

SB1178



104TH GENERAL ASSEMBLY

State of Illinois

2025 and 2026

SB1178

Introduced 1/24/2025, by Sen. Michael W. Halpin

SYNOPSIS AS INTRODUCED:

35 ILCS 5/246 new
35 ILCS 105/3-5
35 ILCS 110/3-5
35 ILCS 115/3-5
35 ILCS 120/2-5

Amends the Illinois Income Tax Act. Creates an income tax credit for developers that invest in a qualified project redeveloping a brownfield or grayfield. Amends the Use Tax Act, the Service Use Tax Act, the Service Occupation Tax Act, and the Retailers' Occupation Tax Act. Creates an exemption for tangible personal property that is purchased by a developer who has been awarded a certificate of exemption by the Department of Commerce and Economic Opportunity and that is used to rehabilitate brownfield or grayfield property. Effective immediately.

LRB104 08564 HLH 18616 b

A BILL FOR

1 AN ACT concerning revenue.

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

4 Section 5. The Illinois Income Tax Act is amended by
5 adding Section 246 as follows:

6 (35 ILCS 5/246 new)

7 Sec. 246. Brownfield and grayfield tax credit incentive
8 program.

9 (a) For taxable years ending on or after December 31, 2025
10 and ending on or before December 31, 2028, each taxpayer that
11 is a developer and that invests in a qualified project
12 redeveloping a brownfield or a grayfield may apply to the
13 Department to receive a credit against the taxes imposed by
14 subsections (a) and (b) of Section 201. If the redevelopment
15 is to a brownfield, the amount of the credit is equal to 10% of
16 up to \$1,000,000 of the rehabilitation costs incurred by the
17 taxpayer after remediation has occurred. If the redevelopment
18 is to a grayfield, the amount of the credit is equal to 5% of
19 up to \$1,000,000 of the rehabilitation costs incurred by the
20 taxpayer after remediation has occurred. The Department may
21 not issue more than \$20,000,000 in credits under this Section
22 for taxable years ending on or after December 31, 2025 and
23 ending on or before December 31, 2028.

1 (b) If a municipality or a county is the developer of the
2 project, then the Department shall award the municipality or
3 county the amount of the credit under this Section in the form
4 of a grant from the General Revenue Fund.

5 (c) In no event shall a credit under this Section reduce
6 the taxpayer's liability to less than zero. If the amount of
7 the credit exceeds the tax liability for the year, the excess
8 may be carried forward and applied to the tax liability of the
9 5 taxable years following the excess credit year. The tax
10 credit shall be applied to the earliest year for which there is
11 a tax liability. If there are credits for more than one year
12 that are available to offset a liability, the earlier credit
13 shall be applied first.

14 (d) If the taxpayer is a partnership or Subchapter S
15 corporation, the credit is allowed to pass through to the
16 partners and shareholders as provided in Section 251. Credits
17 may also be transferred during the 5 taxable years after the
18 taxable year in which the credit is claimed.

19 (e) The Department shall determine whether a project
20 qualifies for the credit under this Section. The criteria that
21 shall be used in making that determination are:

22 (1) the total amount of the developer's investment in
23 the project;

24 (2) the number of projected jobs or housing units
25 created by the project;

26 (3) the community impact of the planned

1 revitalization; and

2 (4) the cost-efficiency of the project.

3 In addition, the Department shall give enhanced
4 consideration to projects that provide middle-income housing
5 as part of the project.

6 Receipt of other credits or incentives shall not count
7 against applicants when determining qualifying projects.

8 (f) The Department shall adopt rules to implement and
9 administer this Section, including rules concerning
10 applications for the tax credit. A taxpayer claiming the
11 credit provided by this Section must maintain and record any
12 information that the Department requires regarding the project
13 for which the credit is claimed.

14 (g) As used in this Section:

15 "Brownfield" means a former industrial or commercial site
16 where future use is affected by real or perceived
17 environmental contamination.

18 "Department" means the Department of Commerce and Economic
19 Opportunity.

20 "Developer" means a for-profit developer, a nonprofit
21 developer, a land bank, a municipality, or a county.

22 "Grayfield" means commercial buildings that have been
23 vacant for a minimum of 12 consecutive months. "Grayfield"
24 includes vacant shopping malls and surrounding parking lots.

25 "Household" means all persons using the premises as their
26 principal place of residence upon the sale or lease of the

1 middle-income housing by the developer.

2 "Household income" means the combined federal adjusted
3 gross income of the members of the household for the taxable
4 year immediately preceding the year in which the middle-income
5 housing is sold or rented to the members of the household.

6 "Middle-income housing" means housing that is sold or
7 rented to pursuant to a contract with a term of one year or
8 longer to one or more individuals with a combined household
9 income that exceeds 80% of the median household income in
10 Illinois but does not exceed 120% of the median household
11 income in Illinois.

