

SB3790



104TH GENERAL ASSEMBLY

State of Illinois

2025 and 2026

SB3790

Introduced 2/5/2026, by Sen. Chris Balkema

SYNOPSIS AS INTRODUCED:

| | |
|------------------|------------------------------|
| 35 ILCS 105/3-55 | from Ch. 120, par. 439.3-55 |
| 35 ILCS 110/3-45 | from Ch. 120, par. 439.33-45 |
| 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. Reinstates the exemption for the use or sale of tangible personal property purchased from an Illinois retailer by a taxpayer engaged in centralized purchasing activities in Illinois. Provides that the exemption is repealed on June 30, 2031 (currently, June 30, 2016). Effective immediately.

LRB104 19634 HLH 33083 b

A BILL FOR

1 AN ACT concerning revenue.

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

4 Section 5. The Use Tax Act is amended by changing Section
5 3-55 as follows:

6 (35 ILCS 105/3-55) (from Ch. 120, par. 439.3-55)

7 Sec. 3-55. Multistate exemption. To prevent actual or
8 likely multistate taxation, the tax imposed by this Act does
9 not apply to the use of tangible personal property in this
10 State under the following circumstances:

11 (a) The use, in this State, of tangible personal property
12 acquired outside this State by a nonresident individual and
13 brought into this State by the individual for his or her own
14 use while temporarily within this State or while passing
15 through this State.

16 (b) (Blank).

17 (c) The use, in this State, by owners or lessors, lessees,
18 or shippers of tangible personal property that is utilized by
19 interstate carriers for hire for use as rolling stock moving
20 in interstate commerce as long as so used by the interstate
21 carriers for hire, and equipment operated by a
22 telecommunications provider, licensed as a common carrier by
23 the Federal Communications Commission, which is permanently

1 installed in or affixed to aircraft moving in interstate
2 commerce.

3 (d) The use, in this State, of tangible personal property
4 that is acquired outside this State and caused to be brought
5 into this State by a person who has already paid a tax in
6 another State in respect to the sale, purchase, or use of that
7 property, to the extent of the amount of the tax properly due
8 and paid in the other State.

9 (e) The temporary storage, in this State, of tangible
10 personal property that is acquired outside this State and
11 that, after being brought into this State and stored here
12 temporarily, is used solely outside this State or is
13 physically attached to or incorporated into other tangible
14 personal property that is used solely outside this State, or
15 is altered by converting, fabricating, manufacturing,
16 printing, processing, or shaping, and, as altered, is used
17 solely outside this State.

18 (f) The temporary storage in this State of building
19 materials and fixtures that are acquired either in this State
20 or outside this State by an Illinois registered combination
21 retailer and construction contractor, and that the purchaser
22 thereafter uses outside this State by incorporating that
23 property into real estate located outside this State.

24 (g) The use or purchase of tangible personal property by a
25 common carrier by rail or motor that receives the physical
26 possession of the property in Illinois, and that transports

1 the property, or shares with another common carrier in the
2 transportation of the property, out of Illinois on a standard
3 uniform bill of lading showing the seller of the property as
4 the shipper or consignor of the property to a destination
5 outside Illinois, for use outside Illinois.

6 (h) Except as provided in subsections (h-1) and (h-1.5),
7 the use, in this State, of a motor vehicle that was sold in
8 this State to a nonresident, even though the motor vehicle is
9 delivered to the nonresident in this State, if the motor
10 vehicle is not to be titled in this State, and if a drive-away
11 permit is issued to the motor vehicle as provided in Section
12 3-603 of the Illinois Vehicle Code or if the nonresident
13 purchaser has vehicle registration plates to transfer to the
14 motor vehicle upon returning to his or her home state. The
15 issuance of the drive-away permit or having the out-of-state
16 registration plates to be transferred shall be prima facie
17 evidence that the motor vehicle will not be titled in this
18 State.

