



104TH GENERAL ASSEMBLY

State of Illinois

2025 and 2026

HB4254

by Rep. Jed Davis

SYNOPSIS AS INTRODUCED:

35 ILCS 105/3-5	
35 ILCS 105/3-10	from Ch. 120, par. 439.33-10
35 ILCS 110/3-5	
35 ILCS 110/3-10	
35 ILCS 115/3-5	
35 ILCS 115/3-10	
35 ILCS 120/2-5	
35 ILCS 120/2-10	from Ch. 120, par. 441-10

Amends the Use Tax Act, the Service Use Tax Act, the Service Occupation Tax Act, and the Retailers' Occupation Tax Act. Provides that medical appliances are exempt from the taxes imposed under those Acts. Effective January 1, 2027.

LRB104 16642 HLH 30045 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 Sections
5 3-5 and 3-10 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) Beginning on January 1, 2026, as further defined in
19 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) is exempt
24 from the provisions of Section 3-90.

25 (46) Use by the lessee of the following leased tangible
26 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) On and after January 1, 2027, medical appliances.
11 This item (47) is exempt from the provisions of Section 3-90.
12 As used in this item (47), "medical appliance" means an item
13 that is used to directly substitute for or assist in the
14 functioning of a part of the human body, including, but not
15 limited to, prosthetic limbs, dental prostheses and
16 orthodontic braces, crutches and orthopedic braces,
17 wheelchairs, heart pacemakers, dialysis machines (including
18 the dialyzer), hearing aids, eyeglasses, and contact lenses.

19 (Source: P.A. 103-9, Article 5, Section 5-5, eff. 6-7-23;
20 103-9, Article 15, Section 15-5, eff. 6-7-23; 103-154, eff.
21 6-30-23; 103-384, eff. 1-1-24; 103-592, eff. 1-1-25; 103-605,
22 eff. 7-1-24; 103-643, eff. 7-1-24; 103-746, eff. 1-1-25;
23 103-781, eff. 8-5-24; 104-417, eff. 8-15-25.)

24 (35 ILCS 105/3-10) from Ch. 120, par. 439.33-10

25 Sec. 3-10. Rate of tax. Unless otherwise provided in this

1 Section, the tax imposed by this Act is at the rate of 6.25% of
2 either the selling price or the fair market value, if any, of
3 the tangible personal property, which, on and after January 1,
4 2025, includes leases of tangible personal property. In all
5 cases where property functionally used or consumed is the same
6 as the property that was purchased at retail, then the tax is
7 imposed on the selling price of the property. In all cases
8 where property functionally used or consumed is a by-product
9 or waste product that has been refined, manufactured, or
10 produced from property purchased at retail, then the tax is
11 imposed on the lower of the fair market value, if any, of the
12 specific property so used in this State or on the selling price
13 of the property purchased at retail. For purposes of this
14 Section "fair market value" means the price at which property
15 would change hands between a willing buyer and a willing
16 seller, neither being under any compulsion to buy or sell and
17 both having reasonable knowledge of the relevant facts. The
18 fair market value shall be established by Illinois sales by
19 the taxpayer of the same property as that functionally used or
20 consumed, or if there are no such sales by the taxpayer, then
21 comparable sales or purchases of property of like kind and
22 character in Illinois.

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

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

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

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

25 With respect to majority blended ethanol fuel, the tax
26 imposed by this Act does not apply to the proceeds of sales

1 made on or after July 1, 2003 and on or before December 31,
2 2028 but applies to 100% of the proceeds of sales made
3 thereafter.

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

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

25 Until July 1, 2022 and from July 1, 2023 through December
26 31, 2025, with respect to food for human consumption that is to

1 be consumed off the premises where it is sold (other than
2 alcoholic beverages, food consisting of or infused with adult
3 use cannabis, soft drinks, and food that has been prepared for
4 immediate consumption), the tax is imposed at the rate of 1%.
5 Beginning on July 1, 2022 and until July 1, 2023, with respect
6 to food for human consumption that is to be consumed off the
7 premises where it is sold (other than alcoholic beverages,
8 food consisting of or infused with adult use cannabis, soft
9 drinks, and food that has been prepared for immediate
10 consumption), the tax is imposed at the rate of 0%. On and
11 after January 1, 2026, food for human consumption that is to be
12 consumed off the premises where it is sold (other than
13 alcoholic beverages, food consisting of or infused with adult
14 use cannabis, soft drinks, candy, and food that has been
15 prepared for immediate consumption) is exempt from the tax
16 imposed by this Act.

17 With respect to prescription and nonprescription
18 medicines, drugs, ~~medical appliances,~~ products classified as
19 Class III medical devices by the United States Food and Drug
20 Administration that are used for cancer treatment pursuant to
21 a prescription, as well as any accessories and components
22 related to those devices, modifications to a motor vehicle for
23 the purpose of rendering it usable by a person with a
24 disability, and insulin, blood sugar testing materials,
25 syringes, and needles used by human diabetics, the tax is
26 imposed at the rate of 1%. Notwithstanding any other provision

1 of law, on and after January 1, 2027, medical appliances that
2 qualify for the exemption under item (47) of Section 3-5 are
3 exempt from the tax under this Act. For the purposes of this
4 Section, until September 1, 2009: the term "soft drinks" means
5 any complete, finished, ready-to-use, non-alcoholic drink,
6 whether carbonated or not, including, but not limited to, soda
7 water, cola, fruit juice, vegetable juice, carbonated water,
8 and all other preparations commonly known as soft drinks of
9 whatever kind or description that are contained in any closed
10 or sealed bottle, can, carton, or container, regardless of
11 size; but "soft drinks" does not include coffee, tea,
12 non-carbonated water, infant formula, milk or milk products as
13 defined in the Grade A Pasteurized Milk and Milk Products Act,
14 or drinks containing 50% or more natural fruit or vegetable
15 juice.

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

22 Until August 1, 2009, and notwithstanding any other
23 provisions of this Act, "food for human consumption that is to
24 be consumed off the premises where it is sold" includes all
25 food sold through a vending machine, except soft drinks and
26 food products that are dispensed hot from a vending machine,

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

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

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

1 use that contains a label that identifies the product as a drug
2 as required by 21 CFR 201.66. The "over-the-counter-drug"
3 label includes:

4 (A) a "Drug Facts" panel; or

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

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

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

18 If the property that is purchased at retail from a
19 retailer is acquired outside Illinois and used outside
20 Illinois before being brought to Illinois for use here and is
21 taxable under this Act, the "selling price" on which the tax is
22 computed shall be reduced by an amount that represents a
23 reasonable allowance for depreciation for the period of prior
24 out-of-state use. No depreciation is allowed in cases where
25 the tax under this Act is imposed on lease receipts.