12 Section 10. The Use Tax Act is amended by changing Section
13 3-5 as follows:

14 (35 ILCS 105/3-5)

15 Sec. 3-5. Exemptions. Use, which, on and after January 1,
16 2025, includes use by a lessee, of the following tangible
17 personal property is exempt from the tax imposed by this Act:

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

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

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

19 (4) Except as otherwise provided in this Act, personal
20 property purchased by a governmental body, by a corporation,
21 society, association, foundation, or institution organized and
22 operated exclusively for charitable, religious, or educational
23 purposes, or by a not-for-profit corporation, society,
24 association, foundation, institution, or organization that has
25 no compensated officers or employees and that is organized and
26 operated primarily for the recreation of persons 55 years of

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

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

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

24 (7) Farm chemicals.

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

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

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

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

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

1 of the tender is separately stated.

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

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

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

20 This item (11) is exempt from the provisions of Section
21 3-90.

22 (12) Until June 30, 2013, fuel and petroleum products sold
23 to or used by an air common 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 flight
26 destined for or returning from a location or locations outside

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

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

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

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

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

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

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

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

1 (18) Manufacturing and assembling machinery and equipment
2 used primarily in the process of manufacturing or assembling
3 tangible personal property for wholesale or retail sale or
4 lease, whether that sale or lease is made directly by the
5 manufacturer or by some other person, whether the materials
6 used in the process are owned by the manufacturer or some other
7 person, or whether that sale or lease is made apart from or as
8 an incident to the seller's engaging in the service occupation
9 of producing machines, tools, dies, jigs, patterns, gauges, or
10 other similar items of no commercial value on special order
11 for a particular purchaser. The exemption provided by this
12 paragraph (18) includes production related tangible personal
13 property, as defined in Section 3-50, purchased on or after
14 July 1, 2019. The exemption provided by this paragraph (18)
15 does not include machinery and equipment used in (i) the
16 generation of electricity for wholesale or retail sale; (ii)
17 the generation or treatment of natural or artificial gas for
18 wholesale or retail sale that is delivered to customers
19 through pipes, pipelines, or mains; or (iii) the treatment of
20 water for wholesale or retail sale that is delivered to
21 customers through pipes, pipelines, or mains. The provisions
22 of Public Act 98-583 are declaratory of existing law as to the
23 meaning and scope of this exemption. Beginning on July 1,
24 2017, the exemption provided by this paragraph (18) includes,
25 but is not limited to, graphic arts machinery and equipment,
26 as defined in paragraph (6) of this Section.

1 (19) Personal property delivered to a purchaser or
2 purchaser's donee inside Illinois when the purchase order for
3 that personal property was received by a florist located
4 outside Illinois who has a florist located inside Illinois
5 deliver the personal property.

6 (20) Semen used for artificial insemination of livestock
7 for direct agricultural production.

8 (21) Horses, or interests in horses, registered with and
9 meeting the requirements of any of the Arabian Horse Club
10 Registry of America, Appaloosa Horse Club, American Quarter
11 Horse Association, United States Trotting Association, or
12 Jockey Club, as appropriate, used for purposes of breeding or
13 racing for prizes. This item (21) is exempt from the
14 provisions of Section 3-90, and the exemption provided for
15 under this item (21) applies for all periods beginning May 30,
16 1995, but no claim for credit or refund is allowed on or after
17 January 1, 2008 for such taxes paid during the period
18 beginning May 30, 2000 and ending on January 1, 2008.

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

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

16 (23) Personal property purchased by a lessor who leases
17 the property, under a lease of one year or longer executed or
18 in effect at the time the lessor would otherwise be subject to
19 the tax imposed by this Act, to a governmental body that has
20 been issued an active sales tax exemption identification
21 number by the Department under Section 1g of the Retailers'
22 Occupation Tax Act. If the property is leased in a manner that
23 does not qualify for this exemption or used in any other
24 non-exempt manner, the lessor shall be liable for the tax
25 imposed under this Act or the Service Use Tax Act, as the case
26 may be, based on the fair market value of the property at the

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

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

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

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

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

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

1 study of not less than 6 weeks duration and designed to prepare
2 individuals to follow a trade or to pursue a manual,
3 technical, mechanical, industrial, business, or commercial
4 occupation.

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

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

1 commercial, coin-operated amusement and vending machines. This
2 paragraph is exempt from the provisions of Section 3-90.

3 (30) Beginning January 1, 2001 and through June 30, 2016,
4 food for human consumption that is to be consumed off the
5 premises where it is sold (other than alcoholic beverages,
6 soft drinks, and food that has been prepared for immediate
7 consumption) and prescription and nonprescription medicines,
8 drugs, medical appliances, and insulin, urine testing
9 materials, syringes, and needles used by diabetics, for human
10 use, when purchased for use by a person receiving medical
11 assistance under Article V of the Illinois Public Aid Code who
12 resides in a licensed long-term care facility, as defined in
13 the Nursing Home Care Act, or in a licensed facility as defined
14 in the ID/DD Community Care Act, the MC/DD Act, or the
15 Specialized Mental Health Rehabilitation Act of 2013.