19 (h-1) The exemption under subsection (h) does not apply if
20 the state in which the motor vehicle will be titled does not
21 allow a reciprocal exemption for the use in that state of a
22 motor vehicle sold and delivered in that state to an Illinois
23 resident but titled in Illinois. The tax collected under this
24 Act on the sale of a motor vehicle in this State to a resident
25 of another state that does not allow a reciprocal exemption
26 shall be imposed at a rate equal to the state's rate of tax on

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

22 (h-1.5) There is a rebuttable presumption that the
23 exemption under subsection (h) does not apply if the purchaser
24 is a limited liability company and a member of the limited
25 liability company is a resident of Illinois. This presumption
26 may be rebutted by other evidence, such as evidence the motor

1 vehicle is insured for primary use at an address outside of
2 Illinois or evidence that the motor vehicle will be
3 permanently stored or garaged at a physical address outside
4 Illinois.

5 (h-2) The following exemptions apply with respect to
6 certain aircraft:

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

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

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

20 (C) the purchaser provides the Department with a
21 signed and dated certification, on a form prescribed
22 by the Department, certifying that the requirements of
23 this item (1) are met. The certificate must also
24 include the name and address of the purchaser, the
25 address of the location where the aircraft is to be
26 titled or registered, the address of the primary

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

4 (2) Beginning on July 1, 2007, no tax is imposed under
5 this Act on the use of an aircraft, as defined in Section 3
6 of the Illinois Aeronautics Act, that is temporarily
7 located in this State for the purpose of a prepurchase
8 evaluation if all of the following conditions are met:

9 (A) the aircraft is not based or registered in
10 this State after the prepurchase evaluation; and

11 (B) the purchaser provides the Department with a
12 signed and dated certification, on a form prescribed
13 by the Department, certifying that the requirements of
14 this item (2) are met. The certificate must also
15 include the name and address of the purchaser, the
16 address of the location where the aircraft is to be
17 titled or registered, the address of the primary
18 physical location of the aircraft, and other
19 information that the Department may reasonably
20 require.

21 (3) Beginning on July 1, 2007, no tax is imposed under
22 this Act on the use of an aircraft, as defined in Section 3
23 of the Illinois Aeronautics Act, that is temporarily
24 located in this State for the purpose of a post-sale
25 customization if all of the following conditions are met:

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

1 after the authorized approval for return to service,
2 completion of the maintenance record entry, and
3 completion of the test flight and ground test for
4 inspection, as required by 14 C.F.R. 91.407;

5 (B) the aircraft is not based or registered in
6 this State either before or after the post-sale
7 customization; and

8 (C) the purchaser provides the Department with a
9 signed and dated certification, on a form prescribed
10 by the Department, certifying that the requirements of
11 this item (3) are met. The certificate must also
12 include the name and address of the purchaser, the
13 address of the location where the aircraft is to be
14 titled or registered, the address of the primary
15 physical location of the aircraft, and other
16 information that the Department may reasonably
17 require.

18 If tax becomes due under this subsection (h-2) because of
19 the purchaser's use of the aircraft in this State, the
20 purchaser shall file a return with the Department and pay the
21 tax on the fair market value of the aircraft. This return and
22 payment of the tax must be made no later than 30 days after the
23 aircraft is used in a taxable manner in this State. The tax is
24 based on the fair market value of the aircraft on the date that
25 it is first used in a taxable manner in this State.

26 For purposes of this subsection (h-2):

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

5 "Post-sale customization" means any improvement,
6 maintenance, or repair that is performed on an aircraft
7 following a transfer of ownership of the aircraft.

8 "Prepurchase evaluation" means an examination of an
9 aircraft to provide a potential purchaser with information
10 relevant to the potential purchase.

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

15 This subsection (h-2) is exempt from the provisions of
16 Section 3-90.

17 (i) Beginning July 1, 1999, the use, in this State, of fuel
18 acquired outside this State and brought into this State in the
19 fuel supply tanks of locomotives engaged in freight hauling
20 and passenger service for interstate commerce. This subsection
21 is exempt from the provisions of Section 3-90.

