



Rep. Frank J. Mautino

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LRB099 04510 HLH 34361 a

1 AMENDMENT TO HOUSE BILL 688

2 AMENDMENT NO. \_\_\_\_\_. Amend House Bill 688 by replacing  
3 everything after the enacting clause with the following:

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

1 Illinois county fair association for use in conducting,  
2 operating, or promoting the county fair.

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

18 (4) Personal property purchased by a governmental body, by  
19 a corporation, society, association, foundation, or  
20 institution organized and operated exclusively for charitable,  
21 religious, or educational purposes, or by a not-for-profit  
22 corporation, society, association, foundation, institution, or  
23 organization that has no compensated officers or employees and  
24 that is organized and operated primarily for the recreation of  
25 persons 55 years of age or older. A limited liability company  
26 may qualify for the exemption under this paragraph only if the

1 limited liability company is organized and operated  
2 exclusively for educational purposes. On and after July 1,  
3 1987, however, no entity otherwise eligible for this exemption  
4 shall make tax-free purchases unless it has an active exemption  
5 identification number issued by the Department.

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

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

19 (7) Farm chemicals.

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

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

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

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

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

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

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

12 Repair and replacement parts transferred as part of a  
13 goodwill repair of exempt farm machinery and equipment shall  
14 also be exempt from the tax imposed by this Act. For purposes  
15 of this item (11), "goodwill repair" means a repair made by a  
16 seller for no charge that a seller is not obligated to make.

17 This item (11) is exempt from the provisions of Section  
18 3-90.

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

26 Beginning July 1, 2013, fuel and petroleum products sold to

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

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

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

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

6           (16) Coal and aggregate exploration, mining, off-highway  
7 hauling, processing, maintenance, and reclamation equipment,  
8 including replacement parts and equipment, and including  
9 equipment purchased for lease, but excluding motor vehicles  
10 required to be registered under the Illinois Vehicle Code. The  
11 changes made to this Section by Public Act 97-767 apply on and  
12 after July 1, 2003, but no claim for credit or refund is  
13 allowed on or after August 16, 2013 (the effective date of  
14 Public Act 98-456) for such taxes paid during the period  
15 beginning July 1, 2003 and ending on August 16, 2013 (the  
16 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 for  
7 a particular purchaser. The exemption provided by this  
8 paragraph (18) does not include machinery and equipment used in  
9 (i) the generation of electricity for wholesale or retail sale;  
10 (ii) the generation or treatment of natural or artificial gas  
11 for wholesale or retail sale that is delivered to customers  
12 through pipes, pipelines, or mains; or (iii) the treatment of  
13 water for wholesale or retail sale that is delivered to  
14 customers through pipes, pipelines, or mains. The provisions of  
15 Public Act 98-583 are declaratory of existing law as to the  
16 meaning and scope of this exemption.

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

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

24 (21) 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 (21) is exempt from the provisions  
4 of Section 3-90, and the exemption provided for under this item  
5 (21) 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 for such taxes paid during the period beginning May 30,  
8 2000 and ending on January 1, 2008.

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

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

6 (23) Personal property purchased by a lessor who leases the  
7 property, under a lease of one year or longer executed or in  
8 effect at the time the lessor would otherwise be subject to the  
9 tax imposed by this Act, to a governmental body that has been  
10 issued an active sales tax exemption identification number by  
11 the Department under Section 1g of the Retailers' Occupation  
12 Tax Act. If the property is leased in a manner that does not  
13 qualify for this exemption or used in any other non-exempt  
14 manner, the lessor shall be liable for the tax imposed under  
15 this Act or the Service Use Tax Act, as the case may be, based  
16 on the fair market value of the property at the time the  
17 non-qualifying use occurs. No lessor shall collect or attempt  
18 to collect an amount (however designated) that purports to  
19 reimburse that lessor for the tax imposed by this Act or the  
20 Service Use Tax Act, as the case may be, if the tax has not been  
21 paid by the lessor. If a lessor improperly collects any such  
22 amount from the lessee, the lessee shall have a legal right to  
23 claim a refund of that amount from the lessor. If, however,  
24 that amount is not refunded to the lessee for any reason, the  
25 lessor is liable to pay that amount to the 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 for  
3 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 the  
13 performance of infrastructure repairs in this State, including  
14 but not limited to municipal roads and streets, access roads,  
15 bridges, sidewalks, waste disposal systems, water and sewer  
16 line extensions, water distribution and purification  
17 facilities, storm water drainage and retention facilities, and  
18 sewage treatment facilities, resulting from a State or  
19 federally declared disaster in Illinois or bordering Illinois  
20 when such repairs are initiated on facilities located in the  
21 declared disaster area within 6 months after the disaster.