16 (31) Beginning on August 2, 2001 (the effective date of
17 Public Act 92-227), computers and communications equipment
18 utilized for any hospital purpose and equipment used in the
19 diagnosis, analysis, or treatment of hospital patients
20 purchased by a lessor who leases the equipment, under a lease
21 of one year or longer executed or in effect at the time the
22 lessor would otherwise be subject to the tax imposed by this
23 Act, to a hospital that has been issued an active tax exemption
24 identification number by the Department under Section 1g of
25 the Retailers' Occupation Tax Act. If the equipment is leased
26 in a manner that does not qualify for this exemption or is used

1 in any other nonexempt manner, the lessor shall be liable for
2 the tax imposed under this Act or the Service Use Tax Act, as
3 the case may be, based on the fair market value of the property
4 at the time the nonqualifying use occurs. No lessor shall
5 collect or attempt to collect an amount (however designated)
6 that purports to reimburse that lessor for the tax imposed by
7 this Act or the Service Use Tax Act, as the case may be, if the
8 tax has not been paid by the lessor. If a lessor improperly
9 collects any such amount from the lessee, the lessee shall
10 have a legal right to claim a refund of that amount from the
11 lessor. If, however, that amount is not refunded to the lessee
12 for any reason, the lessor is liable to pay that amount to the
13 Department. This paragraph is exempt from the provisions of
14 Section 3-90.

15 (32) Beginning on August 2, 2001 (the effective date of
16 Public Act 92-227), personal property purchased by a lessor
17 who leases the property, under a lease of one year or longer
18 executed or in effect at the time the lessor would otherwise be
19 subject to the tax imposed by this Act, to a governmental body
20 that has been issued an active sales tax exemption
21 identification number by the Department under Section 1g of
22 the Retailers' Occupation Tax Act. If the property is leased
23 in a manner that does not qualify for this exemption or used in
24 any other nonexempt manner, the lessor shall be liable for the
25 tax imposed under this Act or the Service Use Tax Act, as the
26 case may be, based on the fair market value of the property at

1 the time the nonqualifying use occurs. No lessor shall collect
2 or attempt to collect an amount (however designated) that
3 purports to reimburse that lessor for the tax imposed by this
4 Act or the Service Use Tax Act, as the case may be, if the tax
5 has not been paid by the lessor. If a lessor improperly
6 collects any such amount from the lessee, the lessee shall
7 have a legal right to claim a refund of that amount from the
8 lessor. If, however, that amount is not refunded to the lessee
9 for any reason, the lessor is liable to pay that amount to the
10 Department. This paragraph is exempt from the provisions of
11 Section 3-90.

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

1 Act. For purposes of this paragraph, the term "used for
2 commercial purposes" means the transportation of persons or
3 property in furtherance of any commercial or industrial
4 enterprise, whether for-hire or not.

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

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

1 latex gloves, and protective films.

2 Beginning January 1, 2010 and continuing through December
3 31, 2023, this exemption applies only to the use of qualifying
4 tangible personal property by persons who modify, refurbish,
5 complete, repair, replace, or maintain aircraft and who (i)
6 hold an Air Agency Certificate and are empowered to operate an
7 approved repair station by the Federal Aviation
8 Administration, (ii) have a Class IV Rating, and (iii) conduct
9 operations in accordance with Part 145 of the Federal Aviation
10 Regulations. From January 1, 2024 through December 31, 2029,
11 this exemption applies only to the use of qualifying tangible
12 personal property by: (A) persons who modify, refurbish,
13 complete, repair, replace, or maintain aircraft and who (i)
14 hold an Air Agency Certificate and are empowered to operate an
15 approved repair station by the Federal Aviation
16 Administration, (ii) have a Class IV Rating, and (iii) conduct
17 operations in accordance with Part 145 of the Federal Aviation
18 Regulations; and (B) persons who engage in the modification,
19 replacement, repair, and maintenance of aircraft engines or
20 power plants without regard to whether or not those persons
21 meet the qualifications of item (A).

22 The exemption does not include aircraft operated by a
23 commercial air carrier providing scheduled passenger air
24 service pursuant to authority issued under Part 121 or Part
25 129 of the Federal Aviation Regulations. The changes made to
26 this paragraph (35) by Public Act 98-534 are declarative of

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

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

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

25 (38) Merchandise that is subject to the Rental Purchase
26 Agreement Occupation and Use Tax. The purchaser must certify

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

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

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

24 The Department of Commerce and Economic Opportunity shall
25 grant a certificate of exemption under this item (40) to
26 qualified data centers as defined by Section 605-1025 of the

1 Department of Commerce and Economic Opportunity Law of the
2 Civil Administrative Code of Illinois.

3 For the purposes of this item (40):

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

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

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

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

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

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

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

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

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

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

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

5 (43) Beginning on January 1, 2024, tangible personal
6 property purchased by an active duty member of the armed
7 forces of the United States who presents valid military
8 identification and purchases the property using a form of
9 payment where the federal government is the payor. The member
10 of the armed forces must complete, at the point of sale, a form
11 prescribed by the Department of Revenue documenting that the
12 transaction is eligible for the exemption under this
13 paragraph. Retailers must keep the form as documentation of
14 the exemption in their records for a period of not less than 6
15 years. "Armed forces of the United States" means the United
16 States Army, Navy, Air Force, Space Force, Marine Corps, or
17 Coast Guard. This paragraph is exempt from the provisions of
18 Section 3-90.

