



104TH GENERAL ASSEMBLY

State of Illinois

2025 and 2026

SB1633

Introduced 2/4/2025, by Sen. Donald P. DeWitte

SYNOPSIS AS INTRODUCED:

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

Amends the Use Tax Act, the Service Use Tax Act, the Service Occupation Tax Act, and the Retailers' Occupation Tax Act. Provides that leases of solar energy systems are exempt from the taxes imposed under the Acts.

LRB104 08081 HLH 18127 b

1 AN ACT concerning revenue.

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

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

6 (35 ILCS 105/3-5)

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

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

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

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

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

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

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

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

17 (7) Farm chemicals.

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

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

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

1 Act.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

22 For the purposes of this item (40):

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

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

1 Economic Opportunity.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

10 (3) a solar energy system, as defined in Section 10-5
11 of the Property Tax Code.

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

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

22 (35 ILCS 110/3-5)

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

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

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

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

26 (4) Legal tender, currency, medallions, or gold or silver

1 coinage issued by the State of Illinois, the government of the
2 United States of America, or the government of any foreign
3 country, and bullion.

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

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

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

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

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

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

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

4 This item (7) is exempt from the provisions of Section
5 3-75.

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

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

23 (9) Proceeds of mandatory service charges separately
24 stated on customers' bills for the purchase and consumption of
25 food and beverages acquired as an incident to the purchase of a
26 service from a serviceman, to the extent that the proceeds of

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

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

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

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

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

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

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

22 (15) Computers and communications equipment utilized for
23 any hospital purpose and equipment used in the diagnosis,
24 analysis, or treatment of hospital patients purchased by a
25 lessor who leases the equipment, under a lease of one year or
26 longer executed or in effect at the time the lessor would

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

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

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

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

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

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

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

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

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

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

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

1 amusement and vending business if a use or occupation tax is
2 paid on the gross receipts derived from the use of the
3 commercial, coin-operated amusement and vending machines. This
4 paragraph is exempt from the provisions of Section 3-75.

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

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

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

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

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

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

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

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

1 with Part 145 of the Federal Aviation Regulations; and (B) the
2 modification, replacement, repair, and maintenance of aircraft
3 engines or power plants without regard to whether or not those
4 persons meet the qualifications of item (A).

5 The exemption does not include aircraft operated by a
6 commercial air carrier providing scheduled passenger air
7 service pursuant to authority issued under Part 121 or Part
8 129 of the Federal Aviation Regulations. The changes made to
9 this paragraph (27) by Public Act 98-534 are declarative of
10 existing law. It is the intent of the General Assembly that the
11 exemption under this paragraph (27) applies continuously from
12 January 1, 2010 through December 31, 2024; however, no claim
13 for credit or refund is allowed for taxes paid as a result of
14 the disallowance of this exemption on or after January 1, 2015
15 and prior to February 5, 2020 (the effective date of Public Act
16 101-629).

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

1 connection with the development of the municipal convention
2 hall. This exemption includes existing public-facilities
3 corporations as provided in Section 11-65-25 of the Illinois
4 Municipal Code. This paragraph is exempt from the provisions
5 of Section 3-75.

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

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

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

26 The Department of Commerce and Economic Opportunity shall

1 grant a certificate of exemption under this item (31) to
2 qualified data centers as defined by Section 605-1025 of the
3 Department of Commerce and Economic Opportunity Law of the
4 Civil Administrative Code of Illinois.

5 For the purposes of this item (31):

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

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

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

11 This item (31) is exempt from the provisions of Section
12 3-75.

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

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

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

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

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

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

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

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

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

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

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

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

12 (37) ~~(36)~~ Beginning on January 1, 2026, as further defined
13 in Section 3-10, food for human consumption that is to be
14 consumed off the premises where it is sold (other than
15 alcoholic beverages, food consisting of or infused with adult
16 use cannabis, soft drinks, candy, and food that has been
17 prepared for immediate consumption). This item (37) ~~(36)~~ is
18 exempt from the provisions of Section 3-75.

19 (38) ~~(35)~~ Use by a lessee of the following leased tangible
20 personal property:

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

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

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

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

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

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

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

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

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

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

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

4 (3) solar energy systems, as defined in Section 10-5
5 of the Property Tax Code.

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

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

16 (35 ILCS 115/3-5)

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

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

1 of resale by the enterprise.

