

# SB1772



## 98TH GENERAL ASSEMBLY

### State of Illinois

2013 and 2014

SB1772

Introduced 2/15/2013, by Sen. Martin A. Sandoval

#### SYNOPSIS AS INTRODUCED:

35 ILCS 105/3-5

35 ILCS 120/2-5

35 ILCS 155/2

from Ch. 120, par. 1702

Amends the Automobile Renting Occupation and Use Tax Act. Provides that the term "automobile" includes a truck or sport utility vehicle of the second division designed primarily for the transportation of passengers. Provides that those vehicles are included in an exemption under the Use Tax Act and the Retailers' Occupation Tax Act. Effective January 1, 2014.

LRB098 07012 HLH 37071 b

FISCAL NOTE ACT  
MAY APPLY

A BILL FOR

1 AN ACT concerning revenue.

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

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

6 (35 ILCS 105/3-5)

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

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

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

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

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

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

25 (5) Until July 1, 2003, a passenger car that is a  
26 replacement vehicle to the extent that the purchase price of

1 the car is subject to the Replacement Vehicle Tax.

2 (6) Until July 1, 2003 and beginning again on September 1,  
3 2004 through August 30, 2014, graphic arts machinery and  
4 equipment, including repair and replacement parts, both new and  
5 used, and including that manufactured on special order,  
6 certified by the purchaser to be used primarily for graphic  
7 arts production, and including machinery and equipment  
8 purchased for lease. Equipment includes chemicals or chemicals  
9 acting as catalysts but only if the chemicals or chemicals  
10 acting as catalysts effect a direct and immediate change upon a  
11 graphic arts product.

12 (7) Farm chemicals.

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

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

20 (10) A motor vehicle ~~of the first division, a motor vehicle~~  
21 ~~of the second division that is a self-contained motor vehicle~~  
22 ~~designed or permanently converted to provide living quarters~~  
23 ~~for recreational, camping, or travel use, with direct walk~~  
24 ~~through to the living quarters from the driver's seat, or a~~  
25 ~~motor vehicle of the second division that is of the van~~  
26 ~~configuration designed for the transportation of not less than~~

1 ~~7 nor more than 16 passengers, as defined in Section 1-146 of~~  
2 ~~the Illinois Vehicle Code,~~ that is used for automobile renting,  
3 as defined in the Automobile Renting Occupation and Use Tax  
4 Act.

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

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

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

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

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

21 (13) Proceeds of mandatory service charges separately  
22 stated on customers' bills for the purchase and consumption of  
23 food and beverages purchased at retail from a retailer, to the  
24 extent that the proceeds of the service charge are in fact  
25 turned over as tips or as a substitute for tips to the  
26 employees who participate directly in preparing, serving,

1 hosting or cleaning up the food or beverage function with  
2 respect to which the service charge is imposed.

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

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

17 (16) Until July 1, 2003, and beginning again on the  
18 effective date of this amendatory Act of the 97th General  
19 Assembly and thereafter, coal and aggregate exploration,  
20 mining, offhighway hauling, processing, maintenance, and  
21 reclamation equipment, including replacement parts and  
22 equipment, and including equipment purchased for lease, but  
23 excluding motor vehicles required to be registered under the  
24 Illinois Vehicle Code.

25 (17) Until July 1, 2003, distillation machinery and  
26 equipment, sold as a unit or kit, assembled or installed by the

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

5 (18) Manufacturing and assembling machinery and equipment  
6 used primarily in the process of manufacturing or assembling  
7 tangible personal property for wholesale or retail sale or  
8 lease, whether that sale or lease is made directly by the  
9 manufacturer or by some other person, whether the materials  
10 used in the process are owned by the manufacturer or some other  
11 person, or whether that sale or lease is made apart from or as  
12 an incident to the seller's engaging in the service occupation  
13 of producing machines, tools, dies, jigs, patterns, gauges, or  
14 other similar items of no commercial value on special order for  
15 a particular purchaser.