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

25 (45) ~~(44)~~ Beginning on January 1, 2026, as further defined
26 in Section 3-10, food for human consumption that is to be

1 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, candy, and food that has been
4 prepared for immediate consumption). This item (45) ~~(44)~~ is
5 exempt from the provisions of Section 3-90.

6 (46) ~~(44)~~ Use by the lessee of the following leased
7 tangible personal property:

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

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

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

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

20 (B) it restricts the customer's duplication and
21 use of the software;

22 (C) it prohibits the customer from licensing,
23 sublicensing, or transferring the software to a third
24 party (except to a related party) without the
25 permission and continued control of the licensor;

26 (D) the licensor has a policy of providing another

1 copy at minimal or no charge if the customer loses or
2 damages the software, or of permitting the licensee to
3 make and keep an archival copy, and such policy is
4 either stated in the license agreement, supported by
5 the licensor's books and records, or supported by a
6 notarized statement made under penalties of perjury by
7 the licensor; and

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

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

17 (47) Tangible personal property that is (i) purchased by a
18 developer who has been awarded a certificate of exemption
19 under this paragraph (47) by the Department of Commerce and
20 Economic Opportunity and (ii) used to rehabilitate brownfield
21 or grayfield property, as defined in Section 246 of the
22 Illinois Income Tax Act, after remediation has occurred. The
23 Department of Commerce and Economic Opportunity shall award
24 certificates of exemption under this paragraph (47) for
25 property that meets the criteria under this paragraph (47).
26 This paragraph is exempt from the provisions of Section 3-90.

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

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

11 (35 ILCS 110/3-5)

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

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

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

24 (3) Personal property purchased by a not-for-profit arts

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

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

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

1 immediate change upon a graphic arts product. Beginning on
2 July 1, 2017, graphic arts machinery and equipment is included
3 in the manufacturing and assembling machinery and equipment
4 exemption under Section 2 of this Act.

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

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

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

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

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

19 This item (7) is exempt from the provisions of Section
20 3-75.

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

1 domestic stopovers.

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

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

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

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

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

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

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

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

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

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

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

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

1 is liable to pay that amount to the Department.

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

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

25 (19) Beginning July 1, 1999, game or game birds purchased
26 at a "game breeding and hunting preserve area" as that term is

1 used in the Wildlife Code. This paragraph is exempt from the
2 provisions of Section 3-75.

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

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

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

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

20 (23) Beginning August 23, 2001 and through June 30, 2016,
21 food for human consumption that is to be consumed off the
22 premises where it is sold (other than alcoholic beverages,
23 soft drinks, and food that has been prepared for immediate
24 consumption) and prescription and nonprescription medicines,
25 drugs, medical appliances, and insulin, urine testing
26 materials, syringes, and needles used by diabetics, for human

1 use, when purchased for use by a person receiving medical
2 assistance under Article V of the Illinois Public Aid Code who
3 resides in a licensed long-term care facility, as defined in
4 the Nursing Home Care Act, or in a licensed facility as defined
5 in the ID/DD Community Care Act, the MC/DD Act, or the
6 Specialized Mental Health Rehabilitation Act of 2013.

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

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

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

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

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

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

25 Beginning January 1, 2010 and continuing through December
26 31, 2023, this exemption applies only to the use of qualifying

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

20 The exemption does not include aircraft operated by a
21 commercial air carrier providing scheduled passenger air
22 service pursuant to authority issued under Part 121 or Part
23 129 of the Federal Aviation Regulations. The changes made to
24 this paragraph (27) by Public Act 98-534 are declarative of
25 existing law. It is the intent of the General Assembly that the
26 exemption under this paragraph (27) applies continuously from

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

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

21 (29) Beginning January 1, 2017 and through December 31,
22 2026, menstrual pads, tampons, and menstrual cups.

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

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

15 The Department of Commerce and Economic Opportunity shall
16 grant a certificate of exemption under this item (31) to
17 qualified data centers as defined by Section 605-1025 of the
18 Department of Commerce and Economic Opportunity Law of the
19 Civil Administrative Code of Illinois.

20 For the purposes of this item (31):

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

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

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

26 This item (31) is exempt from the provisions of Section

1 3-75.