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

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

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

24 (5) Until July 1, 2003 and beginning again on September 1,
25 2004 through August 30, 2014, graphic arts machinery and
26 equipment, including repair and replacement parts, both new

1 and used, and including that manufactured on special order or
2 purchased for lease, certified by the purchaser to be used
3 primarily for graphic arts production. Equipment includes
4 chemicals or chemicals acting as catalysts but only if the
5 chemicals or chemicals acting as catalysts effect a direct and
6 immediate change upon a graphic arts product. Beginning on
7 July 1, 2017, graphic arts machinery and equipment is included
8 in the manufacturing and assembling machinery and equipment
9 exemption under Section 2 of this Act.

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

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

1 equipment under this item (7). Agricultural chemical tender
2 tanks and dry boxes shall include units sold separately from a
3 motor vehicle required to be licensed and units sold mounted
4 on a motor vehicle required to be licensed if the selling price
5 of the tender is separately stated.

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

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

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

24 This item (7) is exempt from the provisions of Section
25 3-55.

26 (8) Until June 30, 2013, fuel and petroleum products sold

1 to or used by an air common carrier, certified by the carrier
2 to be used for consumption, shipment, or storage in the
3 conduct of its business as an air common carrier, for a flight
4 destined for or returning from a location or locations outside
5 the United States without regard to previous or subsequent
6 domestic stopovers.

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

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

25 (10) Until July 1, 2003, oil field exploration, drilling,
26 and production equipment, including (i) rigs and parts of

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

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

14 (12) Until July 1, 2028, coal and aggregate exploration,
15 mining, off-highway hauling, processing, maintenance, and
16 reclamation equipment, including replacement parts and
17 equipment, and including equipment purchased for lease, but
18 excluding motor vehicles required to be registered under the
19 Illinois Vehicle Code. The changes made to this Section by
20 Public Act 97-767 apply on and after July 1, 2003, but no claim
21 for credit or refund is allowed on or after August 16, 2013
22 (the effective date of Public Act 98-456) for such taxes paid
23 during the period beginning July 1, 2003 and ending on August
24 16, 2013 (the effective date of Public Act 98-456).

25 (13) Beginning January 1, 1992 and through June 30, 2016,
26 food for human consumption that is to be consumed off the

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

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

14 (15) Horses, or interests in horses, registered with and
15 meeting the requirements of any of the Arabian Horse Club
16 Registry of America, Appaloosa Horse Club, American Quarter
17 Horse Association, United States Trotting Association, or
18 Jockey Club, as appropriate, used for purposes of breeding or
19 racing for prizes. This item (15) is exempt from the
20 provisions of Section 3-55, and the exemption provided for
21 under this item (15) applies for all periods beginning May 30,
22 1995, but no claim for credit or refund is allowed on or after
23 January 1, 2008 (the effective date of Public Act 95-88) for
24 such taxes paid during the period beginning May 30, 2000 and
25 ending on January 1, 2008 (the effective date of Public Act
26 95-88).

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

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

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

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

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

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

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

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

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

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

1 Beginning January 1, 2002 and through June 30, 2003, machines
2 and parts for machines used in commercial, coin-operated
3 amusement and vending business if a use or occupation tax is
4 paid on the gross receipts derived from the use of the
5 commercial, coin-operated amusement and vending machines. This
6 paragraph is exempt from the provisions of Section 3-55.

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 sold to
11 a lessor who leases the equipment, under a lease of one year or
12 longer executed or in effect at the time of the purchase, to a
13 hospital that has been issued an active tax exemption
14 identification number by the Department under Section 1g of
15 the Retailers' Occupation Tax Act. This paragraph is exempt
16 from the provisions of Section 3-55.

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

25 (26) Beginning on January 1, 2002 and through June 30,
26 2016, tangible personal property purchased from an Illinois

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

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

1 under Title IV of the Environmental Protection Act. This
2 paragraph is exempt from the provisions of Section 3-55.

3 (28) Tangible personal property sold to a
4 public-facilities corporation, as described in Section
5 11-65-10 of the Illinois Municipal Code, for purposes of
6 constructing or furnishing a municipal convention hall, but
7 only if the legal title to the municipal convention hall is
8 transferred to the municipality without any further
9 consideration by or on behalf of the municipality at the time
10 of the completion of the municipal convention hall or upon the
11 retirement or redemption of any bonds or other debt
12 instruments issued by the public-facilities corporation in
13 connection with the development of the municipal convention
14 hall. This exemption includes existing public-facilities
15 corporations as provided in Section 11-65-25 of the Illinois
16 Municipal Code. This paragraph is exempt from the provisions
17 of Section 3-55.

