



104TH GENERAL ASSEMBLY

State of Illinois

2025 and 2026

HB2509

Introduced 2/4/2025, by Rep. Jed Davis

SYNOPSIS AS INTRODUCED:

35 ILCS 105/3-5
35 ILCS 110/3-5
35 ILCS 115/3-5
35 ILCS 120/2-5

Amends the Use Tax Act, the Service Use Tax Act, the Service Occupation Tax Act, and the Retailers' Occupation Tax Act. Provides that certain materials furnished to a common interest community association pursuant to a contract entered into with the highway commissioner of a road district are exempt from the taxes imposed under those Acts.

LRB104 11822 HLH 21912 b

1 AN ACT concerning revenue.

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

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

6 (35 ILCS 105/3-5)

7 Sec. 3-5. Exemptions. Use, which, on and after January 1,
8 2025, includes use by a lessee, of the following tangible
9 personal property is exempt from the tax imposed by this Act:

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

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

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

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

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

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

4 (6) Until July 1, 2003 and beginning again on September 1,
5 2004 through August 30, 2014, graphic arts machinery and
6 equipment, including repair and replacement parts, both new
7 and used, and including that manufactured on special order,
8 certified by the purchaser to be used primarily for graphic
9 arts production, and including machinery and equipment
10 purchased for lease. Equipment includes chemicals or chemicals
11 acting as catalysts but only if the chemicals or chemicals
12 acting as catalysts effect a direct and immediate change upon
13 a graphic arts product. Beginning on July 1, 2017, graphic
14 arts machinery and equipment is included in the manufacturing
15 and assembling machinery and equipment exemption under
16 paragraph (18).

17 (7) Farm chemicals.

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

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

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

1 Act.

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

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

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

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

10 Beginning on January 1, 2024, farm machinery and equipment
11 also includes electrical power generation equipment used
12 primarily for production agriculture.

13 This item (11) is exempt from the provisions of Section
14 3-90.

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

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

1 United States and any of its possessions and (ii) transports
2 at least one individual or package for hire from the city of
3 origination to the city of final destination on the same
4 aircraft, without regard to a change in the flight number of
5 that aircraft.

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

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

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

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

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

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

20 (18) Manufacturing and assembling machinery and equipment
21 used primarily in the process of manufacturing or assembling
22 tangible personal property for wholesale or retail sale or
23 lease, whether that sale or lease is made directly by the
24 manufacturer or by some other person, whether the materials
25 used in the process are owned by the manufacturer or some other
26 person, or whether that sale or lease is made apart from or as

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

22 (30) Beginning January 1, 2001 and through June 30, 2016,
23 food for human consumption that is to be consumed off the
24 premises where it is sold (other than alcoholic beverages,
25 soft drinks, and food that has been prepared for immediate
26 consumption) and prescription and nonprescription medicines,

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

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

1 tax has not been paid by the lessor. If a lessor improperly
2 collects any such amount from the lessee, the lessee shall
3 have a legal right to claim a refund of that amount from the
4 lessor. If, however, that amount is not refunded to the lessee
5 for any reason, the lessor is liable to pay that amount to the
6 Department. This paragraph is exempt from the provisions of
7 Section 3-90.

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

1 lessor. If, however, that amount is not refunded to the lessee
2 for any reason, the lessor is liable to pay that amount to the
3 Department. This paragraph is exempt from the provisions of
4 Section 3-90.

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

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

1 Protection Act, that is operated by a not-for-profit
2 corporation that holds a valid water supply permit issued
3 under Title IV of the Environmental Protection Act. This
4 paragraph is exempt from the provisions of Section 3-90.

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

21 Beginning January 1, 2010 and continuing through December
22 31, 2023, this exemption applies only to the use of qualifying
23 tangible personal property by persons who modify, refurbish,
24 complete, repair, replace, or maintain aircraft and who (i)
25 hold an Air Agency Certificate and are empowered to operate an
26 approved repair station by the Federal Aviation

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

15 The exemption does not include aircraft operated by a
16 commercial air carrier providing scheduled passenger air
17 service pursuant to authority issued under Part 121 or Part
18 129 of the Federal Aviation Regulations. The changes made to
19 this paragraph (35) by Public Act 98-534 are declarative of
20 existing law. It is the intent of the General Assembly that the
21 exemption under this paragraph (35) applies continuously from
22 January 1, 2010 through December 31, 2024; however, no claim
23 for credit or refund is allowed for taxes paid as a result of
24 the disallowance of this exemption on or after January 1, 2015
25 and prior to February 5, 2020 (the effective date of Public Act
26 101-629).

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

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

18 (38) Merchandise that is subject to the Rental Purchase
19 Agreement Occupation and Use Tax. The purchaser must certify
20 that the item is purchased to be rented subject to a
21 rental-purchase agreement, as defined in the Rental-Purchase
22 Agreement Act, and provide proof of registration under the
23 Rental Purchase Agreement Occupation and Use Tax Act. This
24 paragraph is exempt from the provisions of Section 3-90.

25 (39) Tangible personal property purchased by a purchaser
26 who is exempt from the tax imposed by this Act by operation of

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

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

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

22 For the purposes of this item (40):

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

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

1 Economic Opportunity.

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

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

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

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

20 "Breast pump collection and storage supplies"
21 includes, but is not limited to: breast shields and breast
22 shield connectors; breast pump tubes and tubing adapters;
23 breast pump valves and membranes; backflow protectors and
24 backflow protector adaptors; bottles and bottle caps
25 specific to the operation of the breast pump; and breast
26 milk storage bags.