22 (j) Beginning on January 1, 2002 and through June 30,
23 2016, and beginning again on July 1, 2026 and through June 30,
24 2031, the use of tangible personal property purchased ~~from an~~
25 ~~Illinois retailer~~ by a taxpayer engaged in centralized
26 purchasing activities in Illinois who will, upon receipt of

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

20 (Source: P.A. 103-592, eff. 1-1-25; 104-6, eff. 6-16-25.)

21 Section 10. The Service Use Tax Act is amended by changing
22 Section 3-45 as follows:

23 (35 ILCS 110/3-45) (from Ch. 120, par. 439.33-45)

24 Sec. 3-45. Multistate exemption. To prevent actual or

1 likely multistate taxation, the tax imposed by this Act does
2 not apply to the use of tangible personal property in this
3 State under the following circumstances:

4 (a) The use, in this State, of property acquired outside
5 this State by a nonresident individual and brought into this
6 State by the individual for his or her own use while
7 temporarily within this State or while passing through this
8 State.

9 (b) The use, in this State, of property that is acquired
10 outside this State and that is moved into this State for use as
11 rolling stock moving in interstate commerce.

12 (c) The use, in this State, of property that is acquired
13 outside this State and caused to be brought into this State by
14 a person who has already paid a tax in another state in respect
15 to the sale, purchase, or use of that property, to the extent
16 of the amount of the tax properly due and paid in the other
17 state.

18 (d) The temporary storage, in this State, of property that
19 is acquired outside this State and that after being brought
20 into this State and stored here temporarily, is used solely
21 outside this State or is physically attached to or
22 incorporated into other property that is used solely outside
23 this State, or is altered by converting, fabricating,
24 manufacturing, printing, processing, or shaping, and, as
25 altered, is used solely outside this State.

26 (e) Beginning July 1, 1999, the use, in this State, of fuel

1 acquired outside this State and brought into this State in the
2 fuel supply tanks of locomotives engaged in freight hauling
3 and passenger service for interstate commerce. This subsection
4 is exempt from the provisions of Section 3-75.

5 (f) Beginning on January 1, 2002 and through June 30,
6 2016, and beginning again on July 1, 2026 and through June 30,
7 2031, the use of tangible personal property purchased ~~from an~~
8 ~~Illinois retailer~~ by a taxpayer engaged in centralized
9 purchasing activities in Illinois who will, upon receipt of
10 the property in Illinois, temporarily store the property in
11 Illinois (i) for the purpose of subsequently transporting it
12 outside this State for use or consumption thereafter solely
13 outside this State or (ii) for the purpose of being processed,
14 fabricated, or manufactured into, attached to, or incorporated
15 into other tangible personal property to be transported
16 outside this State and thereafter used or consumed solely
17 outside this State. The Director of Revenue shall, pursuant to
18 rules adopted in accordance with the Illinois Administrative
19 Procedure Act, issue a permit to any taxpayer in good standing
20 with the Department who is eligible for the exemption under
21 this subsection (f). The permit issued under this subsection
22 (f) shall authorize the holder, to the extent and in the manner
23 specified in the rules adopted under this Act, to purchase
24 tangible personal property from a retailer exempt from the
25 taxes imposed by this Act. Taxpayers shall maintain all
26 necessary books and records to substantiate the use and

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

3 (Source: P.A. 97-73, eff. 6-30-11.)

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

6 (35 ILCS 115/3-5)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

14 This item (7) is exempt from the provisions of Section
15 3-55.

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

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

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

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

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

25 (11) Photoprocessing machinery and equipment, including
26 repair and replacement parts, both new and used, including

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

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

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

1 Specialized Mental Health Rehabilitation Act of 2013.

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

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

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

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

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

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

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

1 disaster.