26 (Source: P.A. 103-9, eff. 6-7-23; 103-154, eff. 6-30-23;

1 103-592, eff. 1-1-25; 103-781, eff. 8-5-24; 104-417, eff.
2 8-15-25.)

3 Section 10. The Service Use Tax Act is amended by changing
4 Sections 3-5 and 3-10 as follows:

5 (35 ILCS 110/3-5)

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

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

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

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

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

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

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

25 (6) Personal property purchased from a teacher-sponsored
26 student organization affiliated with an elementary or

1 secondary school located in Illinois.

2 (7) Farm machinery and equipment, both new and used,
3 including that manufactured on special order, certified by the
4 purchaser to be used primarily for production agriculture or
5 State or federal agricultural programs, including individual
6 replacement parts for the machinery and equipment, including
7 machinery and equipment purchased for lease, and including
8 implements of husbandry defined in Section 1-130 of the
9 Illinois Vehicle Code, farm machinery and agricultural
10 chemical and fertilizer spreaders, and nurse wagons required
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 (7). 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 (7) is exempt from the provisions of Section
14 3-75.

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

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

25 (11) Proceeds from the sale of photoprocessing machinery
26 and equipment, including repair and replacement parts, both

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

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

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

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

1 January 1, 2008 (the effective date of Public Act 95-88) for
2 such taxes paid during the period beginning May 30, 2000 and
3 ending on January 1, 2008 (the effective date of Public Act
4 95-88).

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

1 Department.

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

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

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

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

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

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

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

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

1 purpose of resale by the fundraising entity and that profits
2 from the sale to the fundraising entity. This paragraph is
3 exempt from the provisions of Section 3-75.

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

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

1 (24) Beginning on August 2, 2001 (the effective date of
2 Public Act 92-227), computers and communications equipment
3 utilized for any hospital purpose and equipment used in the
4 diagnosis, analysis, or treatment of hospital patients
5 purchased by a lessor who leases the equipment, under a lease
6 of one year or longer executed or in effect at the time the
7 lessor would otherwise be subject to the tax imposed by this
8 Act, to a hospital that has been issued an active tax exemption
9 identification number by the Department under Section 1g of
10 the Retailers' Occupation Tax Act. If the equipment is leased
11 in a manner that does not qualify for this exemption or is used
12 in any other nonexempt manner, the lessor shall be liable for
13 the tax imposed under this Act or the Use Tax Act, as the case
14 may be, based on the fair market value of the property at the
15 time the nonqualifying use occurs. No lessor shall collect or
16 attempt to collect an amount (however designated) that
17 purports to reimburse that lessor for the tax imposed by this
18 Act or the Use Tax Act, as the case may be, if the tax has not
19 been paid by the lessor. If a lessor improperly collects any
20 such amount from the lessee, the lessee shall have a legal
21 right to claim a refund of that amount from the lessor. If,
22 however, that amount is not refunded to the lessee for any
23 reason, the lessor is liable to pay that amount to the
24 Department. This paragraph is exempt from the provisions of
25 Section 3-75.

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

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

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

1 under Title IV of the Environmental Protection Act. This
2 paragraph is exempt from the provisions of Section 3-75.

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

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

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

14 The exemption does not include aircraft operated by a
15 commercial air carrier providing scheduled passenger air
16 service pursuant to authority issued under Part 121 or Part
17 129 of the Federal Aviation Regulations. The changes made to
18 this paragraph (27) by Public Act 98-534 are declarative of
19 existing law. It is the intent of the General Assembly that the
20 exemption under this paragraph (27) applies continuously from
21 January 1, 2010 through December 31, 2024; however, no claim
22 for credit or refund is allowed for taxes paid as a result of
23 the disallowance of this exemption on or after January 1, 2015
24 and prior to February 5, 2020 (the effective date of Public Act
25 101-629).

26 (28) Tangible personal property purchased by a

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

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

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

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

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

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

14 For the purposes of this item (31):

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

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

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

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

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

26 "Breast pump" means an electrically controlled or

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

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

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

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

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

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

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

16 (34) Beginning on January 1, 2024, tangible personal
17 property purchased by an active duty member of the armed
18 forces of the United States who presents valid military
19 identification and purchases the property using a form of
20 payment where the federal government is the payor. The member
21 of the armed forces must complete, at the point of sale, a form
22 prescribed by the Department of Revenue documenting that the
23 transaction is eligible for the exemption under this
24 paragraph. Retailers must keep the form as documentation of
25 the exemption in their records for a period of not less than 6
26 years. "Armed forces of the United States" means the United

1 States Army, Navy, Air Force, Space Force, Marine Corps, or
2 Coast Guard. This paragraph is exempt from the provisions of
3 Section 3-75.

4 (35) Beginning July 1, 2024, home-delivered meals provided
5 to Medicare or Medicaid recipients when payment is made by an
6 intermediary, such as a Medicare Administrative Contractor, a
7 Managed Care Organization, or a Medicare Advantage
8 Organization, pursuant to a government contract. This
9 paragraph (35) is exempt from the provisions of Section 3-75.

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

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

1 from the provisions of Section 3-75.

2 (38) Use by a lessee of the following leased tangible
3 personal property:

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

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

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

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

16 (B) it restricts the customer's duplication and
17 use of the software;

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

22 (D) the licensor has a policy of providing another
23 copy at minimal or no charge if the customer loses or
24 damages the software, or of permitting the licensee to
25 make and keep an archival copy, and such policy is
26 either stated in the license agreement, supported by

1 the licensor's books and records, or supported by a
2 notarized statement made under penalties of perjury by
3 the licensor; and

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

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

13 (39) On and after January 1, 2027, medical appliances.
14 This item (39) is exempt from the provisions of Section 3-75.
15 As used in this item (39), "medical appliance" means an item
16 that is used to directly substitute for or assist in the
17 functioning of a part of the human body, including, but not
18 limited to, prosthetic limbs, dental prostheses and
19 orthodontic braces, crutches and orthopedic braces,
20 wheelchairs, heart pacemakers, dialysis machines (including
21 the dialyzer), hearing aids, eyeglasses, and contact lenses.

