in or as a resident of this State. The
20 Personal Property Tax Replacement Income Tax shall be in
21 addition to the income tax imposed by subsections (a) and (b)
22 of this Section and in addition to all other occupation or
23 privilege taxes imposed by this State or by any municipal
24 corporation or political subdivision thereof.

25 (d) Additional Personal Property Tax Replacement Income
26 Tax Rates. The personal property tax replacement income tax

1 imposed by this subsection and subsection (c) of this Section
2 in the case of a corporation, other than a Subchapter S
3 corporation and except as adjusted by subsection (d-1), shall
4 be an additional amount equal to 2.85% of such taxpayer's net
5 income for the taxable year, except that beginning on January
6 1, 1981, and thereafter, the rate of 2.85% specified in this
7 subsection shall be reduced to 2.5%, and in the case of a
8 partnership, trust or a Subchapter S corporation shall be an
9 additional amount equal to 1.5% of such taxpayer's net income
10 for the taxable year.

11 (d-1) Rate reduction for certain foreign insurers. In the
12 case of a foreign insurer, as defined by Section 35A-5 of the
13 Illinois Insurance Code, whose state or country of domicile
14 imposes on insurers domiciled in Illinois a retaliatory tax
15 (excluding any insurer whose premiums from reinsurance assumed
16 are 50% or more of its total insurance premiums as determined
17 under paragraph (2) of subsection (b) of Section 304, except
18 that for purposes of this determination premiums from
19 reinsurance do not include premiums from inter-affiliate
20 reinsurance arrangements), beginning with taxable years ending
21 on or after December 31, 1999, the sum of the rates of tax
22 imposed by subsections (b) and (d) shall be reduced (but not
23 increased) to the rate at which the total amount of tax imposed
24 under this Act, net of all credits allowed under this Act,
25 shall equal (i) the total amount of tax that would be imposed
26 on the foreign insurer's net income allocable to Illinois for

1 the taxable year by such foreign insurer's state or country of
2 domicile if that net income were subject to all income taxes
3 and taxes measured by net income imposed by such foreign
4 insurer's state or country of domicile, net of all credits
5 allowed or (ii) a rate of zero if no such tax is imposed on
6 such income by the foreign insurer's state of domicile. For
7 the purposes of this subsection (d-1), an inter-affiliate
8 includes a mutual insurer under common management.

9 (1) For the purposes of subsection (d-1), in no event
10 shall the sum of the rates of tax imposed by subsections
11 (b) and (d) be reduced below the rate at which the sum of:

12 (A) the total amount of tax imposed on such
13 foreign insurer under this Act for a taxable year, net
14 of all credits allowed under this Act, plus

15 (B) the privilege tax imposed by Section 409 of
16 the Illinois Insurance Code, the fire insurance
17 company tax imposed by Section 12 of the Fire
18 Investigation Act, and the fire department taxes
19 imposed under Section 11-10-1 of the Illinois
20 Municipal Code,

21 equals 1.25% for taxable years ending prior to December
22 31, 2003, or 1.75% for taxable years ending on or after
23 December 31, 2003, of the net taxable premiums written for
24 the taxable year, as described by subsection (1) of
25 Section 409 of the Illinois Insurance Code. This paragraph
26 will in no event increase the rates imposed under

1 subsections (b) and (d).

2 (2) Any reduction in the rates of tax imposed by this
3 subsection shall be applied first against the rates
4 imposed by subsection (b) and only after the tax imposed
5 by subsection (a) net of all credits allowed under this
6 Section other than the credit allowed under subsection (i)
7 has been reduced to zero, against the rates imposed by
8 subsection (d).

9 This subsection (d-1) is exempt from the provisions of
10 Section 250.

11 (e) Investment credit. A taxpayer shall be allowed a
12 credit against the Personal Property Tax Replacement Income
13 Tax for investment in qualified property.

14 (1) A taxpayer shall be allowed a credit equal to .5%
15 of the basis of qualified property placed in service
16 during the taxable year, provided such property is placed
17 in service on or after July 1, 1984. There shall be allowed
18 an additional credit equal to .5% of the basis of
19 qualified property placed in service during the taxable
20 year, provided such property is placed in service on or
21 after July 1, 1986, and the taxpayer's base employment
22 within Illinois has increased by 1% or more over the
23 preceding year as determined by the taxpayer's employment
24 records filed with the Illinois Department of Employment
25 Security. Taxpayers who are new to Illinois shall be
26 deemed to have met the 1% growth in base employment for the

1 first year in which they file employment records with the
2 Illinois Department of Employment Security. The provisions
3 added to this Section by Public Act 85-1200 (and restored
4 by Public Act 87-895) shall be construed as declaratory of
5 existing law and not as a new enactment. If, in any year,
6 the increase in base employment within Illinois over the
7 preceding year is less than 1%, the additional credit
8 shall be limited to that percentage times a fraction, the
9 numerator of which is .5% and the denominator of which is
10 1%, but shall not exceed .5%. The investment credit shall
11 not be allowed to the extent that it would reduce a
12 taxpayer's liability in any tax year below zero, nor may
13 any credit for qualified property be allowed for any year
14 other than the year in which the property was placed in
15 service in Illinois. For tax years ending on or after
16 December 31, 1987, and on or before December 31, 1988, the
17 credit shall be allowed for the tax year in which the
18 property is placed in service, or, if the amount of the
19 credit exceeds the tax liability for that year, whether it
20 exceeds the original liability or the liability as later
21 amended, such excess may be carried forward and applied to
22 the tax liability of the 5 taxable years following the
23 excess credit years if the taxpayer (i) makes investments
24 which cause the creation of a minimum of 2,000 full-time
25 equivalent jobs in Illinois, (ii) is located in an
26 enterprise zone established pursuant to the Illinois

1 Enterprise Zone Act and (iii) is certified by the
2 Department of Commerce and Community Affairs (now
3 Department of Commerce and Economic Opportunity) as
4 complying with the requirements specified in clause (i)
5 and (ii) by July 1, 1986. The Department of Commerce and
6 Community Affairs (now Department of Commerce and Economic
7 Opportunity) shall notify the Department of Revenue of all
8 such certifications immediately. For tax years ending
9 after December 31, 1988, the credit shall be allowed for
10 the tax year in which the property is placed in service,
11 or, if the amount of the credit exceeds the tax liability
12 for that year, whether it exceeds the original liability
13 or the liability as later amended, such excess may be
14 carried forward and applied to the tax liability of the 5
15 taxable years following the excess credit years. The
16 credit shall be applied to the earliest year for which
17 there is a liability. If there is credit from more than one
18 tax year that is available to offset a liability, earlier
19 credit shall be applied first.