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

26 (27) A motor vehicle, as that term is defined in Section

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

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

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

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

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

1 in the ID/DD Community Care Act or the Specialized Mental  
2 Health Rehabilitation Act of 2013.

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

1 Section 3-90.

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

25 (33) On and after July 1, 2003 and through June 30, 2004,  
26 the use in this State of motor vehicles of the second division

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

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

25 (35) Beginning January 1, 2010, materials, parts,  
26 equipment, components, and furnishings incorporated into or



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

26 (36) Tangible personal property purchased by a

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

14 (Source: P.A. 97-38, eff. 6-28-11; 97-227, eff. 1-1-12; 97-431,  
15 eff. 8-16-11; 97-636, eff. 6-1-12; 97-767, eff. 7-9-12; 98-104,  
16 eff. 7-22-13; 98-422, eff. 8-16-13; 98-456, eff. 8-16-13;  
17 98-534, eff. 8-23-13; 98-574, eff. 1-1-14; 98-583, eff. 1-1-14;  
18 98-756, eff. 7-16-14.)

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

21 (35 ILCS 110/3-5)

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

24 (1) Personal property purchased from a corporation,

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

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

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

25 (4) 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 (5) Until July 1, 2003 and beginning again on September 1,  
4 2004 through August 30, 2014, graphic arts machinery and  
5 equipment, including repair and replacement parts, both new and  
6 used, and including that manufactured on special order or  
7 purchased for lease, certified by the purchaser to be used  
8 primarily for graphic arts production. Equipment includes  
9 chemicals or chemicals acting as catalysts but only if the  
10 chemicals or chemicals acting as catalysts effect a direct and  
11 immediate change upon a graphic arts product.

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

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

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

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

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

23 Repair and replacement parts transferred as part of a  
24 goodwill repair of exempt farm machinery and equipment shall  
25 also be exempt from the tax imposed by this Act. For purposes  
26 of this item (7), "goodwill repair" means a repair made by a

1 seller for no charge that a seller is not obligated to make.

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

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

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

21 (9) Proceeds of mandatory service charges separately  
22 stated on customers' bills for the purchase and consumption of  
23 food and beverages acquired as an incident to the purchase of a  
24 service from a serviceman, to the extent that the proceeds of  
25 the service charge are in fact turned over as tips or as a  
26 substitute for tips to the employees who participate directly

1 in preparing, serving, hosting or cleaning up the food or  
2 beverage function with respect to which the service charge is  
3 imposed.

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

13 (11) Proceeds from the sale of photoprocessing machinery  
14 and equipment, including repair and replacement parts, both new  
15 and used, including that manufactured on special order,  
16 certified by the purchaser to be used primarily for  
17 photoprocessing, and including photoprocessing machinery and  
18 equipment purchased for lease.

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

1 Public Act 98-456) for such taxes paid during the period  
2 beginning July 1, 2003 and ending on August 16, 2013 (the  
3 effective date of Public Act 98-456).

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

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

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



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

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

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

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

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

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

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

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

1           (21) 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 3-75.

15           (22) 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 other  
18 items, and replacement parts for these machines. Beginning  
19 January 1, 2002 and through June 30, 2003, machines and parts  
20 for machines used in commercial, coin-operated amusement and  
21 vending business if a use or occupation tax is paid on the  
22 gross receipts derived from the use of the commercial,  
23 coin-operated amusement and vending machines. This paragraph  
24 is exempt from the provisions of Section 3-75.

25           (23) Beginning August 23, 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, soft  
2 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 or the Specialized Mental  
11 Health Rehabilitation Act of 2013.