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 provisions  
3 of Section 3-90, and the exemption provided for under this item  
4 (21) applies for all periods beginning May 30, 1995, but no  
5 claim for credit or refund is allowed on or after January 1,  
6 2008 for such taxes paid during the period beginning May 30,  
7 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 the  
16 Retailers' Occupation Tax Act. If the equipment is leased in a  
17 manner that does not qualify for this exemption or is used in  
18 any other non-exempt manner, the lessor shall be liable for the  
19 tax imposed under this Act or the Service Use Tax Act, as the  
20 case may be, based on the fair market value of the property at  
21 the time the non-qualifying use occurs. No lessor shall collect  
22 or attempt to collect an amount (however designated) that  
23 purports to reimburse that lessor for the tax imposed by this  
24 Act or the Service Use Tax Act, as the case may be, if the tax  
25 has not been paid by the lessor. If a lessor improperly  
26 collects any such amount from the lessee, the lessee shall have

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

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

25 (24) Beginning with taxable years ending on or after  
26 December 31, 1995 and ending with taxable years ending on or

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

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

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

25 (27) A motor vehicle, as that term is defined in Section  
26 1-146 of the Illinois Vehicle Code, that is donated to a

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

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

1 another individual or entity that sold the property for the  
2 purpose of resale by the fundraising entity and that profits  
3 from the sale to the fundraising entity. This paragraph is  
4 exempt from the provisions of Section 3-90.

5 (29) Beginning January 1, 2000 and through December 31,  
6 2001, new or used automatic vending machines that prepare and  
7 serve hot food and beverages, including coffee, soup, and other  
8 items, and replacement parts for these machines. Beginning  
9 January 1, 2002 and through June 30, 2003, machines and parts  
10 for machines used in commercial, coin-operated amusement and  
11 vending business if a use or occupation tax is paid on the  
12 gross receipts derived from the use of the commercial,  
13 coin-operated amusement and vending machines. This paragraph  
14 is exempt from the provisions of Section 3-90.

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

1 Health Rehabilitation Act.

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

24           (33) On and after July 1, 2003 and through June 30, 2004,  
25 the use in this State of motor vehicles of the second division  
26 with a gross vehicle weight in excess of 8,000 pounds and that

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

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

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



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

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

1 consideration by or on behalf of the municipality at the time  
2 of the completion of the municipal convention hall or upon the  
3 retirement or redemption of any bonds or other debt instruments  
4 issued by the public-facilities corporation in connection with  
5 the development of the municipal convention hall. This  
6 exemption includes existing public-facilities corporations as  
7 provided in Section 11-65-25 of the Illinois Municipal Code.  
8 This paragraph is exempt from the provisions of Section 3-90.

9 (Source: P.A. 96-116, eff. 7-31-09; 96-339, eff. 7-1-10;  
10 96-532, eff. 8-14-09; 96-759, eff. 1-1-10; 96-1000, eff.  
11 7-2-10; 97-38, eff. 6-28-11; 97-227, eff. 1-1-12; 97-431, eff.  
12 8-16-11; 97-636, eff. 6-1-12; 97-767, eff. 7-9-12.)

13 Section 10. The Retailers' Occupation Tax Act is amended by  
14 changing Section 2-5 as follows:

15 (35 ILCS 120/2-5)

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

19 (1) Farm chemicals.

20 (2) Farm machinery and equipment, both new and used,  
21 including that manufactured on special order, certified by the  
22 purchaser to be used primarily for production agriculture or  
23 State or federal agricultural programs, including individual  
24 replacement parts for the machinery and equipment, including

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

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

23 Farm machinery and equipment also includes computers,  
24 sensors, software, and related equipment used primarily in the  
25 computer-assisted operation of production agriculture  
26 facilities, equipment, and activities such as, but not limited

1 to, the collection, monitoring, and correlation of animal and  
2 crop data for the purpose of formulating animal diets and  
3 agricultural chemicals. This item (2) is exempt from the  
4 provisions of Section 2-70.

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

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

20 (5) A motor vehicle ~~of the first division, a motor vehicle~~  
21 ~~of the second division that is a self contained motor vehicle~~  
22 ~~designed or permanently converted to provide living quarters~~  
23 ~~for recreational, camping, or travel use, with direct walk~~  
24 ~~through access to the living quarters from the driver's seat,~~  
25 ~~or a motor vehicle of the second division that is of the van~~  
26 ~~configuration designed for the transportation of not less than~~

1 ~~7 nor more than 16 passengers, as defined in Section 1-146 of~~  
2 ~~the Illinois Vehicle Code,~~ that is used for automobile renting,  
3 as defined in the Automobile Renting Occupation and Use Tax  
4 Act. This paragraph is exempt from the provisions of Section  
5 2-70.

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

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

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

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

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

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

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

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

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

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

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

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

7 (14) Machinery and equipment that will be used by the  
8 purchaser, or a lessee of the purchaser, primarily in the  
9 process of manufacturing or assembling tangible personal  
10 property for wholesale or retail sale or lease, whether the  
11 sale or lease is made directly by the manufacturer or by some  
12 other person, whether the materials used in the process are  
13 owned by the manufacturer or some other person, or whether the  
14 sale or lease is made apart from or as an incident to the  
15 seller's engaging in the service occupation of producing  
16 machines, tools, dies, jigs, patterns, gauges, or other similar  
17 items of no commercial value on special order for a particular  
18 purchaser.