20 (2) The term "qualified property" means property
21 which:

22 (A) is tangible, whether new or used, including
23 buildings and structural components of buildings and
24 signs that are real property, but not including land
25 or improvements to real property that are not a
26 structural component of a building such as

1 landscaping, sewer lines, local access roads, fencing,
2 parking lots, and other appurtenances;

3 (B) is depreciable pursuant to Section 167 of the
4 Internal Revenue Code, except that "3-year property"
5 as defined in Section 168(c)(2)(A) of that Code is not
6 eligible for the credit provided by this subsection
7 (e);

8 (C) is acquired by purchase as defined in Section
9 179(d) of the Internal Revenue Code;

10 (D) is used in Illinois by a taxpayer who is
11 primarily engaged in manufacturing, or in mining coal
12 or fluorite, or in retailing, or was placed in service
13 on or after July 1, 2006 in a River Edge Redevelopment
14 Zone established pursuant to the River Edge
15 Redevelopment Zone Act; and

16 (E) has not previously been used in Illinois in
17 such a manner and by such a person as would qualify for
18 the credit provided by this subsection (e) or
19 subsection (f).

20 (3) For purposes of this subsection (e),
21 "manufacturing" means the material staging and production
22 of tangible personal property by procedures commonly
23 regarded as manufacturing, processing, fabrication, or
24 assembling which changes some existing material into new
25 shapes, new qualities, or new combinations. For purposes
26 of this subsection (e) the term "mining" shall have the

1 same meaning as the term "mining" in Section 613(c) of the
2 Internal Revenue Code. For purposes of this subsection
3 (e), the term "retailing" means the sale of tangible
4 personal property for use or consumption and not for
5 resale, or services rendered in conjunction with the sale
6 of tangible personal property for use or consumption and
7 not for resale. For purposes of this subsection (e),
8 "tangible personal property" has the same meaning as when
9 that term is used in the Retailers' Occupation Tax Act,
10 and, for taxable years ending after December 31, 2008,
11 does not include the generation, transmission, or
12 distribution of electricity.

13 (4) The basis of qualified property shall be the basis
14 used to compute the depreciation deduction for federal
15 income tax purposes.

16 (5) If the basis of the property for federal income
17 tax depreciation purposes is increased after it has been
18 placed in service in Illinois by the taxpayer, the amount
19 of such increase shall be deemed property placed in
20 service on the date of such increase in basis.

21 (6) The term "placed in service" shall have the same
22 meaning as under Section 46 of the Internal Revenue Code.

23 (7) If during any taxable year, any property ceases to
24 be qualified property in the hands of the taxpayer within
25 48 months after being placed in service, or the situs of
26 any qualified property is moved outside Illinois within 48

1 months after being placed in service, the Personal
2 Property Tax Replacement Income Tax for such taxable year
3 shall be increased. Such increase shall be determined by
4 (i) recomputing the investment credit which would have
5 been allowed for the year in which credit for such
6 property was originally allowed by eliminating such
7 property from such computation and, (ii) subtracting such
8 recomputed credit from the amount of credit previously
9 allowed. For the purposes of this paragraph (7), a
10 reduction of the basis of qualified property resulting
11 from a redetermination of the purchase price shall be
12 deemed a disposition of qualified property to the extent
13 of such reduction.

14 (8) Unless the investment credit is extended by law,
15 the basis of qualified property shall not include costs
16 incurred after December 31, 2018, except for costs
17 incurred pursuant to a binding contract entered into on or
18 before December 31, 2018.

19 (9) Each taxable year ending before December 31, 2000,
20 a partnership may elect to pass through to its partners
21 the credits to which the partnership is entitled under
22 this subsection (e) for the taxable year. A partner may
23 use the credit allocated to him or her under this
24 paragraph only against the tax imposed in subsections (c)
25 and (d) of this Section. If the partnership makes that
26 election, those credits shall be allocated among the

1 partners in the partnership in accordance with the rules
2 set forth in Section 704(b) of the Internal Revenue Code,
3 and the rules promulgated under that Section, and the
4 allocated amount of the credits shall be allowed to the
5 partners for that taxable year. The partnership shall make
6 this election on its Personal Property Tax Replacement
7 Income Tax return for that taxable year. The election to
8 pass through the credits shall be irrevocable.

9 For taxable years ending on or after December 31,
10 2000, a partner that qualifies its partnership for a
11 subtraction under subparagraph (I) of paragraph (2) of
12 subsection (d) of Section 203 or a shareholder that
13 qualifies a Subchapter S corporation for a subtraction
14 under subparagraph (S) of paragraph (2) of subsection (b)
15 of Section 203 shall be allowed a credit under this
16 subsection (e) equal to its share of the credit earned
17 under this subsection (e) during the taxable year by the
18 partnership or Subchapter S corporation, determined in
19 accordance with the determination of income and
20 distributive share of income under Sections 702 and 704
21 and Subchapter S of the Internal Revenue Code. This
22 paragraph is exempt from the provisions of Section 250.

23 (f) Investment credit; Enterprise Zone; River Edge
24 Redevelopment Zone.