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

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

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

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

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

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

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

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

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

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

13 For the purposes of this item (32):

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

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

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

19 This item (32) is exempt from the provisions of Section
20 3-55.

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

25 "Breast pump" means an electrically controlled or
26 manually controlled pump device designed or marketed to be

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

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

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

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

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

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

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

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

1 Coast Guard. This paragraph is exempt from the provisions of
2 Section 3-55.

3 (36) Beginning July 1, 2024, home-delivered meals provided
4 to Medicare or Medicaid recipients when payment is made by an
5 intermediary, such as a Medicare Administrative Contractor, a
6 Managed Care Organization, or a Medicare Advantage
7 Organization, pursuant to a government contract. This
8 paragraph (36) ~~(35)~~ is exempt from the provisions of Section
9 3-55.

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

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

1 exempt from the provisions of Section 3-55.

2 (39) ~~(36)~~ The lease of the following tangible personal
3 property:

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

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

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

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

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

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

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

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

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

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

13 (3) solar energy systems, as defined in Section 10-5
14 of the Property Tax Code.

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

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

1 (35 ILCS 120/2-5)

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

6 (1) Farm chemicals.

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

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

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

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

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

22 (3) Until July 1, 2003, distillation machinery and
23 equipment, sold as a unit or kit, assembled or installed
24 by the retailer, certified by the user to be used only for
25 the production of ethyl alcohol that will be used for
26 consumption as motor fuel or as a component of motor fuel

1 for the personal use of the user, and not subject to sale
2 or resale.

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

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

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

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

26 (8) Personal property sold to an Illinois county fair

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

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

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

25 (11) Except as otherwise provided in this Section,
26 personal property sold to a governmental body, to a

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

15 (12) (Blank).

16 (12-5) On and after July 1, 2003 and through June 30,
17 2004, motor vehicles of the second division with a gross
18 vehicle weight in excess of 8,000 pounds that are subject
19 to the commercial distribution fee imposed under Section
20 3-815.1 of the Illinois Vehicle Code. Beginning on July 1,
21 2004 and through June 30, 2005, the use in this State of
22 motor vehicles of the second division: (i) with a gross
23 vehicle weight rating in excess of 8,000 pounds; (ii) that
24 are subject to the commercial distribution fee imposed
25 under Section 3-815.1 of the Illinois Vehicle Code; and
26 (iii) that are primarily used for commercial purposes.

1 Through June 30, 2005, this exemption applies to repair
2 and replacement parts added after the initial purchase of
3 such a motor vehicle if that motor vehicle is used in a
4 manner that would qualify for the rolling stock exemption
5 otherwise provided for in this Act. For purposes of this
6 paragraph, "used for commercial purposes" means the
7 transportation of persons or property in furtherance of
8 any commercial or industrial enterprise whether for-hire
9 or not.

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

18 (14) Machinery and equipment that will be used by the
19 purchaser, or a lessee of the purchaser, primarily in the
20 process of manufacturing or assembling tangible personal
21 property for wholesale or retail sale or lease, whether
22 the sale or lease is made directly by the manufacturer or
23 by some other person, whether the materials used in the
24 process are owned by the manufacturer or some other
25 person, or whether the sale or lease is made apart from or
26 as an incident to the seller's engaging in the service

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

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

26 (16) Tangible personal property sold to a purchaser if

1 the purchaser is exempt from use tax by operation of
2 federal law. This paragraph is exempt from the provisions
3 of Section 2-70.