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

26 (16) Petroleum products sold to a purchaser if the seller



1 is prohibited by federal law from charging tax to the  
2 purchaser.

3 (17) Tangible personal property sold to a common carrier by  
4 rail or motor that receives the physical possession of the  
5 property in Illinois and that transports the property, or  
6 shares with another common carrier in the transportation of the  
7 property, out of Illinois on a standard uniform bill of lading  
8 showing the seller of the property as the shipper or consignor  
9 of the property to a destination outside Illinois, for use  
10 outside Illinois.

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

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

24 (20) Photoprocessing machinery and equipment, including  
25 repair and replacement parts, both new and used, including that  
26 manufactured on special order, certified by the purchaser to be

1 used primarily for photoprocessing, and including  
2 photoprocessing machinery and equipment purchased for lease.

3 (21) Until July 1, 2003, and beginning again on the  
4 effective date of this amendatory Act of the 97th General  
5 Assembly and thereafter, coal and aggregate exploration,  
6 mining, offhighway hauling, processing, maintenance, and  
7 reclamation equipment, including replacement parts and  
8 equipment, and including equipment purchased for lease, but  
9 excluding motor vehicles required to be registered under the  
10 Illinois Vehicle Code.

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

17 (23) A transaction in which the purchase order is received  
18 by a florist who is located outside Illinois, but who has a  
19 florist located in Illinois deliver the property to the  
20 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 for  
24 hire on rivers bordering on this State if the fuel is delivered  
25 by the seller to the purchaser's barge, ship, or vessel while  
26 it is afloat upon that bordering river.

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

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

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

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

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

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

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

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

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

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

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

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

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

1 Horse Association, United States Trotting Association, or  
2 Jockey Club, as appropriate, used for purposes of breeding or  
3 racing for prizes. This item (27) is exempt from the provisions  
4 of Section 2-70, and the exemption provided for under this item  
5 (27) applies for all periods beginning May 30, 1995, but no  
6 claim for credit or refund is allowed on or after January 1,  
7 2008 (the effective date of Public Act 95-88) for such taxes  
8 paid during the period beginning May 30, 2000 and ending on  
9 January 1, 2008 (the effective date of Public Act 95-88).

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

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

23 (30) Beginning with taxable years ending on or after  
24 December 31, 1995 and ending with taxable years ending on or  
25 before December 31, 2004, personal property that is donated for  
26 disaster relief to be used in a State or federally declared

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

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

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

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

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

15 (34) 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 2-70.

3 (35) 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 other  
6 items, and replacement parts for these machines. Beginning  
7 January 1, 2002 and through June 30, 2003, machines and parts  
8 for machines used in commercial, coin-operated amusement and  
9 vending business if a use or occupation tax is paid on the  
10 gross receipts derived from the use of the commercial,  
11 coin-operated amusement and vending machines. This paragraph  
12 is exempt from the provisions of Section 2-70.

13 (35-5) 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, soft  
16 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 a licensed facility as defined in  
24 the ID/DD Community Care Act or the Specialized Mental Health  
25 Rehabilitation Act.

26 (36) Beginning August 2, 2001, computers and

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

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

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

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

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

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

1 materials, parts, equipment, components, and consumable  
2 supplies used in the modification, replacement, repair, and  
3 maintenance of aircraft engines or power plants, whether such  
4 engines or power plants are installed or uninstalled upon any  
5 such aircraft. "Consumable supplies" include, but are not  
6 limited to, adhesive, tape, sandpaper, general purpose  
7 lubricants, cleaning solution, latex gloves, and protective  
8 films. This exemption applies only to those organizations that  
9 (i) hold an Air Agency Certificate and are empowered to operate  
10 an approved repair station by the Federal Aviation  
11 Administration, (ii) have a Class IV Rating, and (iii) conduct  
12 operations in accordance with Part 145 of the Federal Aviation  
13 Regulations. The exemption does not include aircraft operated  
14 by a commercial air carrier providing scheduled passenger air  
15 service pursuant to authority issued under Part 121 or Part 129  
16 of the Federal Aviation Regulations.