25 (1) A taxpayer shall be allowed a credit against the
26 tax imposed by subsections (a) and (b) of this Section for

1 investment in qualified property which is placed in
2 service in an Enterprise Zone created pursuant to the
3 Illinois Enterprise Zone Act or, for property placed in
4 service on or after July 1, 2006, a River Edge
5 Redevelopment Zone established pursuant to the River Edge
6 Redevelopment Zone Act. For partners, shareholders of
7 Subchapter S corporations, and owners of limited liability
8 companies, if the liability company is treated as a
9 partnership for purposes of federal and State income
10 taxation, there shall be allowed a credit under this
11 subsection (f) to be determined in accordance with the
12 determination of income and distributive share of income
13 under Sections 702 and 704 and Subchapter S of the
14 Internal Revenue Code. The credit shall be .5% of the
15 basis for such property. The credit shall be available
16 only in the taxable year in which the property is placed in
17 service in the Enterprise Zone or River Edge Redevelopment
18 Zone and shall not be allowed to the extent that it would
19 reduce a taxpayer's liability for the tax imposed by
20 subsections (a) and (b) of this Section to below zero. For
21 tax years ending on or after December 31, 1985, the credit
22 shall be allowed for the tax year in which the property is
23 placed in service, or, if the amount of the credit exceeds
24 the tax liability for that year, whether it exceeds the
25 original liability or the liability as later amended, such
26 excess may be carried forward and applied to the tax

1 liability of the 5 taxable years following the excess
2 credit year. The credit shall be applied to the earliest
3 year for which there is a liability. If there is credit
4 from more than one tax year that is available to offset a
5 liability, the credit accruing first in time shall be
6 applied first.

7 (2) The term qualified property means property which:

8 (A) is tangible, whether new or used, including
9 buildings and structural components of buildings;

10 (B) is depreciable pursuant to Section 167 of the
11 Internal Revenue Code, except that "3-year property"
12 as defined in Section 168(c)(2)(A) of that Code is not
13 eligible for the credit provided by this subsection
14 (f);

15 (C) is acquired by purchase as defined in Section
16 179(d) of the Internal Revenue Code;

17 (D) is used in the Enterprise Zone or River Edge
18 Redevelopment Zone by the taxpayer; and

19 (E) has not been previously used in Illinois in
20 such a manner and by such a person as would qualify for
21 the credit provided by this subsection (f) or
22 subsection (e).

23 (3) The basis of qualified property shall be the basis
24 used to compute the depreciation deduction for federal
25 income tax purposes.

26 (4) If the basis of the property for federal income

1 tax depreciation purposes is increased after it has been
2 placed in service in the Enterprise Zone or River Edge
3 Redevelopment Zone by the taxpayer, the amount of such
4 increase shall be deemed property placed in service on the
5 date of such increase in basis.

6 (5) The term "placed in service" shall have the same
7 meaning as under Section 46 of the Internal Revenue Code.

8 (6) If during any taxable year, any property ceases to
9 be qualified property in the hands of the taxpayer within
10 48 months after being placed in service, or the situs of
11 any qualified property is moved outside the Enterprise
12 Zone or River Edge Redevelopment Zone within 48 months
13 after being placed in service, the tax imposed under
14 subsections (a) and (b) of this Section for such taxable
15 year shall be increased. Such increase shall be determined
16 by (i) recomputing the investment credit which would have
17 been allowed for the year in which credit for such
18 property was originally allowed by eliminating such
19 property from such computation, and (ii) subtracting such
20 recomputed credit from the amount of credit previously
21 allowed. For the purposes of this paragraph (6), a
22 reduction of the basis of qualified property resulting
23 from a redetermination of the purchase price shall be
24 deemed a disposition of qualified property to the extent
25 of such reduction.

26 (7) There shall be allowed an additional credit equal

1 to 0.5% of the basis of qualified property placed in
2 service during the taxable year in a River Edge
3 Redevelopment Zone, provided such property is placed in
4 service on or after July 1, 2006, and the taxpayer's base
5 employment within Illinois has increased by 1% or more
6 over the preceding year as determined by the taxpayer's
7 employment records filed with the Illinois Department of
8 Employment Security. Taxpayers who are new to Illinois
9 shall be deemed to have met the 1% growth in base
10 employment for the first year in which they file
11 employment records with the Illinois Department of
12 Employment Security. If, in any year, the increase in base
13 employment within Illinois over the preceding year is less
14 than 1%, the additional credit shall be limited to that
15 percentage times a fraction, the numerator of which is
16 0.5% and the denominator of which is 1%, but shall not
17 exceed 0.5%.

18 (8) For taxable years beginning on or after January 1,
19 2021, there shall be allowed an Enterprise Zone
20 construction jobs credit against the taxes imposed under
21 subsections (a) and (b) of this Section as provided in
22 Section 13 of the Illinois Enterprise Zone Act.

23 The credit or credits may not reduce the taxpayer's
24 liability to less than zero. If the amount of the credit or
25 credits exceeds the taxpayer's liability, the excess may
26 be carried forward and applied against the taxpayer's

1 liability in succeeding calendar years in the same manner
2 provided under paragraph (4) of Section 211 of this Act.
3 The credit or credits shall be applied to the earliest
4 year for which there is a tax liability. If there are
5 credits from more than one taxable year that are available
6 to offset a liability, the earlier credit shall be applied
7 first.

8 For partners, shareholders of Subchapter S
9 corporations, and owners of limited liability companies,
10 if the liability company is treated as a partnership for
11 the purposes of federal and State income taxation, there
12 shall be allowed a credit under this Section to be
13 determined in accordance with the determination of income
14 and distributive share of income under Sections 702 and
15 704 and Subchapter S of the Internal Revenue Code.

16 The total aggregate amount of credits awarded under
17 the Blue Collar Jobs Act (Article 20 of Public Act 101-9)
18 shall not exceed \$20,000,000 in any State fiscal year.

19 This paragraph (8) is exempt from the provisions of
20 Section 250.

21 (g) (Blank).

22 (h) Investment credit; High Impact Business.