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

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

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

24 (43) Beginning on January 1, 2024, tangible personal
25 property purchased by an active duty member of the armed
26 forces of the United States who presents valid military

1 identification and purchases the property using a form of
2 payment where the federal government is the payor. The member
3 of the armed forces must complete, at the point of sale, a form
4 prescribed by the Department of Revenue documenting that the
5 transaction is eligible for the exemption under this
6 paragraph. Retailers must keep the form as documentation of
7 the exemption in their records for a period of not less than 6
8 years. "Armed forces of the United States" means the United
9 States Army, Navy, Air Force, Space Force, Marine Corps, or
10 Coast Guard. This paragraph is exempt from the provisions of
11 Section 3-90.

12 (44) Beginning July 1, 2024, home-delivered meals provided
13 to Medicare or Medicaid recipients when payment is made by an
14 intermediary, such as a Medicare Administrative Contractor, a
15 Managed Care Organization, or a Medicare Advantage
16 Organization, pursuant to a government contract. This item
17 (44) is exempt from the provisions of Section 3-90.

18 (45) ~~(44)~~ Beginning on January 1, 2026, as further defined
19 in Section 3-10, food for human consumption that is to be
20 consumed off the premises where it is sold (other than
21 alcoholic beverages, food consisting of or infused with adult
22 use cannabis, soft drinks, candy, and food that has been
23 prepared for immediate consumption). This item (45) ~~(44)~~ is
24 exempt from the provisions of Section 3-90.

25 (46) ~~(44)~~ Use by the lessee of the following leased
26 tangible personal property:

1 (1) software transferred subject to a license that
2 meets the following requirements:

3 (A) it is evidenced by a written agreement signed
4 by the licensor and the customer;

5 (i) an electronic agreement in which the
6 customer accepts the license by means of an
7 electronic signature that is verifiable and can be
8 authenticated and is attached to or made part of
9 the license will comply with this requirement;

10 (ii) a license agreement in which the customer
11 electronically accepts the terms by clicking "I
12 agree" does not comply with this requirement;

13 (B) it restricts the customer's duplication and
14 use of the software;

15 (C) it prohibits the customer from licensing,
16 sublicensing, or transferring the software to a third
17 party (except to a related party) without the
18 permission and continued control of the licensor;

19 (D) the licensor has a policy of providing another
20 copy at minimal or no charge if the customer loses or
21 damages the software, or of permitting the licensee to
22 make and keep an archival copy, and such policy is
23 either stated in the license agreement, supported by
24 the licensor's books and records, or supported by a
25 notarized statement made under penalties of perjury by
26 the licensor; and

1 (E) the customer must destroy or return all copies
2 of the software to the licensor at the end of the
3 license period; this provision is deemed to be met, in
4 the case of a perpetual license, without being set
5 forth in the license agreement; and

6 (2) property that is subject to a tax on lease
7 receipts imposed by a home rule unit of local government
8 if the ordinance imposing that tax was adopted prior to
9 January 1, 2023.

10 (47) Materials furnished to a common interest community
11 association pursuant to a contract entered into with the
12 highway commissioner of a road district under subsection (k)
13 of Section 1-30 of the Common Interest Community Association
14 Act. This paragraph is exempt from the provisions of Section
15 3-90.

16 (Source: P.A. 102-16, eff. 6-17-21; 102-700, Article 70,
17 Section 70-5, eff. 4-19-22; 102-700, Article 75, Section 75-5,
18 eff. 4-19-22; 102-1026, eff. 5-27-22; 103-9, Article 5,
19 Section 5-5, eff. 6-7-23; 103-9, Article 15, Section 15-5,
20 eff. 6-7-23; 103-154, eff. 6-30-23; 103-384, eff. 1-1-24;
21 103-592, eff. 1-1-25; 103-605, eff. 7-1-24; 103-643, eff.
22 7-1-24; 103-746, eff. 1-1-25; 103-781, eff. 8-5-24; revised
23 11-26-24.)

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

1 (35 ILCS 110/3-5)

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

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

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

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

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

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

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

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

23 (7) Farm machinery and equipment, both new and used,
24 including that manufactured on special order, certified by the
25 purchaser to be used primarily for production agriculture or
26 State or federal agricultural programs, including individual

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

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

24 Farm machinery and equipment also includes computers,
25 sensors, software, and related equipment used primarily in the
26 computer-assisted operation of production agriculture

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

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

8 This item (7) is exempt from the provisions of Section
9 3-75.

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

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

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

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

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

26 (12) Until July 1, 2028, coal and aggregate exploration,

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

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

13 (14) Horses, or interests in horses, registered with and
14 meeting the requirements of any of the Arabian Horse Club
15 Registry of America, Appaloosa Horse Club, American Quarter
16 Horse Association, United States Trotting Association, or
17 Jockey Club, as appropriate, used for purposes of breeding or
18 racing for prizes. This item (14) is exempt from the
19 provisions of Section 3-75, and the exemption provided for
20 under this item (14) applies for all periods beginning May 30,
21 1995, but no claim for credit or refund is allowed on or after
22 January 1, 2008 (the effective date of Public Act 95-88) for
23 such taxes paid during the period beginning May 30, 2000 and
24 ending on January 1, 2008 (the effective date of Public Act
25 95-88).