22 (Source: P.A. 103-9, Article 5, Section 5-10, eff. 6-7-23;
23 103-9, Article 15, Section 15-10, eff. 6-7-23; 103-154, eff.
24 6-30-23; 103-384, eff. 1-1-24; 103-592, eff. 1-1-25; 103-605,
25 eff. 7-1-24; 103-643, eff. 7-1-24; 103-746, eff. 1-1-25;
26 103-781, eff. 8-5-24; 103-995, eff. 8-9-24; 104-417, eff.

1 8-15-25.)

2 (35 ILCS 110/3-10)

3 Sec. 3-10. Rate of tax. Unless otherwise provided in this
4 Section, the tax imposed by this Act is at the rate of 6.25% of
5 the selling price of tangible personal property transferred,
6 including, on and after January 1, 2025, transferred by lease,
7 as an incident to the sale of service, but, for the purpose of
8 computing this tax, in no event shall the selling price be less
9 than the cost price of the property to the serviceman.

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

14 With respect to gasohol, as defined in the Use Tax Act, the
15 tax imposed by this Act applies to (i) 70% of the selling price
16 of property transferred as an incident to the sale of service
17 on or after January 1, 1990, and before July 1, 2003, (ii) 80%
18 of the selling price of property transferred as an incident to
19 the sale of service on or after July 1, 2003 and on or before
20 July 1, 2017, (iii) 100% of the selling price of property
21 transferred as an incident to the sale of service after July 1,
22 2017 and before January 1, 2024, (iv) 90% of the selling price
23 of property transferred as an incident to the sale of service
24 on or after January 1, 2024 and on or before December 31, 2028,
25 and (v) 100% of the selling price of property transferred as an

1 incident to the sale of service after December 31, 2028. If, at
2 any time, however, the tax under this Act on sales of gasohol,
3 as defined in the Use Tax Act, is imposed at the rate of 1.25%,
4 then the tax imposed by this Act applies to 100% of the
5 proceeds of sales of gasohol made during that time.

6 With respect to mid-range ethanol blends, as defined in
7 Section 3-44.3 of the Use Tax Act, the tax imposed by this Act
8 applies to (i) 80% of the selling price of property
9 transferred as an incident to the sale of service on or after
10 January 1, 2024 and on or before December 31, 2028 and (ii)
11 100% of the selling price of property transferred as an
12 incident to the sale of service after December 31, 2028. If, at
13 any time, however, the tax under this Act on sales of mid-range
14 ethanol blends is imposed at the rate of 1.25%, then the tax
15 imposed by this Act applies to 100% of the selling price of
16 mid-range ethanol blends transferred as an incident to the
17 sale of service during that time.

18 With respect to majority blended ethanol fuel, as defined
19 in the Use Tax Act, the tax imposed by this Act does not apply
20 to the selling price of property transferred as an incident to
21 the sale of service on or after July 1, 2003 and on or before
22 December 31, 2028 but applies to 100% of the selling price
23 thereafter.

24 With respect to biodiesel blends, as defined in the Use
25 Tax Act, with no less than 1% and no more than 10% biodiesel,
26 the tax imposed by this Act applies to (i) 80% of the selling

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

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

24 At the election of any registered serviceman made for each
25 fiscal year, for whom the aggregate annual cost price of
26 tangible personal property transferred as an incident to the

1 sales of service is less than 35%, or 75% in the case of
2 servicemen transferring prescription drugs or servicemen
3 engaged in graphic arts production, of the aggregate annual
4 total gross receipts from all sales of service, the tax
5 imposed by this Act shall be based on the serviceman's cost
6 price of the tangible personal property transferred as an
7 incident to the sale of those services. This election may also
8 be made by any serviceman maintaining a place of business in
9 this State who makes retail sales from outside of this State to
10 Illinois customers but is not required to be registered under
11 Section 2a of the Retailers' Occupation Tax Act. Beginning
12 January 1, 2026, this election shall not apply to any sale of
13 service made through a marketplace that has met the threshold
14 in subsection (b-5) of Section 2d of this Act.

15 Beginning January 1, 2026, the tax shall be imposed at the
16 rate of 6.25% of 50% of the entire billing to the service
17 customer for all sales of service made through a marketplace
18 that has met the threshold in subsection (b-5) of Section 2d of
19 this Act. In no event shall 50% of the entire billing be less
20 than the cost price of the property to the marketplace
21 serviceman or the marketplace facilitator on its own sales of
22 service.

23 Until July 1, 2022 and from July 1, 2023 through December
24 31, 2025, the tax shall be imposed at the rate of 1% on food
25 prepared for immediate consumption and transferred incident to
26 a sale of service subject to this Act or the Service Occupation

1 Tax Act by an entity licensed under the Hospital Licensing
2 Act, the Nursing Home Care Act, the Assisted Living and Shared
3 Housing Act, the ID/DD Community Care Act, the MC/DD Act, the
4 Specialized Mental Health Rehabilitation Act of 2013, or the
5 Child Care Act of 1969, or an entity that holds a permit issued
6 pursuant to the Life Care Facilities Act. Until July 1, 2022
7 and from July 1, 2023 through December 31, 2025, the tax shall
8 also be imposed at the rate of 1% on food for human consumption
9 that is to be consumed off the premises where it is sold (other
10 than alcoholic beverages, food consisting of or infused with
11 adult use cannabis, soft drinks, and food that has been
12 prepared for immediate consumption and is not otherwise
13 included in this paragraph).

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

1 alcoholic beverages, food consisting of or infused with adult
2 use cannabis, soft drinks, and food that has been prepared for
3 immediate consumption and is not otherwise included in this
4 paragraph).

5 On and after January 1, 2026, food prepared for immediate
6 consumption and transferred incident to a sale of service
7 subject to this Act or the Service Occupation Tax Act by an
8 entity licensed under the Hospital Licensing Act, the Nursing
9 Home Care Act, the Assisted Living and Shared Housing Act, the
10 ID/DD Community Care Act, the MC/DD Act, the Specialized
11 Mental Health Rehabilitation Act of 2013, or the Child Care
12 Act of 1969, or by an entity that holds a permit issued
13 pursuant to the Life Care Facilities Act is exempt from the tax
14 under this Act. On and after January 1, 2026, food for human
15 consumption that is to be consumed off the premises where it is
16 sold (other than alcoholic beverages, food consisting of or
17 infused with adult use cannabis, soft drinks, candy, and food
18 that has been prepared for immediate consumption and is not
19 otherwise included in this paragraph) is exempt from the tax
20 under this Act.