23 (1) Subject to subsections (b) and (b-5) of Section
24 5.5 of the Illinois Enterprise Zone Act, a taxpayer shall
25 be allowed a credit against the tax imposed by subsections
26 (a) and (b) of this Section for investment in qualified

1 property which is placed in service by a Department of
2 Commerce and Economic Opportunity designated High Impact
3 Business. The credit shall be .5% of the basis for such
4 property. The credit shall not be available (i) until the
5 minimum investments in qualified property set forth in
6 subdivision (a)(3)(A) of Section 5.5 of the Illinois
7 Enterprise Zone Act have been satisfied or (ii) until the
8 time authorized in subsection (b-5) of the Illinois
9 Enterprise Zone Act for entities designated as High Impact
10 Businesses under subdivisions (a)(3)(B), (a)(3)(C), and
11 (a)(3)(D) of Section 5.5 of the Illinois Enterprise Zone
12 Act, and shall not be allowed to the extent that it would
13 reduce a taxpayer's liability for the tax imposed by
14 subsections (a) and (b) of this Section to below zero. The
15 credit applicable to such investments shall be taken in
16 the taxable year in which such investments have been
17 completed. The credit for additional investments beyond
18 the minimum investment by a designated high impact
19 business authorized under subdivision (a)(3)(A) of Section
20 5.5 of the Illinois Enterprise Zone Act shall be available
21 only in the taxable year in which the property is placed in
22 service and shall not be allowed to the extent that it
23 would reduce a taxpayer's liability for the tax imposed by
24 subsections (a) and (b) of this Section to below zero. For
25 tax years ending on or after December 31, 1987, the credit
26 shall be allowed for the tax year in which the property is

1 placed in service, or, if the amount of the credit exceeds
2 the tax liability for that year, whether it exceeds the
3 original liability or the liability as later amended, such
4 excess may be carried forward and applied to the tax
5 liability of the 5 taxable years following the excess
6 credit year. The credit shall be applied to the earliest
7 year for which there is a liability. If there is credit
8 from more than one tax year that is available to offset a
9 liability, the credit accruing first in time shall be
10 applied first.

11 Changes made in this subdivision (h) (1) by Public Act
12 88-670 restore changes made by Public Act 85-1182 and
13 reflect existing law.

14 (2) The term qualified property means property which:

15 (A) is tangible, whether new or used, including
16 buildings and structural components of buildings;

17 (B) is depreciable pursuant to Section 167 of the
18 Internal Revenue Code, except that "3-year property"
19 as defined in Section 168(c) (2) (A) of that Code is not
20 eligible for the credit provided by this subsection
21 (h);

22 (C) is acquired by purchase as defined in Section
23 179(d) of the Internal Revenue Code; and

24 (D) is not eligible for the Enterprise Zone
25 Investment Credit provided by subsection (f) of this
26 Section.

1 (3) The basis of qualified property shall be the basis
2 used to compute the depreciation deduction for federal
3 income tax purposes.

4 (4) If the basis of the property for federal income
5 tax depreciation purposes is increased after it has been
6 placed in service in a federally designated Foreign Trade
7 Zone or Sub-Zone located in Illinois by the taxpayer, the
8 amount of such increase shall be deemed property placed in
9 service on the date of such increase in basis.

10 (5) The term "placed in service" shall have the same
11 meaning as under Section 46 of the Internal Revenue Code.

12 (6) If during any taxable year ending on or before
13 December 31, 1996, any property ceases to be qualified
14 property in the hands of the taxpayer within 48 months
15 after being placed in service, or the situs of any
16 qualified property is moved outside Illinois within 48
17 months after being placed in service, the tax imposed
18 under subsections (a) and (b) of this Section for such
19 taxable year shall be increased. Such increase shall be
20 determined by (i) recomputing the investment credit which
21 would have been allowed for the year in which credit for
22 such property was originally allowed by eliminating such
23 property from such computation, and (ii) subtracting such
24 recomputed credit from the amount of credit previously
25 allowed. For the purposes of this paragraph (6), a
26 reduction of the basis of qualified property resulting

1 from a redetermination of the purchase price shall be
2 deemed a disposition of qualified property to the extent
3 of such reduction.

4 (7) Beginning with tax years ending after December 31,
5 1996, if a taxpayer qualifies for the credit under this
6 subsection (h) and thereby is granted a tax abatement and
7 the taxpayer relocates its entire facility in violation of
8 the explicit terms and length of the contract under
9 Section 18-183 of the Property Tax Code, the tax imposed
10 under subsections (a) and (b) of this Section shall be
11 increased for the taxable year in which the taxpayer
12 relocated its facility by an amount equal to the amount of
13 credit received by the taxpayer under this subsection (h).

14 (h-5) High Impact Business construction jobs credit. For
15 taxable years beginning on or after January 1, 2021, there
16 shall also be allowed a High Impact Business construction jobs
17 credit against the tax imposed under subsections (a) and (b)
18 of this Section as provided in subsections (i) and (j) of
19 Section 5.5 of the Illinois Enterprise Zone Act.

20 The credit or credits may not reduce the taxpayer's
21 liability to less than zero. If the amount of the credit or
22 credits exceeds the taxpayer's liability, the excess may be
23 carried forward and applied against the taxpayer's liability
24 in succeeding calendar years in the manner provided under
25 paragraph (4) of Section 211 of this Act. The credit or credits
26 shall be applied to the earliest year for which there is a tax

1 liability. If there are credits from more than one taxable
2 year that are available to offset a liability, the earlier
3 credit shall be applied first.

4 For partners, shareholders of Subchapter S corporations,
5 and owners of limited liability companies, if the liability
6 company is treated as a partnership for the purposes of
7 federal and State income taxation, there shall be allowed a
8 credit under this Section to be determined in accordance with
9 the determination of income and distributive share of income
10 under Sections 702 and 704 and Subchapter S of the Internal
11 Revenue Code.

12 The total aggregate amount of credits awarded under the
13 Blue Collar Jobs Act (Article 20 of Public Act 101-9) shall not
14 exceed \$20,000,000 in any State fiscal year.