26 (15) Computers and communications equipment utilized for

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

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

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

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

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

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

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

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

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

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

1 serve hot food and beverages, including coffee, soup, and
2 other items, and replacement parts for these machines.
3 Beginning January 1, 2002 and through June 30, 2003, machines
4 and parts for machines used in commercial, coin-operated
5 amusement and vending business if a use or occupation tax is
6 paid on the gross receipts derived from the use of the
7 commercial, coin-operated amusement and vending machines. This
8 paragraph is exempt from the provisions of Section 3-75.

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

22 (24) Beginning on August 2, 2001 (the effective date of
23 Public Act 92-227), computers and communications equipment
24 utilized for any hospital purpose and equipment used in the
25 diagnosis, analysis, or treatment of hospital patients
26 purchased by a lessor who leases the equipment, under a lease

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

21 (25) Beginning on August 2, 2001 (the effective date of
22 Public Act 92-227), personal property purchased by a lessor
23 who leases the property, under a lease of one year or longer
24 executed or in effect at the time the lessor would otherwise be
25 subject to the tax imposed by this Act, to a governmental body
26 that has been issued an active tax exemption identification

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

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

24 (27) Beginning January 1, 2010 and continuing through
25 December 31, 2029, materials, parts, equipment, components,
26 and furnishings incorporated into or upon an aircraft as part

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

14 Beginning January 1, 2010 and continuing through December
15 31, 2023, this exemption applies only to the use of qualifying
16 tangible personal property transferred incident to the
17 modification, refurbishment, completion, replacement, repair,
18 or maintenance of aircraft by persons who (i) hold an Air
19 Agency Certificate and are empowered to operate an approved
20 repair station by the Federal Aviation Administration, (ii)
21 have a Class IV Rating, and (iii) conduct operations in
22 accordance with Part 145 of the Federal Aviation Regulations.
23 From January 1, 2024 through December 31, 2029, this exemption
24 applies only to the use of qualifying tangible personal
25 property transferred incident to: (A) the modification,
26 refurbishment, completion, repair, replacement, or maintenance

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

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
12 129 of the Federal Aviation Regulations. The changes made to
13 this paragraph (27) by Public Act 98-534 are declarative of
14 existing law. It is the intent of the General Assembly that the
15 exemption under this paragraph (27) applies continuously from
16 January 1, 2010 through December 31, 2024; however, no claim
17 for credit or refund is allowed for taxes paid as a result of
18 the disallowance of this exemption on or after January 1, 2015
19 and prior to February 5, 2020 (the effective date of Public Act
20 101-629).

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

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

10 (29) Beginning January 1, 2017 and through December 31,
11 2026, menstrual pads, tampons, and menstrual cups.

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

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

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

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

9 For the purposes of this item (31):

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

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

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

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

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

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

1 time of sale.

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

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

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

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

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

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

11 (34) Beginning on January 1, 2024, tangible personal
12 property purchased by an active duty member of the armed
13 forces of the United States who presents valid military
14 identification and purchases the property using a form of
15 payment where the federal government is the payor. The member
16 of the armed forces must complete, at the point of sale, a form
17 prescribed by the Department of Revenue documenting that the
18 transaction is eligible for the exemption under this
19 paragraph. Retailers must keep the form as documentation of
20 the exemption in their records for a period of not less than 6
21 years. "Armed forces of the United States" means the United
22 States Army, Navy, Air Force, Space Force, Marine Corps, or
23 Coast Guard. This paragraph is exempt from the provisions of
24 Section 3-75.

25 (35) Beginning July 1, 2024, home-delivered meals provided
26 to Medicare or Medicaid recipients when payment is made by an

1 intermediary, such as a Medicare Administrative Contractor, a
2 Managed Care Organization, or a Medicare Advantage
3 Organization, pursuant to a government contract. This
4 paragraph (35) is exempt from the provisions of Section 3-75.

5 (36) ~~(35)~~ Beginning on January 1, 2026, as further defined
6 in Section 3-10, food prepared for immediate consumption and
7 transferred incident to a sale of service subject to this Act
8 or the Service Occupation Tax Act by an entity licensed under
9 the Hospital Licensing Act, the Nursing Home Care Act, the
10 Assisted Living and Shared Housing Act, the ID/DD Community
11 Care Act, the MC/DD Act, the Specialized Mental Health
12 Rehabilitation Act of 2013, or the Child Care Act of 1969, or
13 by an entity that holds a permit issued pursuant to the Life
14 Care Facilities Act. This item (36) ~~(35)~~ is exempt from the
15 provisions of Section 3-75.

16 (37) ~~(36)~~ Beginning on January 1, 2026, as further defined
17 in Section 3-10, food for human consumption that is to be
18 consumed off the premises where it is sold (other than
19 alcoholic beverages, food consisting of or infused with adult
20 use cannabis, soft drinks, candy, and food that has been
21 prepared for immediate consumption). This item (37) ~~(36)~~ is
22 exempt from the provisions of Section 3-75.