21 The tax shall be imposed at the rate of 1% on prescription
22 and nonprescription medicines, drugs, ~~medical appliances,~~
23 products classified as Class III medical devices by the United
24 States Food and Drug Administration that are used for cancer
25 treatment pursuant to a prescription, as well as any
26 accessories and components related to those devices,

1 modifications to a motor vehicle for the purpose of rendering
2 it usable by a person with a disability, and insulin, blood
3 sugar testing materials, syringes, and needles used by human
4 diabetics. Notwithstanding any other provision of law, on and
5 after January 1, 2027, medical appliances that qualify for the
6 exemption under item (39) of Section 3-5 are exempt from the
7 tax under this Act. For the purposes of this Section, until
8 September 1, 2009: the term "soft drinks" means any complete,
9 finished, ready-to-use, non-alcoholic drink, whether
10 carbonated or not, including, but not limited to, soda water,
11 cola, fruit juice, vegetable juice, carbonated water, and all
12 other preparations commonly known as soft drinks of whatever
13 kind or description that are contained in any closed or sealed
14 bottle, can, carton, or container, regardless of size; but
15 "soft drinks" does not include coffee, tea, non-carbonated
16 water, infant formula, milk or milk products as defined in the
17 Grade A Pasteurized Milk and Milk Products Act, or drinks
18 containing 50% or more natural fruit or vegetable juice.

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

25 Until August 1, 2009, and notwithstanding any other
26 provisions of this Act, "food for human consumption that is to

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

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

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

1 prescription only, regardless of whether the products meet the
2 definition of "over-the-counter-drugs". For the purposes of
3 this paragraph, "over-the-counter-drug" means a drug for human
4 use that contains a label that identifies the product as a drug
5 as required by 21 CFR 201.66. The "over-the-counter-drug"
6 label includes:

7 (A) a "Drug Facts" panel; or

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

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

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

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

1 out-of-state use. No depreciation is allowed in cases where
2 the tax under this Act is imposed on lease receipts.

3 (Source: P.A. 103-9, eff. 6-7-23; 103-154, eff. 6-30-23;
4 103-592, eff. 1-1-25; 103-781, eff. 8-5-24; 104-6, eff.
5 6-16-25; 104-417, eff. 8-15-25.)

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

8 (35 ILCS 115/3-5)

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

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

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

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

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

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

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

1 exemption under Section 2 of this Act.

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

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

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

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

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

13 Beginning on January 1, 2024, farm machinery and equipment
14 also includes electrical power generation equipment used
15 primarily for production agriculture.

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

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

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

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

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

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

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

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

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

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

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

6 (15) Horses, or interests in horses, registered with and
7 meeting the requirements of any of the Arabian Horse Club
8 Registry of America, Appaloosa Horse Club, American Quarter
9 Horse Association, United States Trotting Association, or
10 Jockey Club, as appropriate, used for purposes of breeding or
11 racing for prizes. This item (15) is exempt from the
12 provisions of Section 3-55, and the exemption provided for
13 under this item (15) applies for all periods beginning May 30,
14 1995, but no claim for credit or refund is allowed on or after
15 January 1, 2008 (the effective date of Public Act 95-88) for
16 such taxes paid during the period beginning May 30, 2000 and
17 ending on January 1, 2008 (the effective date of Public Act
18 95-88).

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

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

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

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

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

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

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

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

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

25 (24) Beginning on August 2, 2001 (the effective date of
26 Public Act 92-227), computers and communications equipment

1 utilized for any hospital purpose and equipment used in the
2 diagnosis, analysis, or treatment of hospital patients sold to
3 a lessor who leases the equipment, under a lease of one year or
4 longer executed or in effect at the time of the purchase, to a
5 hospital that has been issued an active tax exemption
6 identification number by the Department under Section 1g of
7 the Retailers' Occupation Tax Act. This paragraph is exempt
8 from the provisions of Section 3-55.

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

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

1 State and thereafter used or consumed solely outside this
2 State. The Director of Revenue shall, pursuant to rules
3 adopted in accordance with the Illinois Administrative
4 Procedure Act, issue a permit to any taxpayer in good standing
5 with the Department who is eligible for the exemption under
6 this paragraph (26). The permit issued under this paragraph
7 (26) shall authorize the holder, to the extent and in the
8 manner specified in the rules adopted under this Act, to
9 purchase tangible personal property from a retailer exempt
10 from the taxes imposed by this Act. Taxpayers shall maintain
11 all necessary books and records to substantiate the use and
12 consumption of all such tangible personal property outside of
13 the State of Illinois.

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

21 (28) Tangible personal property sold to 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 3-55.

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

26 Beginning January 1, 2010 and continuing through December

1 31, 2023, this exemption applies only to the transfer of
2 qualifying tangible personal property incident to the
3 modification, refurbishment, completion, replacement, repair,
4 or maintenance of an aircraft by persons who (i) hold an Air
5 Agency Certificate and are empowered to operate an approved
6 repair station by the Federal Aviation Administration, (ii)
7 have a Class IV Rating, and (iii) conduct operations in
8 accordance with Part 145 of the Federal Aviation Regulations.
9 The exemption does not include aircraft operated by a
10 commercial air carrier providing scheduled passenger air
11 service pursuant to authority issued under Part 121 or Part
12 129 of the Federal Aviation Regulations. From January 1, 2024
13 through December 31, 2029, this exemption applies only to the
14 transfer of qualifying tangible personal property incident to:
15 (A) the modification, refurbishment, completion, repair,
16 replacement, or maintenance of an aircraft by persons who (i)
17 hold an Air Agency Certificate and are empowered to operate an
18 approved repair station by the Federal Aviation
19 Administration, (ii) have a Class IV Rating, and (iii) conduct
20 operations in accordance with Part 145 of the Federal Aviation
21 Regulations; and (B) the modification, replacement, repair,
22 and maintenance of aircraft engines or power plants without
23 regard to whether or not those persons meet the qualifications
24 of item (A).

25 The changes made to this paragraph (29) by Public Act
26 98-534 are declarative of existing law. It is the intent of the

1 General Assembly that the exemption under this paragraph (29)
2 applies continuously from January 1, 2010 through December 31,
3 2024; however, no claim for credit or refund is allowed for
4 taxes paid as a result of the disallowance of this exemption on
5 or after January 1, 2015 and prior to February 5, 2020 (the
6 effective date of Public Act 101-629).