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

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

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

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

25 "Breast pump collection and storage supplies" does not
26 include: (1) bottles and bottle caps not specific to the

1 operation of the breast pump; (2) breast pump travel bags
2 and other similar carrying accessories, including ice
3 packs, labels, and other similar products; (3) breast pump
4 cleaning supplies; (4) nursing bras, bra pads, breast
5 shells, and other similar products; and (5) creams,
6 ointments, and other similar products that relieve
7 breastfeeding-related symptoms or conditions of the
8 breasts or nipples, unless sold as part of a breast pump
9 kit that is pre-packaged by the breast pump manufacturer
10 or distributor.

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

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

22 (34) Beginning on January 1, 2024, tangible personal
23 property purchased by an active duty member of the armed
24 forces of the United States who presents valid military
25 identification and purchases the property using a form of
26 payment where the federal government is the payor. The member

1 of the armed forces must complete, at the point of sale, a form
2 prescribed by the Department of Revenue documenting that the
3 transaction is eligible for the exemption under this
4 paragraph. Retailers must keep the form as documentation of
5 the exemption in their records for a period of not less than 6
6 years. "Armed forces of the United States" means the United
7 States Army, Navy, Air Force, Space Force, Marine Corps, or
8 Coast Guard. This paragraph is exempt from the provisions of
9 Section 3-75.

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

16 (36) ~~(35)~~ Beginning on January 1, 2026, as further defined
17 in Section 3-10, food prepared for immediate consumption and
18 transferred incident to a sale of service subject to this Act
19 or the Service Occupation Tax Act by an entity licensed under
20 the Hospital Licensing Act, the Nursing Home Care Act, the
21 Assisted Living and Shared Housing Act, the ID/DD Community
22 Care Act, the MC/DD Act, the Specialized Mental Health
23 Rehabilitation Act of 2013, or the Child Care Act of 1969~~7~~ or
24 by an entity that holds a permit issued pursuant to the Life
25 Care Facilities Act. This item (36) ~~(35)~~ is exempt from the
26 provisions of Section 3-75.

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

8 (38) ~~(35)~~ Use by a lessee of the following leased tangible
9 personal property:

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

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

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

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

22 (B) it restricts the customer's duplication and
23 use of the software;

24 (C) it prohibits the customer from licensing,
25 sublicensing, or transferring the software to a third
26 party (except to a related party) without the

1 permission and continued control of the licensor;

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

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

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

19 (39) Tangible personal property that is (i) purchased by a
20 developer who has been awarded a certificate of exemption
21 under this paragraph (39) by the Department of Commerce and
22 Economic Opportunity and (ii) used to rehabilitate brownfield
23 or grayfield property, as defined in Section 246 of the
24 Illinois Income Tax Act, after remediation has occurred. The
25 Department of Commerce and Economic Opportunity shall award
26 certificates of exemption under this paragraph (39) for

1 property that meets the criteria under this paragraph (39).

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

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

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

13 (35 ILCS 115/3-5)

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

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

23 (2) Personal property purchased by a not-for-profit
24 Illinois county fair association for use in conducting,

1 operating, or promoting the county fair.

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

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

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

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

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

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

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

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

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

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

21 This item (7) is exempt from the provisions of Section
22 3-55.

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

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

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

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

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

1 lines, (v) any individual replacement part for oil field
2 exploration, drilling, and production equipment, and (vi)
3 machinery and equipment purchased for lease; but excluding
4 motor vehicles required to be registered under the Illinois
5 Vehicle Code.

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

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

22 (13) Beginning January 1, 1992 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 non-prescription 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 (14) Semen used for artificial insemination of livestock
10 for direct agricultural production.

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

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

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

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

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

22 (19) 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 used in
25 the performance of infrastructure repairs in this State,
26 including, but not limited to, municipal roads and streets,

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

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

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

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

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

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

1 paid on the gross receipts derived from the use of the
2 commercial, coin-operated amusement and vending machines. This
3 paragraph is exempt from the provisions of Section 3-55.

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

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

22 (26) Beginning on January 1, 2002 and through June 30,
23 2016, tangible personal property purchased from an Illinois
24 retailer by a taxpayer engaged in centralized purchasing
25 activities in Illinois who will, upon receipt of the property
26 in Illinois, temporarily store the property in Illinois (i)

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

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

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

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

1 installed or uninstalled upon any such aircraft. "Consumable
2 supplies" include, but are not limited to, adhesive, tape,
3 sandpaper, general purpose lubricants, cleaning solution,
4 latex gloves, and protective films.