23 (38) ~~(35)~~ Use by a lessee of the following leased tangible
24 personal property:

25 (1) software transferred subject to a license that
26 meets the following requirements:

1 (A) it is evidenced by a written agreement signed
2 by the licensor and the customer;

3 (i) an electronic agreement in which the
4 customer accepts the license by means of an
5 electronic signature that is verifiable and can be
6 authenticated and is attached to or made part of
7 the license will comply with this requirement;

8 (ii) a license agreement in which the customer
9 electronically accepts the terms by clicking "I
10 agree" does not comply with this requirement;

11 (B) it restricts the customer's duplication and
12 use of the software;

13 (C) it prohibits the customer from licensing,
14 sublicensing, or transferring the software to a third
15 party (except to a related party) without the
16 permission and continued control of the licensor;

17 (D) the licensor has a policy of providing another
18 copy at minimal or no charge if the customer loses or
19 damages the software, or of permitting the licensee to
20 make and keep an archival copy, and such policy is
21 either stated in the license agreement, supported by
22 the licensor's books and records, or supported by a
23 notarized statement made under penalties of perjury by
24 the licensor; and

25 (E) the customer must destroy or return all copies
26 of the software to the licensor at the end of the

1 license period; this provision is deemed to be met, in
2 the case of a perpetual license, without being set
3 forth in the license agreement; and

4 (2) property that is subject to a tax on lease
5 receipts imposed by a home rule unit of local government
6 if the ordinance imposing that tax was adopted prior to
7 January 1, 2023.

8 (39) Materials furnished to a common interest community
9 association pursuant to a contract entered into with the
10 highway commissioner of a road district under subsection (k)
11 of Section 1-30 of the Common Interest Community Association
12 Act. This paragraph is exempt from the provisions of Section
13 3-75.

14 (Source: P.A. 102-16, eff. 6-17-21; 102-700, Article 70,
15 Section 70-10, eff. 4-19-22; 102-700, Article 75, Section
16 75-10, eff. 4-19-22; 102-1026, eff. 5-27-22; 103-9, Article 5,
17 Section 5-10, eff. 6-7-23; 103-9, Article 15, Section 15-10,
18 eff. 6-7-23; 103-154, eff. 6-30-23; 103-384, eff. 1-1-24;
19 103-592, eff. 1-1-25; 103-605, eff. 7-1-24; 103-643, eff.
20 7-1-24; 103-746, eff. 1-1-25; 103-781, eff. 8-5-24; 103-995,
21 eff. 8-9-24; revised 11-26-24.)

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

24 (35 ILCS 115/3-5)

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

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

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

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

1 by the Department.

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

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

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

21 (7) Farm machinery and equipment, both new and used,
22 including that manufactured on special order, certified by the
23 purchaser to be used primarily for production agriculture or
24 State or federal agricultural programs, including individual
25 replacement parts for the machinery and equipment, including
26 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
4 to be registered under Section 3-809 of the Illinois Vehicle
5 Code, but excluding other motor vehicles required to be
6 registered under the Illinois Vehicle Code. Horticultural
7 polyhouses or hoop houses used for propagating, growing, or
8 overwintering plants shall be considered farm machinery and
9 equipment under this item (7). Agricultural chemical tender
10 tanks and dry boxes shall include units sold separately from a
11 motor vehicle required to be licensed and units sold mounted
12 on a motor vehicle required to be licensed if the selling price
13 of the 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 Beginning on January 1, 2024, farm machinery and equipment
4 also includes electrical power generation equipment used
5 primarily for production agriculture.

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

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

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

25 (9) Proceeds of mandatory service charges separately
26 stated on customers' bills for the purchase and consumption of

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

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

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

22 (12) Until July 1, 2028, coal and aggregate exploration,
23 mining, off-highway hauling, processing, maintenance, and
24 reclamation equipment, including replacement parts and
25 equipment, and including equipment purchased for lease, but
26 excluding motor vehicles required to be registered under the

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

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

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

22 (15) Horses, or interests in horses, registered with and
23 meeting the requirements of any of the Arabian Horse Club
24 Registry of America, Appaloosa Horse Club, American Quarter
25 Horse Association, United States Trotting Association, or
26 Jockey Club, as appropriate, used for purposes of breeding or

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

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

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

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

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

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

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

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

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

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

1 another individual or entity that sold the property for the
2 purpose of resale by the fundraising entity and that profits
3 from the sale to the fundraising entity. This paragraph is
4 exempt from the provisions of Section 3-55.

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

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

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

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

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

1 all necessary books and records to substantiate the use and
2 consumption of all such tangible personal property outside of
3 the State of Illinois.

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

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

26 (29) Beginning January 1, 2010 and continuing through

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

16 Beginning January 1, 2010 and continuing through December
17 31, 2023, this exemption applies only to the transfer of
18 qualifying tangible personal property incident to the
19 modification, refurbishment, completion, replacement, repair,
20 or maintenance of an aircraft by persons who (i) hold an Air
21 Agency Certificate and are empowered to operate an approved
22 repair station by the Federal Aviation Administration, (ii)
23 have a Class IV Rating, and (iii) conduct operations in
24 accordance with Part 145 of the Federal Aviation Regulations.
25 The exemption does not include aircraft operated by a
26 commercial air carrier providing scheduled passenger air

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

15 The changes made to this paragraph (29) by Public Act
16 98-534 are declarative of existing law. It is the intent of the
17 General Assembly that the exemption under this paragraph (29)
18 applies continuously from January 1, 2010 through December 31,
19 2024; however, no claim for credit or refund is allowed for
20 taxes paid as a result of the disallowance of this exemption on
21 or after January 1, 2015 and prior to February 5, 2020 (the
22 effective date of Public Act 101-629).