12 (24) Beginning on the effective date of this amendatory Act  
13 of the 92nd General Assembly, computers and communications  
14 equipment utilized for any hospital purpose and equipment used  
15 in the 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 the  
21 Retailers' Occupation Tax Act. If the equipment is leased in a  
22 manner that does not qualify for this exemption or is used in  
23 any other nonexempt manner, the lessor shall be liable for the  
24 tax imposed under this Act or the Use Tax Act, as the case may  
25 be, based on the fair market value of the property at the time  
26 the nonqualifying use occurs. No lessor shall collect or

1 attempt to collect an amount (however designated) that purports  
2 to reimburse that lessor for the tax imposed by this Act or the  
3 Use Tax Act, as the case may be, if the tax has not been paid by  
4 the lessor. If a lessor improperly collects any such amount  
5 from the lessee, the lessee shall have a legal right to claim a  
6 refund of that amount from the lessor. If, however, that amount  
7 is not refunded to the lessee for any reason, the lessor is  
8 liable to pay that amount to the Department. This paragraph is  
9 exempt from the provisions of Section 3-75.

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

1 from the lessee, the lessee shall have a legal right to claim a  
2 refund of that amount from the lessor. If, however, that amount  
3 is not refunded to the lessee for any reason, the lessor is  
4 liable to pay that amount to the Department. This paragraph is  
5 exempt from the provisions of Section 3-75.

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

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

1 films. This exemption applies only to the use of qualifying  
2 tangible personal property transferred incident to the  
3 modification, refurbishment, completion, replacement, repair,  
4 or maintenance of aircraft by persons who (i) hold an Air  
5 Agency Certificate and are empowered to operate an approved  
6 repair station by the Federal Aviation Administration, (ii)  
7 have a Class IV Rating, and (iii) conduct operations in  
8 accordance with Part 145 of the Federal Aviation Regulations.  
9 The exemption does not include aircraft operated by a  
10 commercial air carrier providing scheduled passenger air  
11 service pursuant to authority issued under Part 121 or Part 129  
12 of the Federal Aviation Regulations. The changes made to this  
13 paragraph (27) by Public Act 98-534 are declarative of existing  
14 law.

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



1 provided in Section 11-65-25 of the Illinois Municipal Code.  
2 This paragraph is exempt from the provisions of Section 3-75.  
3 (Source: P.A. 97-38, eff. 6-28-11; 97-227, eff. 1-1-12; 97-431,  
4 eff. 8-16-11; 97-636, eff. 6-1-12; 97-767, eff. 7-9-12; 98-104,  
5 eff. 7-22-13; 98-422, eff. 8-16-13; 98-456, eff. 8-16-13;  
6 98-534, eff. 8-23-13; 98-756, eff. 7-16-14.)

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

9 (35 ILCS 115/3-5)

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

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

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

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

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

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

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

26 (6) Personal property sold by a teacher-sponsored student

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

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

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

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

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

11 Repair and replacement parts transferred as part of a  
12 goodwill repair of exempt farm machinery and equipment shall  
13 also be exempt from the tax imposed by this Act. For purposes  
14 of this item (7), "goodwill repair" means a repair made by a  
15 seller for no charge that a seller is not obligated to make.

16 This item (7) is exempt from the provisions of Section  
17 3-55.

18 (8) 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 conduct  
21 of its business as an air common carrier, for a flight destined  
22 for or returning from a location or locations outside the  
23 United States without regard to previous or subsequent domestic  
24 stopovers.

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

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

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

26 (11) Photoprocessing machinery and equipment, including

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

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

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

1 in the ID/DD Community Care Act or the Specialized Mental  
2 Health Rehabilitation Act of 2013.

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

5 (15) Horses, or interests in horses, registered with and  
6 meeting the requirements of any of the Arabian Horse Club  
7 Registry of America, Appaloosa Horse Club, American Quarter  
8 Horse Association, United States Trotting Association, or  
9 Jockey Club, as appropriate, used for purposes of breeding or  
10 racing for prizes. This item (15) is exempt from the provisions  
11 of Section 3-55, and the exemption provided for under this item  
12 (15) applies for all periods beginning May 30, 1995, but no  
13 claim for credit or refund is allowed on or after January 1,  
14 2008 (the effective date of Public Act 95-88) for such taxes  
15 paid during the period beginning May 30, 2000 and ending on  
16 January 1, 2008 (the effective date of Public Act 95-88).