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

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

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

26 (20) Photoprocessing machinery and equipment,

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

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

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

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

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

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

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

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

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

6 (25-5) The exemption under item (25) does not apply if
7 the state in which the motor vehicle will be titled does
8 not allow a reciprocal exemption for a motor vehicle sold
9 and delivered in that state to an Illinois resident but
10 titled in Illinois. The tax collected under this Act on
11 the sale of a motor vehicle in this State to a resident of
12 another state that does not allow a reciprocal exemption
13 shall be imposed at a rate equal to the state's rate of tax
14 on taxable property in the state in which the purchaser is
15 a resident, except that the tax shall not exceed the tax
16 that would otherwise be imposed under this Act. At the
17 time of the sale, the purchaser shall execute a statement,
18 signed under penalty of perjury, of his or her intent to
19 title the vehicle in the state in which the purchaser is a
20 resident within 30 days after the sale and of the fact of
21 the payment to the State of Illinois of tax in an amount
22 equivalent to the state's rate of tax on taxable property
23 in his or her state of residence and shall submit the
24 statement to the appropriate tax collection agency in his
25 or her state of residence. In addition, the retailer must
26 retain a signed copy of the statement in his or her

1 records. Nothing in this item shall be construed to
2 require the removal of the vehicle from this state
3 following the filing of an intent to title the vehicle in
4 the purchaser's state of residence if the purchaser titles
5 the vehicle in his or her state of residence within 30 days
6 after the date of sale. The tax collected under this Act in
7 accordance with this item (25-5) shall be proportionately
8 distributed as if the tax were collected at the 6.25%
9 general rate imposed under this Act.

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

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

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

23 (3) the seller retains in his or her books and
24 records and provides to the Department a signed and
25 dated certification from the purchaser, on a form
26 prescribed by the Department, certifying that the

1 requirements of this item (25-7) are met. The
2 certificate must also include the name and address of
3 the purchaser, the address of the location where the
4 aircraft is to be titled or registered, the address of
5 the primary physical location of the aircraft, and
6 other information that the Department may reasonably
7 require.

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

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

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

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

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

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

1 Association, or Jockey Club, as appropriate, used for
2 purposes of breeding or racing for prizes. This item (27)
3 is exempt from the provisions of Section 2-70, and the
4 exemption provided for under this item (27) applies for
5 all periods beginning May 30, 1995, but no claim for
6 credit or refund is allowed on or after January 1, 2008
7 (the effective date of Public Act 95-88) for such taxes
8 paid during the period beginning May 30, 2000 and ending
9 on January 1, 2008 (the effective date of Public Act
10 95-88).

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

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

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

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

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

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

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

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

1 of volunteers and includes parents and teachers of the
2 school children. This paragraph does not apply to
3 fundraising events (i) for the benefit of private home
4 instruction or (ii) for which the fundraising entity
5 purchases the personal property sold at the events from
6 another individual or entity that sold the property for
7 the purpose of resale by the fundraising entity and that
8 profits from the sale to the fundraising entity. This
9 paragraph is exempt from the provisions of Section 2-70.

10 (35) Beginning January 1, 2000 and through December
11 31, 2001, new or used automatic vending machines that
12 prepare and serve hot food and beverages, including
13 coffee, soup, and other items, and replacement parts for
14 these machines. Beginning January 1, 2002 and through June
15 30, 2003, machines and parts for machines used in
16 commercial, coin-operated amusement and vending business
17 if a use or occupation tax is paid on the gross receipts
18 derived from the use of the commercial, coin-operated
19 amusement and vending machines. This paragraph is exempt
20 from the provisions of Section 2-70.

21 (35-5) Beginning August 23, 2001 and through June 30,
22 2016, food for human consumption that is to be consumed
23 off the premises where it is sold (other than alcoholic
24 beverages, soft drinks, and food that has been prepared
25 for immediate consumption) and prescription and
26 nonprescription medicines, drugs, medical appliances, and

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

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

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

26 (38) Beginning on January 1, 2002 and through June 30,

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

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

1 the Environmental Protection Act, that is operated by a
2 not-for-profit corporation that holds a valid water supply
3 permit issued under Title IV of the Environmental
4 Protection Act. This paragraph is exempt from the
5 provisions of Section 2-70.

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

23 Beginning January 1, 2010 and continuing through
24 December 31, 2023, this exemption applies only to the sale
25 of qualifying tangible personal property to persons who
26 modify, refurbish, complete, replace, or maintain an

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

23 The changes made to this paragraph (40) by Public Act
24 98-534 are declarative of existing law. It is the intent
25 of the General Assembly that the exemption under this
26 paragraph (40) applies continuously from January 1, 2010

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

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

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

23 (43) Merchandise that is subject to the Rental
24 Purchase Agreement Occupation and Use Tax. The purchaser
25 must certify that the item is purchased to be rented
26 subject to a rental-purchase agreement, as defined in the

1 Rental-Purchase Agreement Act, and provide proof of
2 registration under the Rental Purchase Agreement
3 Occupation and Use Tax Act. This paragraph is exempt from
4 the provisions of Section 2-70.