15 This subsection (h-5) is exempt from the provisions of
16 Section 250.

17 (i) Credit for Personal Property Tax Replacement Income
18 Tax. For tax years ending prior to December 31, 2003, a credit
19 shall be allowed against the tax imposed by subsections (a)
20 and (b) of this Section for the tax imposed by subsections (c)
21 and (d) of this Section. This credit shall be computed by
22 multiplying the tax imposed by subsections (c) and (d) of this
23 Section by a fraction, the numerator of which is base income
24 allocable to Illinois and the denominator of which is Illinois
25 base income, and further multiplying the product by the tax
26 rate imposed by subsections (a) and (b) of this Section.

1 Any credit earned on or after December 31, 1986 under this
2 subsection which is unused in the year the credit is computed
3 because it exceeds the tax liability imposed by subsections
4 (a) and (b) for that year (whether it exceeds the original
5 liability or the liability as later amended) may be carried
6 forward and applied to the tax liability imposed by
7 subsections (a) and (b) of the 5 taxable years following the
8 excess credit year, provided that no credit may be carried
9 forward to any year ending on or after December 31, 2003. This
10 credit shall be applied first to the earliest year for which
11 there is a liability. If there is a credit under this
12 subsection from more than one tax year that is available to
13 offset a liability the earliest credit arising under this
14 subsection shall be applied first.

15 If, during any taxable year ending on or after December
16 31, 1986, the tax imposed by subsections (c) and (d) of this
17 Section for which a taxpayer has claimed a credit under this
18 subsection (i) is reduced, the amount of credit for such tax
19 shall also be reduced. Such reduction shall be determined by
20 recomputing the credit to take into account the reduced tax
21 imposed by subsections (c) and (d). If any portion of the
22 reduced amount of credit has been carried to a different
23 taxable year, an amended return shall be filed for such
24 taxable year to reduce the amount of credit claimed.

25 (j) Training expense credit. Beginning with tax years
26 ending on or after December 31, 1986 and prior to December 31,

1 2003, a taxpayer shall be allowed a credit against the tax
2 imposed by subsections (a) and (b) under this Section for all
3 amounts paid or accrued, on behalf of all persons employed by
4 the taxpayer in Illinois or Illinois residents employed
5 outside of Illinois by a taxpayer, for educational or
6 vocational training in semi-technical or technical fields or
7 semi-skilled or skilled fields, which were deducted from gross
8 income in the computation of taxable income. The credit
9 against the tax imposed by subsections (a) and (b) shall be
10 1.6% of such training expenses. For partners, shareholders of
11 subchapter S corporations, and owners of limited liability
12 companies, if the liability company is treated as a
13 partnership for purposes of federal and State income taxation,
14 there shall be allowed a credit under this subsection (j) to be
15 determined in accordance with the determination of income and
16 distributive share of income under Sections 702 and 704 and
17 subchapter S of the Internal Revenue Code.

18 Any credit allowed under this subsection which is unused
19 in the year the credit is earned may be carried forward to each
20 of the 5 taxable years following the year for which the credit
21 is first computed until it is used. This credit shall be
22 applied first to the earliest year for which there is a
23 liability. If there is a credit under this subsection from
24 more than one tax year that is available to offset a liability,
25 the earliest credit arising under this subsection shall be
26 applied first. No carryforward credit may be claimed in any

1 tax year ending on or after December 31, 2003.

2 (k) Research and development credit. For tax years ending
3 after July 1, 1990 and prior to December 31, 2003, and
4 beginning again for tax years ending on or after December 31,
5 2004, and ending prior to January 1, 2027, a taxpayer shall be
6 allowed a credit against the tax imposed by subsections (a)
7 and (b) of this Section for increasing research activities in
8 this State. The credit allowed against the tax imposed by
9 subsections (a) and (b) shall be equal to 6 1/2% of the
10 qualifying expenditures for increasing research activities in
11 this State. For partners, shareholders of subchapter S
12 corporations, and owners of limited liability companies, if
13 the liability company is treated as a partnership for purposes
14 of federal and State income taxation, there shall be allowed a
15 credit under this subsection to be determined in accordance
16 with the determination of income and distributive share of
17 income under Sections 702 and 704 and subchapter S of the
18 Internal Revenue Code.

19 For purposes of this subsection, "qualifying expenditures"
20 means the qualifying expenditures as defined for the federal
21 credit for increasing research activities which would be
22 allowable under Section 41 of the Internal Revenue Code and
23 which are conducted in this State, "qualifying expenditures
24 for increasing research activities in this State" means the
25 excess of qualifying expenditures for the taxable year in
26 which incurred over qualifying expenditures for the base

1 period, "qualifying expenditures for the base period" means
2 the average of the qualifying expenditures for each year in
3 the base period, and "base period" means the 3 taxable years
4 immediately preceding the taxable year for which the
5 determination is being made.

6 Any credit in excess of the tax liability for the taxable
7 year may be carried forward. A taxpayer may elect to have the
8 unused credit shown on its final completed return carried over
9 as a credit against the tax liability for the following 5
10 taxable years or until it has been fully used, whichever
11 occurs first; provided that no credit earned in a tax year
12 ending prior to December 31, 2003 may be carried forward to any
13 year ending on or after December 31, 2003.

14 If an unused credit is carried forward to a given year from
15 2 or more earlier years, that credit arising in the earliest
16 year will be applied first against the tax liability for the
17 given year. If a tax liability for the given year still
18 remains, the credit from the next earliest year will then be
19 applied, and so on, until all credits have been used or no tax
20 liability for the given year remains. Any remaining unused
21 credit or credits then will be carried forward to the next
22 following year in which a tax liability is incurred, except
23 that no credit can be carried forward to a year which is more
24 than 5 years after the year in which the expense for which the
25 credit is given was incurred.

26 No inference shall be drawn from Public Act 91-644 in

1 construing this Section for taxable years beginning before
2 January 1, 1999.

3 It is the intent of the General Assembly that the research
4 and development credit under this subsection (k) shall apply
5 continuously for all tax years ending on or after December 31,
6 2004 and ending prior to January 1, 2027, including, but not
7 limited to, the period beginning on January 1, 2016 and ending
8 on July 6, 2017 (the effective date of Public Act 100-22). All
9 actions taken in reliance on the continuation of the credit
10 under this subsection (k) by any taxpayer are hereby
11 validated.