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

25 (31) Tangible personal property transferred to a purchaser
26 who is exempt from tax by operation of federal law. This

1 paragraph is exempt from the provisions of Section 3-55.

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

16 The Department of Commerce and Economic Opportunity shall
17 grant a certificate of exemption under this item (32) to
18 qualified data centers as defined by Section 605-1025 of the
19 Department of Commerce and Economic Opportunity Law of the
20 Civil Administrative Code of Illinois.

21 For the purposes of this item (32):

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

26 "Qualified tangible personal property" means:

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

1 This item (32) is exempt from the provisions of Section
2 3-55.

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

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

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

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

26 "Breast pump collection and storage supplies" does not

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

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

19 (34) Tangible personal property sold by or on behalf of
20 the State Treasurer pursuant to the Revised Uniform Unclaimed
21 Property Act. This item (34) is exempt from the provisions of
22 Section 3-55.

23 (35) Beginning on January 1, 2024, tangible personal
24 property purchased by an active duty member of the armed
25 forces of the United States who presents valid military
26 identification and purchases the property using a form of

1 payment where the federal government is the payor. The member
2 of the armed forces must complete, at the point of sale, a form
3 prescribed by the Department of Revenue documenting that the
4 transaction is eligible for the exemption under this
5 paragraph. Retailers must keep the form as documentation of
6 the exemption in their records for a period of not less than 6
7 years. "Armed forces of the United States" means the United
8 States Army, Navy, Air Force, Space Force, Marine Corps, or
9 Coast Guard. This paragraph is exempt from the provisions of
10 Section 3-55.

11 (36) Beginning July 1, 2024, home-delivered meals provided
12 to Medicare or Medicaid recipients when payment is made by an
13 intermediary, such as a Medicare Administrative Contractor, a
14 Managed Care Organization, or a Medicare Advantage
15 Organization, pursuant to a government contract. This
16 paragraph (36) ~~(35)~~ is exempt from the provisions of Section
17 3-55.

18 (37) ~~(36)~~ Beginning on January 1, 2026, as further defined
19 in Section 3-10, food prepared for immediate consumption and
20 transferred incident to a sale of service subject to this Act
21 or the Service Use Tax Act by an entity licensed under the
22 Hospital Licensing Act, the Nursing Home Care Act, the
23 Assisted Living and Shared Housing Act, the ID/DD Community
24 Care Act, the MC/DD Act, the Specialized Mental Health
25 Rehabilitation Act of 2013, or the Child Care Act of 1969 or by
26 an entity that holds a permit issued pursuant to the Life Care

1 Facilities Act. This item (37) ~~(36)~~ is exempt from the
2 provisions of Section 3-55.

3 (38) ~~(37)~~ Beginning on January 1, 2026, as further defined
4 in Section 3-10, food for human consumption that is to be
5 consumed off the premises where it is sold (other than
6 alcoholic beverages, food consisting of or infused with adult
7 use cannabis, soft drinks, candy, and food that has been
8 prepared for immediate consumption). This item (38) ~~(37)~~ is
9 exempt from the provisions of Section 3-55.

10 (39) ~~(36)~~ The lease of the following tangible personal
11 property:

12 (1) computer software transferred subject to a license
13 that meets the following requirements:

14 (A) it is evidenced by a written agreement signed
15 by the licensor and the customer;

16 (i) an electronic agreement in which the
17 customer accepts the license by means of an
18 electronic signature that is verifiable and can be
19 authenticated and is attached to or made part of
20 the license will comply with this requirement;

21 (ii) a license agreement in which the customer
22 electronically accepts the terms by clicking "I
23 agree" does not comply with this requirement;

24 (B) it restricts the customer's duplication and
25 use of the software;

26 (C) it prohibits the customer from licensing,

1 sublicensing, or transferring the software to a third
2 party (except to a related party) without the
3 permission and continued control of the licensor;

4 (D) the licensor has a policy of providing another
5 copy at minimal or no charge if the customer loses or
6 damages the software, or of permitting the licensee to
7 make and keep an archival copy, and such policy is
8 either stated in the license agreement, supported by
9 the licensor's books and records, or supported by a
10 notarized statement made under penalties of perjury by
11 the licensor; and

12 (E) the customer must destroy or return all copies
13 of the software to the licensor at the end of the
14 license period; this provision is deemed to be met, in
15 the case of a perpetual license, without being set
16 forth in the license agreement; and

17 (2) property that is subject to a tax on lease
18 receipts imposed by a home rule unit of local government
19 if the ordinance imposing that tax was adopted prior to
20 January 1, 2023.

21 (40) Materials furnished to a common interest community
22 association pursuant to a contract entered into with the
23 highway commissioner of a road district under subsection (k)
24 of Section 1-30 of the Common Interest Community Association
25 Act. This paragraph is exempt from the provisions of Section
26 3-55.

1 (Source: P.A. 102-16, eff. 6-17-21; 102-700, Article 70,
2 Section 70-15, eff. 4-19-22; 102-700, Article 75, Section
3 75-15, eff. 4-19-22; 102-1026, eff. 5-27-22; 103-9, Article 5,
4 Section 5-15, eff. 6-7-23; 103-9, Article 15, Section 15-15,
5 eff. 6-7-23; 103-154, eff. 6-30-23; 103-384, eff. 1-1-24;
6 103-592, eff. 1-1-25; 103-605, eff. 7-1-24; 103-643, eff.
7 7-1-24; 103-746, eff. 1-1-25; 103-781, eff. 8-5-24; 103-995,
8 eff. 8-9-24; revised 11-26-24.)