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

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

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

26 The Department of Commerce and Economic Opportunity shall

1 grant a certificate of exemption under this item (32) to
2 qualified data centers as defined by Section 605-1025 of the
3 Department of Commerce and Economic Opportunity Law of the
4 Civil Administrative Code of Illinois.

5 For the purposes of this item (32):

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

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

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

11 This item (32) is exempt from the provisions of Section
12 3-55.

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

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

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

1 milk expressed from a human breast and to store collected
2 milk until it is ready for consumption.

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

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

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

1 pre-packaged as a breast pump kit by the breast pump
2 manufacturer or distributor.

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

7 (35) Beginning on January 1, 2024, tangible personal
8 property purchased by an active duty member of the armed
9 forces of the United States who presents valid military
10 identification and purchases the property using a form of
11 payment where the federal government is the payor. The member
12 of the armed forces must complete, at the point of sale, a form
13 prescribed by the Department of Revenue documenting that the
14 transaction is eligible for the exemption under this
15 paragraph. Retailers must keep the form as documentation of
16 the exemption in their records for a period of not less than 6
17 years. "Armed forces of the United States" means the United
18 States Army, Navy, Air Force, Space Force, Marine Corps, or
19 Coast Guard. This paragraph is exempt from the provisions of
20 Section 3-55.

21 (36) Beginning July 1, 2024, home-delivered meals provided
22 to Medicare or Medicaid recipients when payment is made by an
23 intermediary, such as a Medicare Administrative Contractor, a
24 Managed Care Organization, or a Medicare Advantage
25 Organization, pursuant to a government contract. This
26 paragraph (36) is exempt from the provisions of Section 3-55.

1 (37) Beginning on January 1, 2026, as further defined in
2 Section 3-10, food prepared for immediate consumption and
3 transferred incident to a sale of service subject to this Act
4 or the Service Use Tax Act by an entity licensed under the
5 Hospital Licensing Act, the Nursing Home Care Act, the
6 Assisted Living and Shared Housing Act, the ID/DD Community
7 Care Act, the MC/DD Act, the Specialized Mental Health
8 Rehabilitation Act of 2013, or the Child Care Act of 1969 or by
9 an entity that holds a permit issued pursuant to the Life Care
10 Facilities Act. This item (37) is exempt from the provisions
11 of Section 3-55.

12 (38) Beginning on January 1, 2026, as further defined in
13 Section 3-10, food for human consumption that is to be
14 consumed off the premises where it is sold (other than
15 alcoholic beverages, food consisting of or infused with adult
16 use cannabis, soft drinks, candy, and food that has been
17 prepared for immediate consumption). This item (38) is exempt
18 from the provisions of Section 3-55.

19 (39) The lease of the following tangible personal
20 property:

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

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

25 (i) an electronic agreement in which the
26 customer accepts the license by means of an

1 electronic signature that is verifiable and can be
2 authenticated and is attached to or made part of
3 the license will comply with this requirement;

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

7 (B) it restricts the customer's duplication and
8 use of the software;

9 (C) it prohibits the customer from licensing,
10 sublicensing, or transferring the software to a third
11 party (except to a related party) without the
12 permission and continued control of the licensor;

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

21 (E) the customer must destroy or return all copies
22 of the software to the licensor at the end of the
23 license period; this provision is deemed to be met, in
24 the case of a perpetual license, without being set
25 forth in the license agreement; and

26 (2) property that is subject to a tax on lease

1 receipts imposed by a home rule unit of local government
2 if the ordinance imposing that tax was adopted prior to
3 January 1, 2023.

4 (40) On and after January 1, 2027, medical appliances.
5 This item (40) is exempt from the provisions of Section 3-55.
6 As used in this item (40), "medical appliance" means an item
7 that is used to directly substitute for or assist in the
8 functioning of a part of the human body, including, but not
9 limited to, prosthetic limbs, dental prostheses and
10 orthodontic braces, crutches and orthopedic braces,
11 wheelchairs, heart pacemakers, dialysis machines (including
12 the dialyzer), hearing aids, eyeglasses, and contact lenses.

13 (Source: P.A. 103-9, Article 5, Section 5-15, eff. 6-7-23;
14 103-9, Article 15, Section 15-15, eff. 6-7-23; 103-154, eff.
15 6-30-23; 103-384, eff. 1-1-24; 103-592, eff. 1-1-25; 103-605,
16 eff. 7-1-24; 103-643, eff. 7-1-24; 103-746, eff. 1-1-25;
17 103-781, eff. 8-5-24; 103-995, eff. 8-9-24; 104-417, eff.
18 8-15-25.)

19 (35 ILCS 115/3-10)

20 Sec. 3-10. Rate of tax. Unless otherwise provided in this
21 Section, the tax imposed by this Act is at the rate of 6.25% of
22 the "selling price", as defined in Section 2 of the Service Use
23 Tax Act, of the tangible personal property, including, on and
24 after January 1, 2025, tangible personal property transferred
25 by lease. For the purpose of computing this tax, in no event

1 shall the "selling price" be less than the cost price to the
2 serviceman of the tangible personal property transferred. The
3 selling price of each item of tangible personal property
4 transferred as an incident of a sale of service may be shown as
5 a distinct and separate item on the serviceman's billing to
6 the service customer. If the selling price is not so shown, the
7 selling price of the tangible personal property is deemed to
8 be 50% of the serviceman's entire billing to the service
9 customer. When, however, a serviceman contracts to design,
10 develop, and produce special order machinery or equipment, the
11 tax imposed by this Act shall be based on the serviceman's cost
12 price of the tangible personal property transferred incident
13 to the completion of the contract.

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

18 With respect to gasohol, as defined in the Use Tax Act, the
19 tax imposed by this Act shall apply to (i) 70% of the cost
20 price of property transferred as an incident to the sale of
21 service on or after January 1, 1990, and before July 1, 2003,
22 (ii) 80% of the selling price of property transferred as an
23 incident to the sale of service on or after July 1, 2003 and on
24 or before July 1, 2017, (iii) 100% of the selling price of
25 property transferred as an incident to the sale of service
26 after July 1, 2017 and prior to January 1, 2024, (iv) 90% of

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

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

22 With respect to majority blended ethanol fuel, as defined
23 in the Use Tax Act, the tax imposed by this Act does not apply
24 to the selling price of property transferred as an incident to
25 the sale of service on or after July 1, 2003 and on or before
26 December 31, 2028 but applies to 100% of the selling price

1 thereafter.