12 (l) Environmental Remediation Tax Credit.

13 (i) For tax years ending after December 31, 1997 and
14 on or before December 31, 2001, a taxpayer shall be
15 allowed a credit against the tax imposed by subsections
16 (a) and (b) of this Section for certain amounts paid for
17 unreimbursed eligible remediation costs, as specified in
18 this subsection. For purposes of this Section,
19 "unreimbursed eligible remediation costs" means costs
20 approved by the Illinois Environmental Protection Agency
21 ("Agency") under Section 58.14 of the Environmental
22 Protection Act that were paid in performing environmental
23 remediation at a site for which a No Further Remediation
24 Letter was issued by the Agency and recorded under Section
25 58.10 of the Environmental Protection Act. The credit must
26 be claimed for the taxable year in which Agency approval

1 of the eligible remediation costs is granted. The credit
2 is not available to any taxpayer if the taxpayer or any
3 related party caused or contributed to, in any material
4 respect, a release of regulated substances on, in, or
5 under the site that was identified and addressed by the
6 remedial action pursuant to the Site Remediation Program
7 of the Environmental Protection Act. After the Pollution
8 Control Board rules are adopted pursuant to the Illinois
9 Administrative Procedure Act for the administration and
10 enforcement of Section 58.9 of the Environmental
11 Protection Act, determinations as to credit availability
12 for purposes of this Section shall be made consistent with
13 those rules. For purposes of this Section, "taxpayer"
14 includes a person whose tax attributes the taxpayer has
15 succeeded to under Section 381 of the Internal Revenue
16 Code and "related party" includes the persons disallowed a
17 deduction for losses by paragraphs (b), (c), and (f)(1) of
18 Section 267 of the Internal Revenue Code by virtue of
19 being a related taxpayer, as well as any of its partners.
20 The credit allowed against the tax imposed by subsections
21 (a) and (b) shall be equal to 25% of the unreimbursed
22 eligible remediation costs in excess of \$100,000 per site,
23 except that the \$100,000 threshold shall not apply to any
24 site contained in an enterprise zone as determined by the
25 Department of Commerce and Community Affairs (now
26 Department of Commerce and Economic Opportunity). The

1 total credit allowed shall not exceed \$40,000 per year
2 with a maximum total of \$150,000 per site. For partners
3 and shareholders of subchapter S corporations, there shall
4 be allowed a credit under this subsection to be determined
5 in accordance with the determination of income and
6 distributive share of income under Sections 702 and 704
7 and subchapter S of the Internal Revenue Code.

8 (ii) A credit allowed under this subsection that is
9 unused in the year the credit is earned may be carried
10 forward to each of the 5 taxable years following the year
11 for which the credit is first earned until it is used. The
12 term "unused credit" does not include any amounts of
13 unreimbursed eligible remediation costs in excess of the
14 maximum credit per site authorized under paragraph (i).
15 This credit shall be applied first to the earliest year
16 for which there is a liability. If there is a credit under
17 this subsection from more than one tax year that is
18 available to offset a liability, the earliest credit
19 arising under this subsection shall be applied first. A
20 credit allowed under this subsection may be sold to a
21 buyer as part of a sale of all or part of the remediation
22 site for which the credit was granted. The purchaser of a
23 remediation site and the tax credit shall succeed to the
24 unused credit and remaining carry-forward period of the
25 seller. To perfect the transfer, the assignor shall record
26 the transfer in the chain of title for the site and provide

1 written notice to the Director of the Illinois Department
2 of Revenue of the assignor's intent to sell the
3 remediation site and the amount of the tax credit to be
4 transferred as a portion of the sale. In no event may a
5 credit be transferred to any taxpayer if the taxpayer or a
6 related party would not be eligible under the provisions
7 of subsection (i).

8 (iii) For purposes of this Section, the term "site"
9 shall have the same meaning as under Section 58.2 of the
10 Environmental Protection Act.

11 (m) Education expense credit. Beginning with tax years
12 ending after December 31, 1999, a taxpayer who is the
13 custodian of one or more qualifying pupils shall be allowed a
14 credit against the tax imposed by subsections (a) and (b) of
15 this Section for qualified education expenses incurred on
16 behalf of the qualifying pupils. The credit shall be equal to
17 25% of qualified education expenses, but in no event may the
18 total credit under this subsection claimed by a family that is
19 the custodian of qualifying pupils exceed (i) \$500 for tax
20 years ending prior to December 31, 2017, and (ii) \$750 for tax
21 years ending on or after December 31, 2017. In no event shall a
22 credit under this subsection reduce the taxpayer's liability
23 under this Act to less than zero. Notwithstanding any other
24 provision of law, for taxable years beginning on or after
25 January 1, 2017, no taxpayer may claim a credit under this
26 subsection (m) if the taxpayer's adjusted gross income for the

1 taxable year exceeds (i) \$500,000, in the case of spouses
2 filing a joint federal tax return or (ii) \$250,000, in the case
3 of all other taxpayers. This subsection is exempt from the
4 provisions of Section 250 of this Act.

5 For purposes of this subsection:

6 "Qualifying pupils" means individuals who (i) are
7 residents of the State of Illinois, (ii) are under the age of
8 21 at the close of the school year for which a credit is
9 sought, and (iii) during the school year for which a credit is
10 sought were full-time pupils enrolled in a kindergarten
11 through twelfth grade education program at any school, as
12 defined in this subsection.

13 "Qualified education expense" means the amount incurred on
14 behalf of a qualifying pupil in excess of \$250 for tuition,
15 book fees, and lab fees at the school in which the pupil is
16 enrolled during the regular school year.

17 "School" means any public or nonpublic elementary or
18 secondary school in Illinois that is in compliance with Title
19 VI of the Civil Rights Act of 1964 and attendance at which
20 satisfies the requirements of Section 26-1 of the School Code,
21 except that nothing shall be construed to require a child to
22 attend any particular public or nonpublic school to qualify
23 for the credit under this Section.

24 "Custodian" means, with respect to qualifying pupils, an
25 Illinois resident who is a parent, the parents, a legal
26 guardian, or the legal guardians of the qualifying pupils.