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

11 (35 ILCS 120/2-5)

12 Sec. 2-5. Exemptions. Gross receipts from proceeds from
13 the sale, which, on and after January 1, 2025, includes the
14 lease, of the following tangible personal property are exempt
15 from the tax imposed by this Act:

16 (1) Farm chemicals.

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

1 machinery and agricultural chemical and fertilizer
2 spreaders, and nurse wagons required to be registered
3 under Section 3-809 of the Illinois Vehicle Code, but
4 excluding other motor vehicles required to be registered
5 under the Illinois Vehicle Code. Horticultural polyhouses
6 or hoop houses used for propagating, growing, or
7 overwintering plants shall be considered farm machinery
8 and equipment under this item (2). Agricultural chemical
9 tender tanks and dry boxes shall include units sold
10 separately from a motor vehicle required to be licensed
11 and units sold mounted on a motor vehicle required to be
12 licensed, if the selling price of the tender is separately
13 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
17 not limited to, tractors, harvesters, sprayers, planters,
18 seeders, or spreaders. Precision farming equipment
19 includes, but is not limited to, soil testing sensors,
20 computers, monitors, software, global positioning and
21 mapping systems, and other such equipment.

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

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

3 Beginning on January 1, 2024, farm machinery and
4 equipment also includes electrical power generation
5 equipment used primarily for production agriculture.

6 This item (2) is exempt from the provisions of Section
7 2-70.

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

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

1 exemption under paragraph (14).

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

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

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

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

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

1 92-35), however, an entity otherwise eligible for this
2 exemption shall not make tax-free purchases unless it has
3 an active identification number issued by the Department.

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

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

1 (12) (Blank) .

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

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

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

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

1 provided by this paragraph (14) includes, but is not
2 limited to, graphic arts machinery and equipment, as
3 defined in paragraph (4) of this Section.

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

12 (16) Tangible personal property sold to a purchaser if
13 the purchaser is exempt from use tax by operation of
14 federal law. This paragraph is exempt from the provisions
15 of Section 2-70.

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

24 (18) Legal tender, currency, medallions, or gold or
25 silver coinage issued by the State of Illinois, the
26 government of the United States of America, or the

1 government of any foreign country, and bullion.

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

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

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

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

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

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

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

25 (24) Fuel consumed or used in the operation of ships,
26 barges, or vessels that are used primarily in or for the

1 transportation of property or the conveyance of persons
2 for hire on rivers bordering on this State if the fuel is
3 delivered by the seller to the purchaser's barge, ship, or
4 vessel while it is afloat upon that bordering river.

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

18 (25-5) The exemption under item (25) does not apply if
19 the state in which the motor vehicle will be titled does
20 not allow a reciprocal exemption for a motor vehicle sold
21 and delivered in that state to an Illinois resident but
22 titled in Illinois. The tax collected under this Act on
23 the sale of a motor vehicle in this State to a resident of
24 another state that does not allow a reciprocal exemption
25 shall be imposed at a rate equal to the state's rate of tax
26 on taxable property in the state in which the purchaser is

1 a resident, except that the tax shall not exceed the tax
2 that would otherwise be imposed under this Act. At the
3 time of the sale, the purchaser shall execute a statement,
4 signed under penalty of perjury, of his or her intent to
5 title the vehicle in the state in which the purchaser is a
6 resident within 30 days after the sale and of the fact of
7 the payment to the State of Illinois of tax in an amount
8 equivalent to the state's rate of tax on taxable property
9 in his or her state of residence and shall submit the
10 statement to the appropriate tax collection agency in his
11 or her state of residence. In addition, the retailer must
12 retain a signed copy of the statement in his or her
13 records. Nothing in this item shall be construed to
14 require the removal of the vehicle from this state
15 following the filing of an intent to title the vehicle in
16 the purchaser's state of residence if the purchaser titles
17 the vehicle in his or her state of residence within 30 days
18 after the date of sale. The tax collected under this Act in
19 accordance with this item (25-5) shall be proportionately
20 distributed as if the tax were collected at the 6.25%
21 general rate imposed under this Act.

22 (25-7) Beginning on July 1, 2007, no tax is imposed
23 under this Act on the sale of an aircraft, as defined in
24 Section 3 of the Illinois Aeronautics Act, if all of the
25 following conditions are met:

26 (1) the aircraft leaves this State within 15 days

1 after the later of either the issuance of the final
2 billing for the sale of the aircraft, or the
3 authorized approval for return to service, completion
4 of the maintenance record entry, and completion of the
5 test flight and ground test for inspection, as
6 required by 14 CFR 91.407;

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

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

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

21 "Based in this State" means hangared, stored, or
22 otherwise used, excluding post-sale customizations as
23 defined in this Section, for 10 or more days in each
24 12-month period immediately following the date of the sale
25 of the aircraft.

26 "Registered in this State" means an aircraft

1 registered with the Department of Transportation,
2 Aeronautics Division, or titled or registered with the
3 Federal Aviation Administration to an address located in
4 this State.

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

7 (26) Semen used for artificial insemination of
8 livestock for direct agricultural production.