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

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

5 (Source: P.A. 96-116, eff. 7-31-09; 96-339, eff. 7-1-10;  
6 96-532, eff. 8-14-09; 96-759, eff. 1-1-10; 96-1000, eff.  
7 7-2-10; 97-38, eff. 6-28-11; 97-73, eff. 6-30-11; 97-227, eff.  
8 1-1-12; 97-431, eff. 8-16-11; 97-636, eff. 6-1-12; 97-767, eff.  
9 7-9-12.)

10 Section 15. The Automobile Renting Occupation and Use Tax  
11 Act is amended by changing Section 2 as follows:

12 (35 ILCS 155/2) (from Ch. 120, par. 1702)

13 Sec. 2. Definitions. "Renting" means any transfer of the  
14 possession or right to possession of an automobile to a user  
15 for a valuable consideration for a period of one year or less.

16 "Renting" does not include making a charge for the use of  
17 an automobile where the rentor, either himself or through an  
18 agent, furnishes a service of operating an automobile so that  
19 the rentor remains in possession of the automobile, because  
20 this does not constitute a transfer of possession or right to  
21 possession of the automobile.

22 "Renting" does not include the making of a charge by an  
23 automobile dealer for the use of an automobile as a  
24 demonstrator in connection with the dealer's business of

1 selling, where the charge is merely made to recover the costs  
2 of operating the automobile as a demonstrator and is not  
3 intended as a rental or leasing charge in the ordinary sense.

4 "Automobile" means any motor vehicle of the first division  
5 ~~or~~ a motor vehicle of the second division which is: (i) a  
6 self-contained motor vehicle designed or permanently converted  
7 to provide living quarters for recreational, camping or travel  
8 use, with direct walk through access to the living quarters  
9 from the driver's seat; ~~(ii), or a motor vehicle of the second~~  
10 ~~division which is~~ of the van configuration designed for the  
11 transportation of not less than 7 nor more than 16 passengers,  
12 as defined in Section 1-146 of the Illinois Vehicle Code; or  
13 (iii) a truck or sport utility vehicle designed primarily for  
14 the transportation of passengers.

15 "Department" means the Department of Revenue.

16 "Person" means any natural individual, firm, partnership,  
17 association, joint stock company, joint adventure, public or  
18 private corporation, limited liability company, or a receiver,  
19 executor, trustee, conservator or other representative  
20 appointed by order of any court.

21 "Rentor" means any person, firm, corporation or  
22 association engaged in the business of renting or leasing  
23 automobiles to users. For this purpose, the objective of making  
24 a profit is not necessary to make the renting activity a  
25 business.

26 "Rentee" means any user to whom the possession, or the

1 right to possession, of an automobile is transferred for a  
2 valuable consideration for a period of one year or less,  
3 whether paid for by the "rentee" or by someone else.

4 "Gross receipts" from the renting of tangible personal  
5 property or "rent" means the total rental price or leasing  
6 price. In the case of rental transactions in which the  
7 consideration is paid to the rentor on an installment basis,  
8 the amounts of such payments shall be included by the rentor in  
9 gross receipts or rent only as and when payments are received  
10 by the rentor.

11 "Gross receipts" does not include receipts received by an  
12 automobile dealer from a manufacturer or service contract  
13 provider for the use of an automobile by a person while that  
14 person's automobile is being repaired by that automobile dealer  
15 and the repair is made pursuant to a manufacturer's warranty or  
16 a service contract where a manufacturer or service contract  
17 provider reimburses that automobile dealer pursuant to a  
18 manufacturer's warranty or a service contract and the  
19 reimbursement is merely made to recover the costs of operating  
20 the automobile as a loaner vehicle.

21 "Rental price" means the consideration for renting or  
22 leasing an automobile valued in money, whether received in  
23 money or otherwise, including cash credits, property and  
24 services, and shall be determined without any deduction on  
25 account of the cost of the property rented, the cost of  
26 materials used, labor or service cost, or any other expense

1 whatsoever, but does not include charges that are added by a  
2 rentor on account of the rentor's tax liability under this Act  
3 or on account of the rentor's duty to collect, from the rentee,  
4 the tax that is imposed by Section 4 of this Act. The phrase  
5 "rental price" does not include compensation paid to a rentor  
6 by a rentee in consideration of the waiver by the rentor of any  
7 right of action or claim against the rentee for loss or damage  
8 to the automobile rented and also does not include a separately  
9 stated charge for insurance or recovery of refueling costs or  
10 other separately stated charges that are not for the use of  
11 tangible personal property.

12 (Source: P.A. 90-14, eff. 7-1-97; 91-193, eff. 7-20-99.)

13 Section 99. Effective date. This Act takes effect January  
14 1, 2014.