1 (n) River Edge Redevelopment Zone site remediation tax
2 credit.

3 (i) For tax years ending on or after December 31,
4 2006, a taxpayer shall be allowed a credit against the tax
5 imposed by subsections (a) and (b) of this Section for
6 certain amounts paid for unreimbursed eligible remediation
7 costs, as specified in this subsection. For purposes of
8 this Section, "unreimbursed eligible remediation costs"
9 means costs approved by the Illinois Environmental
10 Protection Agency ("Agency") under Section 58.14a of the
11 Environmental Protection Act that were paid in performing
12 environmental remediation at a site within a River Edge
13 Redevelopment Zone for which a No Further Remediation
14 Letter was issued by the Agency and recorded under Section
15 58.10 of the Environmental Protection Act. The credit must
16 be claimed for the taxable year in which Agency approval
17 of the eligible remediation costs is granted. The credit
18 is not available to any taxpayer if the taxpayer or any
19 related party caused or contributed to, in any material
20 respect, a release of regulated substances on, in, or
21 under the site that was identified and addressed by the
22 remedial action pursuant to the Site Remediation Program
23 of the Environmental Protection Act. Determinations as to
24 credit availability for purposes of this Section shall be
25 made consistent with rules adopted by the Pollution
26 Control Board pursuant to the Illinois Administrative

1 Procedure Act for the administration and enforcement of
2 Section 58.9 of the Environmental Protection Act. For
3 purposes of this Section, "taxpayer" includes a person
4 whose tax attributes the taxpayer has succeeded to under
5 Section 381 of the Internal Revenue Code and "related
6 party" includes the persons disallowed a deduction for
7 losses by paragraphs (b), (c), and (f)(1) of Section 267
8 of the Internal Revenue Code by virtue of being a related
9 taxpayer, as well as any of its partners. The credit
10 allowed against the tax imposed by subsections (a) and (b)
11 shall be equal to 25% of the unreimbursed eligible
12 remediation costs in excess of \$100,000 per site.

13 (ii) A credit allowed under this subsection that is
14 unused in the year the credit is earned may be carried
15 forward to each of the 5 taxable years following the year
16 for which the credit is first earned until it is used. This
17 credit shall be applied first to the earliest year for
18 which there is a liability. If there is a credit under this
19 subsection from more than one tax year that is available
20 to offset a liability, the earliest credit arising under
21 this subsection shall be applied first. A credit allowed
22 under this subsection may be sold to a buyer as part of a
23 sale of all or part of the remediation site for which the
24 credit was granted. The purchaser of a remediation site
25 and the tax credit shall succeed to the unused credit and
26 remaining carry-forward period of the seller. To perfect

1 the transfer, the assignor shall record the transfer in
2 the chain of title for the site and provide written notice
3 to the Director of the Illinois Department of Revenue of
4 the assignor's intent to sell the remediation site and the
5 amount of the tax credit to be transferred as a portion of
6 the sale. In no event may a credit be transferred to any
7 taxpayer if the taxpayer or a related party would not be
8 eligible under the provisions of subsection (i).

9 (iii) For purposes of this Section, the term "site"
10 shall have the same meaning as under Section 58.2 of the
11 Environmental Protection Act.

12 (o) For each of taxable years during the Compassionate Use
13 of Medical Cannabis Program, a surcharge is imposed on all
14 taxpayers on income arising from the sale or exchange of
15 capital assets, depreciable business property, real property
16 used in the trade or business, and Section 197 intangibles of
17 an organization registrant under the Compassionate Use of
18 Medical Cannabis Program Act. The amount of the surcharge is
19 equal to the amount of federal income tax liability for the
20 taxable year attributable to those sales and exchanges. The
21 surcharge imposed does not apply if:

22 (1) the medical cannabis cultivation center
23 registration, medical cannabis dispensary registration, or
24 the property of a registration is transferred as a result
25 of any of the following:

26 (A) bankruptcy, a receivership, or a debt

1 adjustment initiated by or against the initial
2 registration or the substantial owners of the initial
3 registration;

4 (B) cancellation, revocation, or termination of
5 any registration by the Illinois Department of Public
6 Health;

7 (C) a determination by the Illinois Department of
8 Public Health that transfer of the registration is in
9 the best interests of Illinois qualifying patients as
10 defined by the Compassionate Use of Medical Cannabis
11 Program Act;

12 (D) the death of an owner of the equity interest in
13 a registrant;

14 (E) the acquisition of a controlling interest in
15 the stock or substantially all of the assets of a
16 publicly traded company;

17 (F) a transfer by a parent company to a wholly
18 owned subsidiary; or

19 (G) the transfer or sale to or by one person to
20 another person where both persons were initial owners
21 of the registration when the registration was issued;

22 or

23 (2) the cannabis cultivation center registration,
24 medical cannabis dispensary registration, or the
25 controlling interest in a registrant's property is
26 transferred in a transaction to lineal descendants in

1 which no gain or loss is recognized or as a result of a
2 transaction in accordance with Section 351 of the Internal
3 Revenue Code in which no gain or loss is recognized.

4 (p) Pass-through entity tax.

5 (1) For taxable years ending on or after December 31,
6 2021 and beginning prior to January 1, 2026, a partnership
7 (other than a publicly traded partnership under Section
8 7704 of the Internal Revenue Code) or Subchapter S
9 corporation may elect to apply the provisions of this
10 subsection. A separate election shall be made for each
11 taxable year. Such election shall be made at such time,
12 and in such form and manner as prescribed by the
13 Department, and, once made, is irrevocable.

14 (2) Entity-level tax. A partnership or Subchapter S
15 corporation electing to apply the provisions of this
16 subsection shall be subject to a tax for the privilege of
17 earning or receiving income in this State in an amount
18 equal to 4.95% of the taxpayer's net income for the
19 taxable year.

20 (3) Net income defined.