5 Beginning January 1, 2010 and continuing through December
6 31, 2023, this exemption applies only to the transfer of
7 qualifying tangible personal property incident to the
8 modification, refurbishment, completion, replacement, repair,
9 or maintenance of an aircraft by persons who (i) hold an Air
10 Agency Certificate and are empowered to operate an approved
11 repair station by the Federal Aviation Administration, (ii)
12 have a Class IV Rating, and (iii) conduct operations in
13 accordance with Part 145 of the Federal Aviation Regulations.
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. From January 1, 2024
18 through December 31, 2029, this exemption applies only to the
19 transfer of qualifying tangible personal property incident to:
20 (A) the modification, refurbishment, completion, repair,
21 replacement, or maintenance of an aircraft by persons who (i)
22 hold an Air Agency Certificate and are empowered to operate an
23 approved repair station by the Federal Aviation
24 Administration, (ii) have a Class IV Rating, and (iii) conduct
25 operations in accordance with Part 145 of the Federal Aviation
26 Regulations; and (B) the modification, replacement, repair,

1 and maintenance of aircraft engines or power plants without
2 regard to whether or not those persons meet the qualifications
3 of item (A).

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

12 (30) Beginning January 1, 2017 and through December 31,
13 2026, menstrual pads, tampons, and menstrual cups.

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

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

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

5 The Department of Commerce and Economic Opportunity shall
6 grant a certificate of exemption under this item (32) to
7 qualified data centers as defined by Section 605-1025 of the
8 Department of Commerce and Economic Opportunity Law of the
9 Civil Administrative Code of Illinois.

10 For the purposes of this item (32):

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

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

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

16 This item (32) is exempt from the provisions of Section
17 3-55.

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

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

1 device and is packaged and sold with the pump device at the
2 time of sale.

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

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

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

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

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

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

26 (36) Beginning July 1, 2024, home-delivered meals provided

1 to Medicare or Medicaid recipients when payment is made by an
2 intermediary, such as a Medicare Administrative Contractor, a
3 Managed Care Organization, or a Medicare Advantage
4 Organization, pursuant to a government contract. This
5 paragraph (36) ~~(35)~~ is exempt from the provisions of Section
6 3-55.

7 (37) ~~(36)~~ Beginning on January 1, 2026, as further defined
8 in Section 3-10, food prepared for immediate consumption and
9 transferred incident to a sale of service subject to this Act
10 or the Service Use Tax Act by an entity licensed under the
11 Hospital Licensing Act, the Nursing Home Care Act, the
12 Assisted Living and Shared Housing Act, the ID/DD Community
13 Care Act, the MC/DD Act, the Specialized Mental Health
14 Rehabilitation Act of 2013, or the Child Care Act of 1969 or by
15 an entity that holds a permit issued pursuant to the Life Care
16 Facilities Act. This item (37) ~~(36)~~ is exempt from the
17 provisions of Section 3-55.

18 (38) ~~(37)~~ Beginning on January 1, 2026, as further defined
19 in Section 3-10, food for human consumption that is to be
20 consumed off the premises where it is sold (other than
21 alcoholic beverages, food consisting of or infused with adult
22 use cannabis, soft drinks, candy, and food that has been
23 prepared for immediate consumption). This item (38) ~~(37)~~ is
24 exempt from the provisions of Section 3-55.

25 (39) ~~(36)~~ The lease of the following tangible personal
26 property:

1 (1) computer software transferred subject to a license
2 that 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 (40) Tangible personal property that is (i) purchased by a
11 developer who has been awarded a certificate of exemption
12 under this paragraph (40) by the Department of Commerce and
13 Economic Opportunity and (ii) used to rehabilitate brownfield
14 or grayfield property, as defined in Section 246 of the
15 Illinois Income Tax Act, after remediation has occurred. The
16 Department of Commerce and Economic Opportunity shall award
17 certificates of exemption under this paragraph (40) for
18 property that meets the criteria under this paragraph (40).
19 This paragraph is exempt from the provisions of Section 3-55.

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

1 eff. 8-9-24; revised 11-26-24.)

2 Section 25. The Retailers' Occupation Tax Act is amended
3 by changing Section 2-5 as follows:

4 (35 ILCS 120/2-5)

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

9 (1) Farm chemicals.

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

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

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

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

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

25 This item (2) is exempt from the provisions of Section
26 2-70.

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

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

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

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

1 secondary school located in Illinois.

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

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

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

23 (10) Personal property sold by a corporation, society,
24 association, foundation, institution, or organization,
25 other than a limited liability company, that is organized
26 and operated as a not-for-profit service enterprise for

1 the benefit of persons 65 years of age or older if the
2 personal property was not purchased by the enterprise for
3 the purpose of resale by the enterprise.

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

20 (12) (Blank).

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

24 (25) Except as provided in item (25-5) of this
25 Section, a motor vehicle sold in this State to a
26 nonresident even though the motor vehicle is delivered to

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

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

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

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

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

26 (2) the aircraft is not based or registered in

1 this State after the sale of the aircraft; and

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

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

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

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

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

26 (26) Semen used for artificial insemination of

1 livestock for direct agricultural production.

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

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

24 (29) Personal property sold to a lessor who leases the
25 property, under a lease of one year or longer executed or
26 in effect at the time of the purchase, to a governmental

1 body that has been issued an active tax exemption
2 identification number by the Department under Section 1g
3 of this Act.