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

20 The Department of Commerce and Economic Opportunity
21 shall grant a certificate of exemption under this item
22 (44) to qualified data centers as defined by Section
23 605-1025 of the Department of Commerce and Economic
24 Opportunity Law of the Civil Administrative Code of
25 Illinois.

26 For the purposes of this item (44):

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

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

1 property" also includes building materials physically
2 incorporated into the qualifying data center. To
3 document the exemption allowed under this Section, the
4 retailer must obtain from the purchaser a copy of the
5 certificate of eligibility issued by the Department of
6 Commerce and Economic Opportunity.

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

9 (45) Beginning January 1, 2020 and through December
10 31, 2020, sales of tangible personal property made by a
11 marketplace seller over a marketplace for which tax is due
12 under this Act but for which use tax has been collected and
13 remitted to the Department by a marketplace facilitator
14 under Section 2d of the Use Tax Act are exempt from tax
15 under this Act. A marketplace seller claiming this
16 exemption shall maintain books and records demonstrating
17 that the use tax on such sales has been collected and
18 remitted by a marketplace facilitator. Marketplace sellers
19 that have properly remitted tax under this Act on such
20 sales may file a claim for credit as provided in Section 6
21 of this Act. No claim is allowed, however, for such taxes
22 for which a credit or refund has been issued to the
23 marketplace facilitator under the Use Tax Act, or for
24 which the marketplace facilitator has filed a claim for
25 credit or refund under the Use Tax Act.

26 (46) Beginning July 1, 2022, breast pumps, breast pump

1 collection and storage supplies, and breast pump kits.
2 This item (46) is exempt from the provisions of Section
3 2-70. As used in this item (46):

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

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

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

23 "Breast pump collection and storage supplies" does not
24 include: (1) bottles and bottle caps not specific to the
25 operation of the breast pump; (2) breast pump travel bags
26 and other similar carrying accessories, including ice

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

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

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

20 (48) Beginning on January 1, 2024, tangible personal
21 property purchased by an active duty member of the armed
22 forces of the United States who presents valid military
23 identification and purchases the property using a form of
24 payment where the federal government is the payor. The
25 member of the armed forces must complete, at the point of
26 sale, a form prescribed by the Department of Revenue

1 documenting that the transaction is eligible for the
2 exemption under this paragraph. Retailers must keep the
3 form as documentation of the exemption in their records
4 for a period of not less than 6 years. "Armed forces of the
5 United States" means the United States Army, Navy, Air
6 Force, Space Force, Marine Corps, or Coast Guard. This
7 paragraph is exempt from the provisions of Section 2-70.

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

15 (50) ~~(49)~~ Beginning on January 1, 2026, as further
16 defined in Section 2-10, food for human consumption that
17 is to be consumed off the premises where it is sold (other
18 than alcoholic beverages, food consisting of or infused
19 with adult use cannabis, soft drinks, candy, and food that
20 has been prepared for immediate consumption). This item
21 (50) ~~(49)~~ is exempt from the provisions of Section 2-70.

22 (51) ~~(49)~~ Gross receipts from the lease of the
23 following tangible personal property:

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

26 (A) it is evidenced by a written agreement

1 signed by the licensor and the customer;

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

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

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

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

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

1 licensor; ~~and~~

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

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

12 (3) solar energy systems, as defined in Section
13 10-5 of the Property Tax Code.

14 (Source: P.A. 102-16, eff. 6-17-21; 102-634, eff. 8-27-21;
15 102-700, Article 70, Section 70-20, eff. 4-19-22; 102-700,
16 Article 75, Section 75-20, eff. 4-19-22; 102-813, eff.
17 5-13-22; 102-1026, eff. 5-27-22; 103-9, Article 5, Section
18 5-20, eff. 6-7-23; 103-9, Article 15, Section 15-20, eff.
19 6-7-23; 103-154, eff. 6-30-23; 103-384, eff. 1-1-24; 103-592,
20 eff. 1-1-25; 103-605, eff. 7-1-24; 103-643, eff. 7-1-24;
21 103-746, eff. 1-1-25; 103-781, eff. 8-5-24; 103-995, eff.
22 8-9-24; revised 11-26-24.)