21 (A) In general. For purposes of paragraph (2), the
22 term net income has the same meaning as defined in
23 Section 202 of this Act, except that, for tax years
24 ending on or after December 31, 2023, a deduction
25 shall be allowed in computing base income for
26 distributions to a retired partner to the extent that

1 the partner's distributions are exempt from tax under
2 Section 203(a)(2)(F) of this Act. In addition, the
3 following modifications ~~provisions~~ shall not apply:

4 (i) the standard exemption allowed under
5 Section 204;

6 (ii) the deduction for net losses allowed
7 under Section 207;

8 (iii) in the case of an S corporation, the
9 modification under Section 203(b)(2)(S); and

10 (iv) in the case of a partnership, the
11 modifications under Section 203(d)(2)(H) and
12 Section 203(d)(2)(I).

13 (B) Special rule for tiered partnerships. If a
14 taxpayer making the election under paragraph (1) is a
15 partner of another taxpayer making the election under
16 paragraph (1), net income shall be computed as
17 provided in subparagraph (A), except that the taxpayer
18 shall subtract its distributive share of the net
19 income of the electing partnership (including its
20 distributive share of the net income of the electing
21 partnership derived as a distributive share from
22 electing partnerships in which it is a partner).

23 (4) Credit for entity level tax. Each partner or
24 shareholder of a taxpayer making the election under this
25 Section shall be allowed a credit against the tax imposed
26 under subsections (a) and (b) of Section 201 of this Act

1 for the taxable year of the partnership or Subchapter S
2 corporation for which an election is in effect ending
3 within or with the taxable year of the partner or
4 shareholder in an amount equal to 4.95% times the partner
5 or shareholder's distributive share of the net income of
6 the electing partnership or Subchapter S corporation, but
7 not to exceed the partner's or shareholder's share of the
8 tax imposed under paragraph (1) which is actually paid by
9 the partnership or Subchapter S corporation. If the
10 taxpayer is a partnership or Subchapter S corporation that
11 is itself a partner of a partnership making the election
12 under paragraph (1), the credit under this paragraph shall
13 be allowed to the taxpayer's partners or shareholders (or
14 if the partner is a partnership or Subchapter S
15 corporation then its partners or shareholders) in
16 accordance with the determination of income and
17 distributive share of income under Sections 702 and 704
18 and Subchapter S of the Internal Revenue Code. If the
19 amount of the credit allowed under this paragraph exceeds
20 the partner's or shareholder's liability for tax imposed
21 under subsections (a) and (b) of Section 201 of this Act
22 for the taxable year, such excess shall be treated as an
23 overpayment for purposes of Section 909 of this Act.

24 (5) Nonresidents. A nonresident individual who is a
25 partner or shareholder of a partnership or Subchapter S
26 corporation for a taxable year for which an election is in

1 effect under paragraph (1) shall not be required to file
2 an income tax return under this Act for such taxable year
3 if the only source of net income of the individual (or the
4 individual and the individual's spouse in the case of a
5 joint return) is from an entity making the election under
6 paragraph (1) and the credit allowed to the partner or
7 shareholder under paragraph (4) equals or exceeds the
8 individual's liability for the tax imposed under
9 subsections (a) and (b) of Section 201 of this Act for the
10 taxable year.

11 (6) Liability for tax. Except as provided in this
12 paragraph, a partnership or Subchapter S making the
13 election under paragraph (1) is liable for the
14 entity-level tax imposed under paragraph (2). If the
15 electing partnership or corporation fails to pay the full
16 amount of tax deemed assessed under paragraph (2), the
17 partners or shareholders shall be liable to pay the tax
18 assessed (including penalties and interest). Each partner
19 or shareholder shall be liable for the unpaid assessment
20 based on the ratio of the partner's or shareholder's share
21 of the net income of the partnership over the total net
22 income of the partnership. If the partnership or
23 Subchapter S corporation fails to pay the tax assessed
24 (including penalties and interest) and thereafter an
25 amount of such tax is paid by the partners or
26 shareholders, such amount shall not be collected from the

1 partnership or corporation.

2 (7) Foreign tax. For purposes of the credit allowed
3 under Section 601(b)(3) of this Act, tax paid by a
4 partnership or Subchapter S corporation to another state
5 which, as determined by the Department, is substantially
6 similar to the tax imposed under this subsection, shall be
7 considered tax paid by the partner or shareholder to the
8 extent that the partner's or shareholder's share of the
9 income of the partnership or Subchapter S corporation
10 allocated and apportioned to such other state bears to the
11 total income of the partnership or Subchapter S
12 corporation allocated or apportioned to such other state.

13 (8) Suspension of withholding. The provisions of
14 Section 709.5 of this Act shall not apply to a partnership
15 or Subchapter S corporation for the taxable year for which
16 an election under paragraph (1) is in effect.

17 (9) Requirement to pay estimated tax. For each taxable
18 year for which an election under paragraph (1) is in
19 effect, a partnership or Subchapter S corporation is
20 required to pay estimated tax for such taxable year under
21 Sections 803 and 804 of this Act if the amount payable as
22 estimated tax can reasonably be expected to exceed \$500.

23 (10) The provisions of this subsection shall apply
24 only with respect to taxable years for which the
25 limitation on individual deductions applies under Section
26 164(b)(6) of the Internal Revenue Code.

1 (Source: P.A. 101-9, eff. 6-5-19; 101-31, eff. 6-28-19;
2 101-207, eff. 8-2-19; 101-363, eff. 8-9-19; 102-558, eff.
3 8-20-21; 102-658, eff. 8-27-21.)

4 ARTICLE 995. NON-ACCELERATION

5 Section 995-95. No acceleration or delay. Where this Act
6 makes changes in a statute that is represented in this Act by
7 text that is not yet or no longer in effect (for example, a
8 Section represented by multiple versions), the use of that
9 text does not accelerate or delay the taking effect of (i) the
10 changes made by this Act or (ii) provisions derived from any
11 other Public Act.

12 ARTICLE 999. EFFECTIVE DATE

13 Section 999-99. Effective date. This Act takes effect upon
14 becoming law, except that Article 20 takes effect on July 1,
15 2023 and Articles 55 and 100 take effect on January 1, 2024."