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

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

1 declared disaster area within 6 months after the disaster.

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

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

26 (34) Beginning January 1, 2000, personal property,

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

15 (35) Beginning January 1, 2000 and through December
16 31, 2001, new or used automatic vending machines that
17 prepare and serve hot food and beverages, including
18 coffee, soup, and other items, and replacement parts for
19 these machines. Beginning January 1, 2002 and through June
20 30, 2003, machines and parts for machines used in
21 commercial, coin-operated amusement and vending business
22 if a use or occupation tax is paid on the gross receipts
23 derived from the use of the commercial, coin-operated
24 amusement and vending machines. This paragraph is exempt
25 from the provisions of Section 2-70.

26 (35-5) Beginning August 23, 2001 and through June 30,

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

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

24 (37) Beginning August 2, 2001, personal property sold
25 to a lessor who leases the property, under a lease of one
26 year or longer executed or in effect at the time of the

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

5 (38) Beginning on January 1, 2002 and through June 30,
6 2016, tangible personal property purchased from an
7 Illinois retailer by a taxpayer engaged in centralized
8 purchasing activities in Illinois who will, upon receipt
9 of the property in Illinois, temporarily store the
10 property in Illinois (i) for the purpose of subsequently
11 transporting it outside this State for use or consumption
12 thereafter solely outside this State or (ii) for the
13 purpose of being processed, fabricated, or manufactured
14 into, attached to, or incorporated into other tangible
15 personal property to be transported outside this State and
16 thereafter used or consumed solely outside this State. The
17 Director of Revenue shall, pursuant to rules adopted in
18 accordance with the Illinois Administrative Procedure Act,
19 issue a permit to any taxpayer in good standing with the
20 Department who is eligible for the exemption under this
21 paragraph (38). The permit issued under this paragraph
22 (38) shall authorize the holder, to the extent and in the
23 manner specified in the rules adopted under this Act, to
24 purchase tangible personal property from a retailer exempt
25 from the taxes imposed by this Act. Taxpayers shall
26 maintain all necessary books and records to substantiate

1 the use and consumption of all such tangible personal
2 property outside of the State of Illinois.

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

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

1 latex gloves, and protective films.

2 Beginning January 1, 2010 and continuing through
3 December 31, 2023, this exemption applies only to the sale
4 of qualifying tangible personal property to persons who
5 modify, refurbish, complete, replace, or maintain an
6 aircraft and who (i) hold an Air Agency Certificate and
7 are empowered to operate an approved repair station by the
8 Federal Aviation Administration, (ii) have a Class IV
9 Rating, and (iii) conduct operations in accordance with
10 Part 145 of the Federal Aviation Regulations. The
11 exemption does not include aircraft operated by a
12 commercial air carrier providing scheduled passenger air
13 service pursuant to authority issued under Part 121 or
14 Part 129 of the Federal Aviation Regulations. From January
15 1, 2024 through December 31, 2029, this exemption applies
16 only to the sale of qualifying tangible personal property
17 to: (A) persons who modify, refurbish, complete, repair,
18 replace, or maintain aircraft and who (i) hold an Air
19 Agency Certificate and are empowered to operate an
20 approved repair station by the Federal Aviation
21 Administration, (ii) have a Class IV Rating, and (iii)
22 conduct operations in accordance with Part 145 of the
23 Federal Aviation Regulations; and (B) persons who engage
24 in the modification, replacement, repair, and maintenance
25 of aircraft engines or power plants without regard to
26 whether or not those persons meet the qualifications of

1 item (A).

2 The changes made to this paragraph (40) by Public Act
3 98-534 are declarative of existing law. It is the intent
4 of the General Assembly that the exemption under this
5 paragraph (40) applies continuously from January 1, 2010
6 through December 31, 2024; however, no claim for credit or
7 refund is allowed for taxes paid as a result of the
8 disallowance of this exemption on or after January 1, 2015
9 and prior to February 5, 2020 (the effective date of
10 Public Act 101-629).

11 (41) Tangible personal property sold to a
12 public-facilities corporation, as described in Section
13 11-65-10 of the Illinois Municipal Code, for purposes of
14 constructing or furnishing a municipal convention hall,
15 but only if the legal title to the municipal convention
16 hall is transferred to the municipality without any
17 further consideration by or on behalf of the municipality
18 at the time of the completion of the municipal convention
19 hall or upon the retirement or redemption of any bonds or
20 other debt instruments issued by the public-facilities
21 corporation in connection with the development of the
22 municipal convention hall. This exemption includes
23 existing public-facilities corporations as provided in
24 Section 11-65-25 of the Illinois Municipal Code. This
25 paragraph is exempt from the provisions of Section 2-70.

26 (42) Beginning January 1, 2017 and through December

1 31, 2026, menstrual pads, tampons, and menstrual cups.