9 (27) Horses, or interests in horses, registered with
10 and meeting the requirements of any of the Arabian Horse
11 Club Registry of America, Appaloosa Horse Club, American
12 Quarter Horse Association, United States Trotting
13 Association, or Jockey Club, as appropriate, used for
14 purposes of breeding or racing for prizes. This item (27)
15 is exempt from the provisions of Section 2-70, and the
16 exemption provided for under this item (27) applies for
17 all periods beginning May 30, 1995, but no claim for
18 credit or refund is allowed on or after January 1, 2008
19 (the effective date of Public Act 95-88) for such taxes
20 paid during the period beginning May 30, 2000 and ending
21 on January 1, 2008 (the effective date of Public Act
22 95-88).

23 (28) Computers and communications equipment utilized
24 for any hospital purpose and equipment used in the
25 diagnosis, analysis, or treatment of hospital patients
26 sold to a lessor who leases the equipment, under a lease of

1 one year or longer executed or in effect at the time of the
2 purchase, to a hospital that has been issued an active tax
3 exemption identification number by the Department under
4 Section 1g of this Act.

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

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

22 (31) Beginning with taxable years ending on or after
23 December 31, 1995 and ending with taxable years ending on
24 or before December 31, 2004, personal property that is
25 used in the performance of infrastructure repairs in this
26 State, including, but not limited to, municipal roads and

1 streets, access roads, bridges, sidewalks, waste disposal
2 systems, water and sewer line extensions, water
3 distribution and purification facilities, storm water
4 drainage and retention facilities, and sewage treatment
5 facilities, resulting from a State or federally declared
6 disaster in Illinois or bordering Illinois when such
7 repairs are initiated on facilities located in the
8 declared disaster area within 6 months after the disaster.

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

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

1 vocational or technical schools or institutes organized
2 and operated exclusively to provide a course of study of
3 not less than 6 weeks duration and designed to prepare
4 individuals to follow a trade or to pursue a manual,
5 technical, mechanical, industrial, business, or commercial
6 occupation.

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

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

1 30, 2003, machines and parts for machines used in
2 commercial, coin-operated amusement and vending business
3 if a use or occupation tax is paid on the gross receipts
4 derived from the use of the commercial, coin-operated
5 amusement and vending machines. This paragraph is exempt
6 from the provisions of Section 2-70.

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

21 (36) Beginning August 2, 2001, computers and
22 communications equipment utilized for any hospital purpose
23 and equipment used in the diagnosis, analysis, or
24 treatment of hospital patients sold to a lessor who leases
25 the equipment, under a lease of one year or longer
26 executed or in effect at the time of the purchase, to a

1 hospital that has been issued an active tax exemption
2 identification number by the Department under Section 1g
3 of this Act. This paragraph is exempt from the provisions
4 of Section 2-70.

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

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

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

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

18 (40) Beginning January 1, 2010 and continuing through
19 December 31, 2029, materials, parts, equipment,
20 components, and furnishings incorporated into or upon an
21 aircraft as part of the modification, refurbishment,
22 completion, replacement, repair, or maintenance of the
23 aircraft. This exemption includes consumable supplies used
24 in the modification, refurbishment, completion,
25 replacement, repair, and maintenance of aircraft. However,
26 until January 1, 2024, this exemption excludes any

1 materials, parts, equipment, components, and consumable
2 supplies used in the modification, replacement, repair,
3 and maintenance of aircraft engines or power plants,
4 whether such engines or power plants are installed or
5 uninstalled upon any such aircraft. "Consumable supplies"
6 include, but are not limited to, adhesive, tape,
7 sandpaper, general purpose lubricants, cleaning solution,
8 latex gloves, and protective films.

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

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

9 The changes made to this paragraph (40) by Public Act
10 98-534 are declarative of existing law. It is the intent
11 of the General Assembly that the exemption under this
12 paragraph (40) applies continuously from January 1, 2010
13 through December 31, 2024; however, no claim for credit or
14 refund is allowed for taxes paid as a result of the
15 disallowance of this exemption on or after January 1, 2015
16 and prior to February 5, 2020 (the effective date of
17 Public Act 101-629).

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

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

7 (42) Beginning January 1, 2017 and through December
8 31, 2026, menstrual pads, tampons, and menstrual cups.

9 (43) Merchandise that is subject to the Rental
10 Purchase Agreement Occupation and Use Tax. The purchaser
11 must certify that the item is purchased to be rented
12 subject to a rental-purchase agreement, as defined in the
13 Rental-Purchase Agreement Act, and provide proof of
14 registration under the Rental Purchase Agreement
15 Occupation and Use Tax Act. This paragraph is exempt from
16 the provisions of Section 2-70.

17 (44) Qualified tangible personal property used in the
18 construction or operation of a data center that has been
19 granted a certificate of exemption by the Department of
20 Commerce and Economic Opportunity, whether that tangible
21 personal property is purchased by the owner, operator, or
22 tenant of the data center or by a contractor or
23 subcontractor of the owner, operator, or tenant. Data
24 centers that would have qualified for a certificate of
25 exemption prior to January 1, 2020 had Public Act 101-31
26 been in effect, may apply for and obtain an exemption for

1 subsequent purchases of computer equipment or enabling
2 software purchased or leased to upgrade, supplement, or
3 replace computer equipment or enabling software purchased
4 or leased in the original investment that would have
5 qualified.