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

18 With respect to biodiesel, as defined in the Use Tax Act,
19 and biodiesel blends, as defined in the Use Tax Act, with more
20 than 10% but no more than 99% biodiesel material, the tax
21 imposed by this Act does not apply to the proceeds of the
22 selling price of property transferred as an incident to the
23 sale of service on or after July 1, 2003 and on or before
24 December 31, 2023. On and after January 1, 2024 and on or
25 before December 31, 2030, the taxation of biodiesel, renewable
26 diesel, and biodiesel blends shall be as provided in Section

1 3-5.1 of the Use Tax Act.

2 At the election of any registered serviceman made for each
3 fiscal year, for whom the aggregate annual cost price of
4 tangible personal property transferred as an incident to the
5 sales of service is less than 35%, or 75% in the case of
6 servicemen transferring prescription drugs or servicemen
7 engaged in graphic arts production, of the aggregate annual
8 total gross receipts from all sales of service, the tax
9 imposed by this Act shall be based on the serviceman's cost
10 price of the tangible personal property transferred incident
11 to the sale of those services. This election may also be made
12 by a serviceman maintaining a place of business in this State
13 who makes retail sales from outside of this State to Illinois
14 customers but is not required to be registered under Section
15 2a of the Retailers' Occupation Tax Act. Beginning January 1,
16 2026, this election shall not apply to any sale of service made
17 through a marketplace that has met the threshold in subsection
18 (d) of Section 3 of this Act.

19 Beginning January 1, 2026, the tax shall be imposed at the
20 rate of 6.25% of 50% of the entire billing to the service
21 customer for all sales of service made through a marketplace
22 that has met the threshold in subsection (d) of Section 3 of
23 this Act. In no event shall 50% of the entire billing be less
24 than the cost price of the property to the marketplace
25 serviceman or the marketplace facilitator on its own sales of
26 service.

1 Until July 1, 2022 and from July 1, 2023 through December
2 31, 2025, the tax shall be imposed at the rate of 1% on food
3 prepared for immediate consumption and transferred incident to
4 a sale of service subject to this Act or the Service Use Tax
5 Act by an entity licensed under the Hospital Licensing Act,
6 the Nursing Home Care Act, the Assisted Living and Shared
7 Housing Act, the ID/DD Community Care Act, the MC/DD Act, the
8 Specialized Mental Health Rehabilitation Act of 2013, or the
9 Child Care Act of 1969, or an entity that holds a permit issued
10 pursuant to the Life Care Facilities Act. Until July 1, 2022
11 and from July 1, 2023 through December 31, 2025, the tax shall
12 also be imposed at the rate of 1% on food for human consumption
13 that is to be consumed off the premises where it is sold (other
14 than alcoholic beverages, food consisting of or infused with
15 adult use cannabis, soft drinks, and food that has been
16 prepared for immediate consumption and is not otherwise
17 included in this paragraph).

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

1 to the Life Care Facilities Act. Beginning July 1, 2022 and
2 until July 1, 2023, the tax shall also be imposed at the rate
3 of 0% on food for human consumption that is to be consumed off
4 the premises where it is sold (other than alcoholic beverages,
5 food consisting of or infused with adult use cannabis, soft
6 drinks, and food that has been prepared for immediate
7 consumption and is not otherwise included in this paragraph).

8 On and after January 1, 2026, food prepared for immediate
9 consumption and transferred incident to a sale of service
10 subject to this Act or the Service Use Tax Act by an entity
11 licensed under the Hospital Licensing Act, the Nursing Home
12 Care Act, the Assisted Living and Shared Housing Act, the
13 ID/DD Community Care Act, the MC/DD Act, the Specialized
14 Mental Health Rehabilitation Act of 2013, or the Child Care
15 Act of 1969, or an entity that holds a permit issued pursuant
16 to the Life Care Facilities Act is exempt from the tax imposed
17 by this Act. On and after January 1, 2026, food for human
18 consumption that is to be consumed off the premises where it is
19 sold (other than alcoholic beverages, food consisting of or
20 infused with adult use cannabis, soft drinks, candy, and food
21 that has been prepared for immediate consumption and is not
22 otherwise included in this paragraph) is exempt from the tax
23 imposed by this Act.

24 The tax shall be imposed at the rate of 1% on prescription
25 and nonprescription medicines, drugs, ~~medical appliances,~~
26 products classified as Class III medical devices by the United

1 States Food and Drug Administration that are used for cancer
2 treatment pursuant to a prescription, as well as any
3 accessories and components related to those devices,
4 modifications to a motor vehicle for the purpose of rendering
5 it usable by a person with a disability, and insulin, blood
6 sugar testing materials, syringes, and needles used by human
7 diabetics. Notwithstanding any other provision of law, on and
8 after January 1, 2027, medical appliances that qualify for the
9 exemption under item (40) of Section 3-5 are exempt from the
10 tax under this Act. For the purposes of this Section, until
11 September 1, 2009: the term "soft drinks" means any complete,
12 finished, ready-to-use, non-alcoholic drink, whether
13 carbonated or not, including, but not limited to, soda water,
14 cola, fruit juice, vegetable juice, carbonated water, and all
15 other preparations commonly known as soft drinks of whatever
16 kind or description that are contained in any closed or sealed
17 can, carton, or container, regardless of size; but "soft
18 drinks" does not include coffee, tea, non-carbonated water,
19 infant formula, milk or milk products as defined in the Grade A
20 Pasteurized Milk and Milk Products Act, or drinks containing
21 50% or more natural fruit or vegetable juice.

22 Notwithstanding any other provisions of this Act,
23 beginning September 1, 2009, "soft drinks" means non-alcoholic
24 beverages that contain natural or artificial sweeteners. "Soft
25 drinks" does not include beverages that contain milk or milk
26 products, soy, rice or similar milk substitutes, or greater

1 than 50% of vegetable or fruit juice by volume.