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

25 (17) Personal property sold to a lessor who leases the  
26 property, under a lease of one year or longer executed or in

1 effect at the time of the purchase, to a governmental body that  
2 has been issued an active tax exemption identification number  
3 by the Department under Section 1g of the Retailers' Occupation  
4 Tax Act.

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

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



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

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

23           (22) Beginning January 1, 2000, personal property,  
24 including food, purchased through fundraising events for the  
25 benefit of a public or private elementary or secondary school,  
26 a group of those schools, or one or more school districts if

1 the events are sponsored by an entity recognized by the school  
2 district that consists primarily of volunteers and includes  
3 parents and teachers of the school children. This paragraph  
4 does not apply to fundraising events (i) for the benefit of  
5 private home instruction or (ii) for which the fundraising  
6 entity purchases the personal property sold at the events from  
7 another individual or entity that sold the property for the  
8 purpose of resale by the fundraising entity and that profits  
9 from the sale to the fundraising entity. This paragraph is  
10 exempt from the provisions of Section 3-55.

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

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

1 purchase, to a hospital that has been issued an active tax  
2 exemption identification number by the Department under  
3 Section 1g of the Retailers' Occupation Tax Act. This paragraph  
4 is exempt from the provisions of Section 3-55.

5 (25) Beginning on the effective date of this amendatory Act  
6 of the 92nd General Assembly, personal property sold to a  
7 lessor who leases the property, under a lease of one year or  
8 longer executed or in effect at the time of the purchase, to a  
9 governmental body that has been issued an active tax exemption  
10 identification number by the Department under Section 1g of the  
11 Retailers' Occupation Tax Act. This paragraph is exempt from  
12 the provisions of Section 3-55.

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

1 Department who is eligible for the exemption under this  
2 paragraph (26). The permit issued under this paragraph (26)  
3 shall authorize the holder, to the extent and in the manner  
4 specified in the rules adopted under this Act, to purchase  
5 tangible personal property from a retailer exempt from the  
6 taxes imposed by this Act. Taxpayers shall maintain all  
7 necessary books and records to substantiate the use and  
8 consumption of all such tangible personal property outside of  
9 the State of Illinois.

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

17 (28) 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 3-55.

5 (29) Beginning January 1, 2010, materials, parts,  
6 equipment, components, and furnishings incorporated into or  
7 upon an aircraft as part of the modification, refurbishment,  
8 completion, replacement, repair, or maintenance of the  
9 aircraft. This exemption includes consumable supplies used in  
10 the modification, refurbishment, completion, replacement,  
11 repair, and maintenance of aircraft, but excludes any  
12 materials, parts, equipment, components, and consumable  
13 supplies used in the modification, replacement, repair, and  
14 maintenance of aircraft engines or power plants, whether such  
15 engines or power plants are installed or uninstalled upon any  
16 such aircraft. "Consumable supplies" include, but are not  
17 limited to, adhesive, tape, sandpaper, general purpose  
18 lubricants, cleaning solution, latex gloves, and protective  
19 films. This exemption applies only to the transfer of  
20 qualifying tangible personal property incident to the  
21 modification, refurbishment, completion, replacement, repair,  
22 or maintenance of an aircraft by persons who (i) hold an Air  
23 Agency Certificate and are empowered to operate an approved  
24 repair station by the Federal Aviation Administration, (ii)  
25 have a Class IV Rating, and (iii) conduct operations in  
26 accordance with Part 145 of the Federal Aviation Regulations.

1 The exemption does not include aircraft operated by a  
2 commercial air carrier providing scheduled passenger air  
3 service pursuant to authority issued under Part 121 or Part 129  
4 of the Federal Aviation Regulations. The changes made to this  
5 paragraph (29) by Public Act 98-534 are declarative of existing  
6 law.