2 (43) Merchandise that is subject to the Rental
3 Purchase Agreement Occupation and Use Tax. The purchaser
4 must certify that the item is purchased to be rented
5 subject to a rental-purchase agreement, as defined in the
6 Rental-Purchase Agreement Act, and provide proof of
7 registration under the Rental Purchase Agreement
8 Occupation and Use Tax Act. This paragraph is exempt from
9 the provisions of Section 2-70.

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

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

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

5 For the purposes of this item (44):

6 "Data center" means a building or a series of
7 buildings rehabilitated or constructed to house
8 working servers in one physical location or multiple
9 sites within 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;
16 cabinets; telecommunications cabling infrastructure;
17 raised floor systems; peripheral components or
18 systems; software; mechanical, electrical, or plumbing
19 systems; battery systems; cooling systems and towers;
20 temperature control systems; other cabling; and other
21 data center infrastructure equipment and systems
22 necessary to operate qualified tangible personal
23 property, including fixtures; and component parts of
24 any of the foregoing, including installation,
25 maintenance, repair, refurbishment, and replacement of
26 qualified tangible personal property to generate,

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

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

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

1 for which a credit or refund has been issued to the
2 marketplace facilitator under the Use Tax Act, or for
3 which the marketplace facilitator has filed a claim for
4 credit or refund under the Use Tax Act.

5 (46) Beginning July 1, 2022, breast pumps, breast pump
6 collection and storage supplies, and breast pump kits.
7 This item (46) is exempt from the provisions of Section
8 2-70. As used in this item (46):

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

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

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

1 milk storage bags.

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

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

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

25 (48) Beginning on January 1, 2024, tangible personal
26 property purchased by an active duty member of the armed

1 forces of the United States who presents valid military
2 identification and purchases the property using a form of
3 payment where the federal government is the payor. The
4 member of the armed forces must complete, at the point of
5 sale, a form prescribed by the Department of Revenue
6 documenting that the transaction is eligible for the
7 exemption under this paragraph. Retailers must keep the
8 form as documentation of the exemption in their records
9 for a period of not less than 6 years. "Armed forces of the
10 United States" means the United States Army, Navy, Air
11 Force, Space Force, Marine Corps, or Coast Guard. This
12 paragraph is exempt from the provisions of Section 2-70.

13 (49) Beginning July 1, 2024, home-delivered meals
14 provided to Medicare or Medicaid recipients when payment
15 is made by an intermediary, such as a Medicare
16 Administrative Contractor, a Managed Care Organization, or
17 a Medicare Advantage Organization, pursuant to a
18 government contract. This paragraph (49) is exempt from
19 the provisions of Section 2-70.

20 (50) ~~(49)~~ Beginning on January 1, 2026, as further
21 defined in Section 2-10, food for human consumption that
22 is to be consumed off the premises where it is sold (other
23 than alcoholic beverages, food consisting of or infused
24 with adult use cannabis, soft drinks, candy, and food that
25 has been prepared for immediate consumption). This item
26 (50) ~~(49)~~ is exempt from the provisions of Section 2-70.

1 (51) ~~(49)~~ Gross receipts from the lease of the
2 following tangible personal property:

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

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

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

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

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

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

24 (D) the licensor has a policy of providing
25 another copy at minimal or no charge if the
26 customer loses or damages the software, or of

1 permitting the licensee to make and keep an
2 archival copy, and such policy is either stated in
3 the license agreement, supported by the licensor's
4 books and records, or supported by a notarized
5 statement made under penalties of perjury by the
6 licensor; and

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

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

17 (52) Tangible personal property that is (i) purchased
18 by a developer who has been awarded a certificate of
19 exemption under this paragraph (52) by the Department of
20 Commerce and Economic Opportunity and (ii) used to
21 rehabilitate brownfield or grayfield property, as defined
22 in Section 246 of the Illinois Income Tax Act, after
23 remediation has occurred. The Department of Commerce and
24 Economic Opportunity shall award certificates of exemption
25 under this paragraph (52) for property that meets the
26 criteria under this paragraph (52). This paragraph is

1 exempt from the provisions of Section 2-70.

2 (Source: P.A. 102-16, eff. 6-17-21; 102-634, eff. 8-27-21;
3 102-700, Article 70, Section 70-20, eff. 4-19-22; 102-700,
4 Article 75, Section 75-20, eff. 4-19-22; 102-813, eff.
5 5-13-22; 102-1026, eff. 5-27-22; 103-9, Article 5, Section
6 5-20, eff. 6-7-23; 103-9, Article 15, Section 15-20, eff.
7 6-7-23; 103-154, eff. 6-30-23; 103-384, eff. 1-1-24; 103-592,
8 eff. 1-1-25; 103-605, eff. 7-1-24; 103-643, eff. 7-1-24;
9 103-746, eff. 1-1-25; 103-781, eff. 8-5-24; 103-995, eff.
10 8-9-24; revised 11-26-24.)

11 Section 99. Effective date. This Act takes effect upon
12 becoming law.