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

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

23 Notwithstanding any other provisions of this Act,
24 beginning September 1, 2009, "nonprescription medicines and
25 drugs" does not include grooming and hygiene products. For
26 purposes of this Section, "grooming and hygiene products"

1 includes, but is not limited to, soaps and cleaning solutions,
2 shampoo, toothpaste, mouthwash, antiperspirants, and sun tan
3 lotions and screens, unless those products are available by
4 prescription only, regardless of whether the products meet the
5 definition of "over-the-counter-drugs". For the purposes of
6 this paragraph, "over-the-counter-drug" means a drug for human
7 use that contains a label that identifies the product as a drug
8 as required by 21 CFR 201.66. The "over-the-counter-drug"
9 label includes:

10 (A) a "Drug Facts" panel; or

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

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

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

24 (Source: P.A. 103-9, eff. 6-7-23; 103-154, eff. 6-30-23;
25 103-592, eff. 1-1-25; 103-781, eff. 8-5-24; 104-6, eff.
26 6-16-25; 104-417, eff. 8-15-25.)

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

3 (35 ILCS 120/2-5)

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

8 (1) Farm chemicals.

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

1 tender tanks and dry boxes shall include units sold
2 separately from a motor vehicle required to be licensed
3 and units sold mounted on a motor vehicle required to be
4 licensed, if the selling price of the tender is separately
5 stated.

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

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

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

24 This item (2) is exempt from the provisions of Section
25 2-70.

26 (3) Until July 1, 2003, distillation machinery and

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

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

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

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

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

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

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

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

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

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

19 (12) (Blank).

20 (12-5) On and after July 1, 2003 and through June 30,
21 2004, motor vehicles of the second division with a gross
22 vehicle weight in excess of 8,000 pounds that are subject
23 to the commercial distribution fee imposed under Section
24 3-815.1 of the Illinois Vehicle Code. Beginning on July 1,
25 2004 and through June 30, 2005, the use in this State of
26 motor vehicles of the second division: (i) with a gross

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

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

22 (14) Machinery and equipment that will be used by the
23 purchaser, or a lessee of the purchaser, primarily in the
24 process of manufacturing or assembling tangible personal
25 property for wholesale or retail sale or lease, whether
26 the sale or lease is made directly by the manufacturer or

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

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

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

4 (16) Tangible personal property sold to a purchaser if
5 the purchaser is exempt from use tax by operation of
6 federal law. This paragraph is exempt from the provisions
7 of Section 2-70.

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

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

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

1 production equipment, and (vi) machinery and equipment
2 purchased for lease; but excluding motor vehicles required
3 to be registered under the Illinois Vehicle Code.

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

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

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

1 locations outside the United States without regard to
2 previous or subsequent domestic stopovers.

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

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

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

23 (25) Except as provided in items (25-5) and (25-6) of
24 this Section, a motor vehicle sold in this State to a
25 nonresident even though the motor vehicle is delivered to
26 the nonresident in this State, if the motor vehicle is not

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

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

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

14 (25-6) There is a rebuttable presumption that the
15 exemption under item (25) does not apply if the purchaser
16 is a limited liability company and a member of the limited
17 liability company is a resident of Illinois. This
18 presumption may be rebutted by other evidence, such as
19 evidence the motor vehicle is insured at a garaging or
20 storage address outside Illinois or other evidence of the
21 physical address at which the motor vehicle will be
22 permanently stored or garaged outside Illinois.

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

1 (1) the aircraft leaves this State within 15 days
2 after the later of either the issuance of the final
3 billing for the sale of the aircraft, or the
4 authorized approval for return to service, completion
5 of the maintenance record entry, and completion of the
6 test flight and ground test for inspection, as
7 required by 14 CFR 91.407;

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

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

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

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

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

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

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

10 (27) Horses, or interests in horses, registered with
11 and meeting the requirements of any of the Arabian Horse
12 Club Registry of America, Appaloosa Horse Club, American
13 Quarter Horse Association, United States Trotting
14 Association, or Jockey Club, as appropriate, used for
15 purposes of breeding or racing for prizes. This item (27)
16 is exempt from the provisions of Section 2-70, and the
17 exemption provided for under this item (27) applies for
18 all periods beginning May 30, 1995, but no claim for
19 credit or refund is allowed on or after January 1, 2008
20 (the effective date of Public Act 95-88) for such taxes
21 paid during the period beginning May 30, 2000 and ending
22 on January 1, 2008 (the effective date of Public Act
23 95-88).

24 (28) Computers and communications equipment utilized
25 for any hospital purpose and equipment used in the
26 diagnosis, analysis, or treatment of hospital patients

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

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

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

23 (31) Beginning with taxable years ending on or after
24 December 31, 1995 and ending with taxable years ending on
25 or before December 31, 2004, personal property that is
26 used in the performance of infrastructure repairs in this

1 State, including, but not limited to, municipal roads and
2 streets, access roads, bridges, sidewalks, waste disposal
3 systems, water and sewer line extensions, water
4 distribution and purification facilities, storm water
5 drainage and retention facilities, and sewage treatment
6 facilities, resulting from a State or federally declared
7 disaster in Illinois or bordering Illinois when such
8 repairs are initiated on facilities located in the
9 declared disaster area within 6 months after the disaster.

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

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

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

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

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

1 these machines. Beginning January 1, 2002 and through June
2 30, 2003, machines and parts for machines used in
3 commercial, coin-operated amusement and vending business
4 if a use or occupation tax is paid on the gross receipts
5 derived from the use of the commercial, coin-operated
6 amusement and vending machines. This paragraph is exempt
7 from the provisions of Section 2-70.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 been in effect, may apply for and obtain an exemption for
2 subsequent purchases of computer equipment or enabling
3 software purchased or leased to upgrade, supplement, or
4 replace computer equipment or enabling software purchased
5 or leased in the original investment that would have
6 qualified.

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

13 For the purposes of this item (44):

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

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

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

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

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

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

13 (46) Beginning July 1, 2022, breast pumps, breast pump
14 collection and storage supplies, and breast pump kits.
15 This item (46) is exempt from the provisions of Section
16 2-70. As used in this item (46):

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

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

1 milk expressed from a human breast and to store collected
2 milk until it is ready for consumption.

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

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

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

1 pre-packaged as a breast pump kit by the breast pump
2 manufacturer or distributor.

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

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

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

1 the provisions of Section 2-70.

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

9 (51) Gross receipts from the lease of the following
10 tangible personal property:

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

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

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

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

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

1 (C) it prohibits the customer from licensing,
2 sublicensing, or transferring the software to a
3 third party (except to a related party) without
4 the permission and continued control of the
5 licensor;

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

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

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

25 (52) On and after January 1, 2027, medical appliances.