7 (Source: P.A. 97-38, eff. 6-28-11; 97-73, eff. 6-30-11; 97-227,  
8 eff. 1-1-12; 97-431, eff. 8-16-11; 97-636, eff. 6-1-12; 97-767,  
9 eff. 7-9-12; 98-104, eff. 7-22-13; 98-422, eff. 8-16-13;  
10 98-456, eff. 8-16-13; 98-534, eff. 8-23-13; 98-756, eff.  
11 7-16-14.)

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

14 (35 ILCS 120/2-5)

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

18 (1) Farm chemicals.

19 (2) 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

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

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

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

1 crop data for the purpose of formulating animal diets and  
2 agricultural chemicals.

3 Repair and replacement parts transferred as part of a  
4 goodwill repair of exempt farm machinery and equipment shall  
5 also be exempt from the tax imposed by this Act. For purposes  
6 of this item (2), "goodwill repair" means a repair made by a  
7 seller for no charge that a seller is not obligated to make.

8 This item (2) is exempt from the provisions of Section  
9 2-70.

10 (3) 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 (4) Until July 1, 2003 and beginning again September 1,  
17 2004 through August 30, 2014, graphic arts machinery and  
18 equipment, including repair and replacement parts, both new and  
19 used, and including that manufactured on special order or  
20 purchased for lease, certified by the purchaser to be used  
21 primarily for graphic arts production. Equipment includes  
22 chemicals or chemicals acting as catalysts but only if the  
23 chemicals or chemicals acting as catalysts effect a direct and  
24 immediate change upon a graphic arts product.

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



1 This paragraph is exempt from the provisions of Section 2-70.

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

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

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

11 (9) Personal property sold to a not-for-profit arts or  
12 cultural organization that establishes, by proof required by  
13 the Department by rule, that it has received an exemption under  
14 Section 501(c)(3) of the Internal Revenue Code and that is  
15 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 the effective date  
22 of this amendatory Act of the 92nd General Assembly, however,  
23 an entity otherwise eligible for this exemption shall not make  
24 tax-free purchases unless it has an active identification  
25 number issued by the Department.

26 (10) Personal property sold by a corporation, society,

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

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

21 (12) Tangible personal property sold to interstate  
22 carriers for hire for use as rolling stock moving in interstate  
23 commerce or to lessors under leases of one year or longer  
24 executed or in effect at the time of purchase by interstate  
25 carriers for hire for use as rolling stock moving in interstate  
26 commerce and equipment operated by a telecommunications

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

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

22 (13) Proceeds from sales to owners, lessors, or shippers of  
23 tangible personal property that is utilized by interstate  
24 carriers for hire for use as rolling stock moving in interstate  
25 commerce and equipment operated by a telecommunications  
26 provider, licensed as a common carrier by the Federal

1 Communications Commission, which is permanently installed in  
2 or affixed to aircraft moving in interstate commerce.

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

24 (15) Proceeds of mandatory service charges separately  
25 stated on customers' bills for purchase and consumption of food  
26 and beverages, to the extent that the proceeds of the service

1 charge are in fact turned over as tips or as a substitute for  
2 tips to the employees who participate directly in preparing,  
3 serving, hosting or cleaning up the food or beverage function  
4 with respect to which the service charge is imposed.

5 (16) Petroleum products sold to a purchaser if the seller  
6 is prohibited by federal law from charging tax to the  
7 purchaser.

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

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

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

1 equipment purchased for lease; but excluding motor vehicles  
2 required to be registered under the Illinois Vehicle Code.

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

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

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

26 Beginning July 1, 2013, fuel and petroleum products sold to

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

10 (23) A transaction in which the purchase order is received  
11 by a florist who is located outside Illinois, but who has a  
12 florist located in Illinois deliver the property to the  
13 purchaser or the purchaser's donee in Illinois.

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

20 (25) Except as provided in item (25-5) of this Section, a  
21 motor vehicle sold in this State to a nonresident even though  
22 the motor vehicle is delivered to the nonresident in this  
23 State, if the motor vehicle is not to be titled in this State,  
24 and if a drive-away permit is issued to the motor vehicle as  
25 provided in Section 3-603 of the Illinois Vehicle Code or if  
26 the nonresident purchaser has vehicle registration plates to

1 transfer to the motor vehicle upon returning to his or her home  
2 state. The issuance of the drive-away permit or having the  
3 out-of-state registration plates to be transferred is prima  
4 facie evidence that the motor vehicle will not be titled in  
5 this State.