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

12 For the purposes of this item (44):

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

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

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

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

21 (45) Beginning January 1, 2020 and through December
22 31, 2020, sales of tangible personal property made by a
23 marketplace seller over a marketplace for which tax is due
24 under this Act but for which use tax has been collected and
25 remitted to the Department by a marketplace facilitator
26 under Section 2d of the Use Tax Act are exempt from tax

1 under this Act. A marketplace seller claiming this
2 exemption shall maintain books and records demonstrating
3 that the use tax on such sales has been collected and
4 remitted by a marketplace facilitator. Marketplace sellers
5 that have properly remitted tax under this Act on such
6 sales may file a claim for credit as provided in Section 6
7 of this Act. No claim is allowed, however, for such taxes
8 for which a credit or refund has been issued to the
9 marketplace facilitator under the Use Tax Act, or for
10 which the marketplace facilitator has filed a claim for
11 credit or refund under the Use Tax Act.

12 (46) Beginning July 1, 2022, breast pumps, breast pump
13 collection and storage supplies, and breast pump kits.
14 This item (46) is exempt from the provisions of Section
15 2-70. As used in this item (46):

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

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

1 milk until it is ready for consumption.

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

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

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

1 manufacturer or distributor.

2 (47) Tangible personal property sold by or on behalf
3 of the State Treasurer pursuant to the Revised Uniform
4 Unclaimed Property Act. This item (47) is exempt from the
5 provisions of Section 2-70.

6 (48) Beginning on January 1, 2024, tangible personal
7 property purchased by an active duty member of the armed
8 forces of the United States who presents valid military
9 identification and purchases the property using a form of
10 payment where the federal government is the payor. The
11 member of the armed forces must complete, at the point of
12 sale, a form prescribed by the Department of Revenue
13 documenting that the transaction is eligible for the
14 exemption under this paragraph. Retailers must keep the
15 form as documentation of the exemption in their records
16 for a period of not less than 6 years. "Armed forces of the
17 United States" means the United States Army, Navy, Air
18 Force, Space Force, Marine Corps, or Coast Guard. This
19 paragraph is exempt from the provisions of Section 2-70.

20 (49) Beginning July 1, 2024, home-delivered meals
21 provided to Medicare or Medicaid recipients when payment
22 is made by an intermediary, such as a Medicare
23 Administrative Contractor, a Managed Care Organization, or
24 a Medicare Advantage Organization, pursuant to a
25 government contract. This paragraph (49) is exempt from
26 the provisions of Section 2-70.

1 (50) ~~(49)~~ Beginning on January 1, 2026, as further
2 defined in Section 2-10, food for human consumption that
3 is to be consumed off the premises where it is sold (other
4 than alcoholic beverages, food consisting of or infused
5 with adult use cannabis, soft drinks, candy, and food that
6 has been prepared for immediate consumption). This item
7 (50) ~~(49)~~ is exempt from the provisions of Section 2-70.

8 (51) ~~(49)~~ Gross receipts from the lease of the
9 following tangible personal property:

10 (1) computer software transferred subject to a
11 license that meets the following requirements:

12 (A) it is evidenced by a written agreement
13 signed by the licensor and the customer;

14 (i) an electronic agreement in which the
15 customer accepts the license by means of an
16 electronic signature that is verifiable and
17 can be authenticated and is attached to or
18 made part of the license will comply with this
19 requirement;

20 (ii) a license agreement in which the
21 customer electronically accepts the terms by
22 clicking "I agree" does not comply with this
23 requirement;

24 (B) it restricts the customer's duplication
25 and use of the software;

26 (C) it prohibits the customer from licensing,

1 sublicensing, or transferring the software to a
2 third party (except to a related party) without
3 the permission and continued control of the
4 licensor;

5 (D) the licensor has a policy of providing
6 another copy at minimal or no charge if the
7 customer loses or damages the software, or of
8 permitting the licensee to make and keep an
9 archival copy, and such policy is either stated in
10 the license agreement, supported by the licensor's
11 books and records, or supported by a notarized
12 statement made under penalties of perjury by the
13 licensor; and

14 (E) the customer must destroy or return all
15 copies of the software to the licensor at the end
16 of the license period; this provision is deemed to
17 be met, in the case of a perpetual license,
18 without being set forth in the license agreement;
19 and

20 (2) property that is subject to a tax on lease
21 receipts imposed by a home rule unit of local
22 government if the ordinance imposing that tax was
23 adopted prior to January 1, 2023.

24 (52) Materials furnished to a common interest
25 community association pursuant to a contract entered into
26 with the highway commissioner of a road district under

1 subsection (k) of Section 1-30 of the Common Interest
2 Community Association Act. This paragraph is exempt from
3 the provisions of Section 2-70.

4 (Source: P.A. 102-16, eff. 6-17-21; 102-634, eff. 8-27-21;
5 102-700, Article 70, Section 70-20, eff. 4-19-22; 102-700,
6 Article 75, Section 75-20, eff. 4-19-22; 102-813, eff.
7 5-13-22; 102-1026, eff. 5-27-22; 103-9, Article 5, Section
8 5-20, eff. 6-7-23; 103-9, Article 15, Section 15-20, eff.
9 6-7-23; 103-154, eff. 6-30-23; 103-384, eff. 1-1-24; 103-592,
10 eff. 1-1-25; 103-605, eff. 7-1-24; 103-643, eff. 7-1-24;
11 103-746, eff. 1-1-25; 103-781, eff. 8-5-24; 103-995, eff.
12 8-9-24; revised 11-26-24.)