26 This item (52) is exempt from the provisions of Section

1 2-70. As used in this item (52), "medical appliance" means
2 an item that is used to directly substitute for or assist
3 in the functioning of a part of the human body, including,
4 but not limited to, prosthetic limbs, dental prostheses
5 and orthodontic braces, crutches and orthopedic braces,
6 wheelchairs, heart pacemakers, dialysis machines
7 (including the dialyzer), hearing aids, eyeglasses, and
8 contact lenses.

9 (Source: P.A. 103-9, Article 5, Section 5-20, eff. 6-7-23;
10 103-9, Article 15, Section 15-20, eff. 6-7-23; 103-154, eff.
11 6-30-23; 103-384, eff. 1-1-24; 103-592, eff. 1-1-25; 103-605,
12 eff. 7-1-24; 103-643, eff. 7-1-24; 103-746, eff. 1-1-25;
13 103-781, eff. 8-5-24; 103-995, eff. 8-9-24; 104-6, eff.
14 6-16-25; 104-417, eff. 8-15-25.)

15 (35 ILCS 120/2-10) from Ch. 120, par. 441-10

16 Sec. 2-10. Rate of tax. Unless otherwise provided in this
17 Section, the tax imposed by this Act is at the rate of 6.25% of
18 gross receipts from sales, which, on and after January 1,
19 2025, includes leases, of tangible personal property made in
20 the course of business.

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

25 Beginning on August 6, 2010 through August 15, 2010, and

1 beginning again on August 5, 2022 through August 14, 2022,
2 with respect to sales tax holiday items as defined in Section
3 2-8 of this Act, the tax is imposed at the rate of 1.25%.

4 Within 14 days after July 1, 2000 (the effective date of
5 Public Act 91-872), each retailer of motor fuel and gasohol
6 shall cause the following notice to be posted in a prominently
7 visible place on each retail dispensing device that is used to
8 dispense motor fuel or gasohol in the State of Illinois: "As of
9 July 1, 2000, the State of Illinois has eliminated the State's
10 share of sales tax on motor fuel and gasohol through December
11 31, 2000. The price on this pump should reflect the
12 elimination of the tax." The notice shall be printed in bold
13 print on a sign that is no smaller than 4 inches by 8 inches.
14 The sign shall be clearly visible to customers. Any retailer
15 who fails to post or maintain a required sign through December
16 31, 2000 is guilty of a petty offense for which the fine shall
17 be \$500 per day per each retail premises where a violation
18 occurs.

19 With respect to gasohol, as defined in the Use Tax Act, the
20 tax imposed by this Act applies to (i) 70% of the proceeds of
21 sales made on or after January 1, 1990, and before July 1,
22 2003, (ii) 80% of the proceeds of sales made on or after July
23 1, 2003 and on or before July 1, 2017, (iii) 100% of the
24 proceeds of sales made after July 1, 2017 and prior to January
25 1, 2024, (iv) 90% of the proceeds of sales made on or after
26 January 1, 2024 and on or before December 31, 2028, and (v)

1 100% of the proceeds of sales made after December 31, 2028. If,
2 at any time, however, the tax under this Act on sales of
3 gasohol, as defined in the Use Tax Act, is imposed at the rate
4 of 1.25%, then the tax imposed by this Act applies to 100% of
5 the proceeds of sales of gasohol made during that time.

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

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

20 With respect to biodiesel blends, as defined in the Use
21 Tax Act, with no less than 1% and no more than 10% biodiesel,
22 the tax imposed by this Act applies to (i) 80% of the proceeds
23 of sales made on or after July 1, 2003 and on or before
24 December 31, 2018 and (ii) 100% of the proceeds of sales made
25 after December 31, 2018 and before January 1, 2024. On and
26 after January 1, 2024 and on or before December 31, 2030, the

1 taxation of biodiesel, renewable diesel, and biodiesel blends
2 shall be as provided in Section 3-5.1 of the Use Tax Act. If,
3 at any time, however, the tax under this Act on sales of
4 biodiesel blends, as defined in the Use Tax Act, with no less
5 than 1% and no more than 10% biodiesel is imposed at the rate
6 of 1.25%, then the tax imposed by this Act applies to 100% of
7 the proceeds of sales of biodiesel blends with no less than 1%
8 and no more than 10% biodiesel made during that time.

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

17 Until July 1, 2022 and from July 1, 2023 through December
18 31, 2025, with respect to food for human consumption that is to
19 be consumed off the premises where it is sold (other than
20 alcoholic beverages, food consisting of or infused with adult
21 use cannabis, soft drinks, and food that has been prepared for
22 immediate consumption), the tax is imposed at the rate of 1%.
23 Beginning July 1, 2022 and until July 1, 2023, with respect to
24 food for human consumption that is to be consumed off the
25 premises where it is sold (other than alcoholic beverages,
26 food consisting of or infused with adult use cannabis, soft

1 drinks, and food that has been prepared for immediate
2 consumption), the tax is imposed at the rate of 0%. On and
3 after January 1, 2026, food for human consumption that is to be
4 consumed off the premises where it is sold (other than
5 alcoholic beverages, food consisting of or infused with adult
6 use cannabis, soft drinks, candy, and food that has been
7 prepared for immediate consumption) is exempt from the tax
8 imposed by this Act.

9 With respect to prescription and nonprescription
10 medicines, drugs, ~~medical appliances~~, products classified as
11 Class III medical devices by the United States Food and Drug
12 Administration that are used for cancer treatment pursuant to
13 a prescription, as well as any accessories and components
14 related to those devices, modifications to a motor vehicle for
15 the purpose of rendering it usable by a person with a
16 disability, and insulin, blood sugar testing materials,
17 syringes, and needles used by human diabetics, the tax is
18 imposed at the rate of 1%. Notwithstanding any other provision
19 of law, on and after January 1, 2027, medical appliances that
20 qualify for the exemption under item (52) of Section 3-5 are
21 exempt from the tax under this Act. For the purposes of this
22 Section, until September 1, 2009: the term "soft drinks" means
23 any complete, finished, ready-to-use, non-alcoholic drink,
24 whether carbonated or not, including, but not limited to, soda
25 water, cola, fruit juice, vegetable juice, carbonated water,
26 and all other preparations commonly known as soft drinks of

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

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

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

26 Notwithstanding any other provisions of this Act,

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

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

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

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

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

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

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

10 (Source: P.A. 103-9, eff. 6-7-23; 103-154, eff. 6-30-23;
11 103-592, eff. 1-1-25; 103-781, eff. 8-5-24; 104-417, eff.
12 8-15-25.)

13 Section 99. Effective date. This Act takes effect January
14 1, 2027.