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



1 this state following the filing of an intent to title the  
2 vehicle in the purchaser's state of residence if the purchaser  
3 titles the vehicle in his or her state of residence within 30  
4 days after the date of sale. The tax collected under this Act  
5 in accordance with this item (25-5) shall be proportionately  
6 distributed as if the tax were collected at the 6.25% general  
7 rate imposed under this Act.

8 (25-7) Beginning on July 1, 2007, no tax is imposed under  
9 this Act on the sale of an aircraft, as defined in Section 3 of  
10 the Illinois Aeronautics Act, if all of the following  
11 conditions are met:

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

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

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

1 the address of the primary physical location of the  
2 aircraft, and other information that the Department may  
3 reasonably require.

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

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

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

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

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

17 (27) 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 (27) is exempt from the provisions  
23 of Section 2-70, and the exemption provided for under this item  
24 (27) applies for all periods beginning May 30, 1995, but no  
25 claim for credit or refund is allowed on or after January 1,  
26 2008 (the effective date of Public Act 95-88) for such taxes

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

3 (28) 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 this Act.

11 (29) 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 this Act.

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

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

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

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

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

22 (35) Beginning January 1, 2000 and through December 31,  
23 2001, new or used automatic vending machines that prepare and  
24 serve hot food and beverages, including coffee, soup, and other  
25 items, and replacement parts for these machines. Beginning  
26 January 1, 2002 and through June 30, 2003, machines and parts

1 for machines used in commercial, coin-operated amusement and  
2 vending business if a use or occupation tax is paid on the  
3 gross receipts derived from the use of the commercial,  
4 coin-operated amusement and vending machines. This paragraph  
5 is exempt from the provisions of Section 2-70.

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

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

1 provisions of Section 2-70.

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

9 (38) Beginning on January 1, 2002 and through June 30,  
10 2016, tangible personal property purchased from an Illinois  
11 retailer by a taxpayer engaged in centralized purchasing  
12 activities in Illinois who will, upon receipt of the property  
13 in Illinois, temporarily store the property in Illinois (i) for  
14 the purpose of subsequently transporting it outside this State  
15 for use or consumption thereafter solely outside this State or  
16 (ii) for the purpose of being processed, fabricated, or  
17 manufactured into, attached to, or incorporated into other  
18 tangible personal property to be transported outside this State  
19 and 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 (38)  
25 shall authorize the holder, to the extent and in the manner  
26 specified in the rules adopted under this Act, to purchase

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

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

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



1 films. This exemption applies only to the sale of qualifying  
2 tangible personal property to persons who modify, refurbish,  
3 complete, replace, or maintain an aircraft and who (i) hold an  
4 Air Agency Certificate and are empowered to operate an approved  
5 repair station by the Federal Aviation Administration, (ii)  
6 have a Class IV Rating, and (iii) conduct operations in  
7 accordance with Part 145 of the Federal Aviation Regulations.  
8 The exemption does not include aircraft operated by a  
9 commercial air carrier providing scheduled passenger air  
10 service pursuant to authority issued under Part 121 or Part 129  
11 of the Federal Aviation Regulations. The changes made to this  
12 paragraph (40) by Public Act 98-534 are declarative of existing  
13 law.

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

1 This paragraph is exempt from the provisions of Section 2-70.  
2 (Source: P.A. 97-38, eff. 6-28-11; 97-73, eff. 6-30-11; 97-227,  
3 eff. 1-1-12; 97-431, eff. 8-16-11; 97-636, eff. 6-1-12; 97-767,  
4 eff. 7-9-12; 98-104, eff. 7-22-13; 98-422, eff. 8-16-13;  
5 98-456, eff. 8-16-13; 98-534, eff. 8-23-13; 98-574, eff.  
6 1-1-14; 98-583, eff. 1-1-14; 98-756, eff. 7-16-14.)".