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

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

25 (22) Beginning January 1, 2000, personal property,
26 including food, purchased through fundraising events for the

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

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

23 (24) Beginning on August 2, 2001 (the effective date of
24 Public Act 92-227), computers and communications equipment
25 utilized for any hospital purpose and equipment used in the
26 diagnosis, analysis, or treatment of hospital patients sold to

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

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

15 (26) Beginning on January 1, 2002 and through June 30,
16 2016, and beginning again on June 30, 2026 and through June 30,
17 2031, tangible personal property purchased ~~from an Illinois~~
18 ~~retailer~~ by a taxpayer engaged in centralized purchasing
19 activities in Illinois who will, upon receipt of the property
20 in Illinois, temporarily store the property in Illinois (i)
21 for the purpose of subsequently transporting it outside this
22 State for use or consumption thereafter solely outside this
23 State or (ii) for the purpose of being processed, fabricated,
24 or manufactured into, attached to, or incorporated into other
25 tangible personal property to be transported outside this
26 State and thereafter used or consumed solely outside this

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

13 (27) 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 3-55.

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

1 of the completion of the municipal convention hall or upon the
2 retirement or redemption of any bonds or other debt
3 instruments issued by the public-facilities corporation in
4 connection with the development of the municipal convention
5 hall. This exemption includes existing public-facilities
6 corporations as provided in Section 11-65-25 of the Illinois
7 Municipal Code. This paragraph is exempt from the provisions
8 of Section 3-55.

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

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

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

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

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

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

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

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

25 The Department of Commerce and Economic Opportunity shall
26 grant a certificate of exemption under this item (32) to

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

4 For the purposes of this item (32):

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

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

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

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

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

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

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

1 milk until it is ready for consumption.

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

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

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

1 manufacturer or distributor.

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

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

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

26 (37) Beginning on January 1, 2026, as further defined in

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

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

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

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

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

24 (i) an electronic agreement in which the
25 customer accepts the license by means of an
26 electronic signature that is verifiable and can be

1 authenticated and is attached to or made part of
2 the license will comply with this requirement;

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

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

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

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

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

25 (2) property that is subject to a tax on lease
26 receipts imposed by a home rule unit of local government

1 if the ordinance imposing that tax was adopted prior to
2 January 1, 2023.

3 (Source: P.A. 103-9, Article 5, Section 5-15, eff. 6-7-23;
4 103-9, Article 15, Section 15-15, eff. 6-7-23; 103-154, eff.
5 6-30-23; 103-384, eff. 1-1-24; 103-592, eff. 1-1-25; 103-605,
6 eff. 7-1-24; 103-643, eff. 7-1-24; 103-746, eff. 1-1-25;
7 103-781, eff. 8-5-24; 103-995, eff. 8-9-24; 104-417, eff.
8 8-15-25.)

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

11 (35 ILCS 120/2-5)

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

16 (1) Farm chemicals.

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

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

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

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

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

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

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

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

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

1 exemption under paragraph (14).

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

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

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

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

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

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

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

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

1 (12) (Blank).

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

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

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

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

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

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

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

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

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

1 government of any foreign country, and bullion.

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

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

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

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

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

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

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

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

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

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

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

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

22 (25-6) There is a rebuttable presumption that the
23 exemption under item (25) does not apply if the purchaser
24 is a limited liability company and a member of the limited
25 liability company is a resident of Illinois. This
26 presumption may be rebutted by other evidence, such as

1 evidence the motor vehicle is insured at a garaging or
2 storage address outside Illinois or other evidence of the
3 physical address at which the motor vehicle will be
4 permanently stored or garaged outside Illinois.

5 (25-7) Beginning on July 1, 2007, no tax is imposed
6 under this Act on the sale of an aircraft, as defined in
7 Section 3 of the Illinois Aeronautics Act, if all of the
8 following conditions are met:

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

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

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

1 other information that the Department may reasonably
2 require.

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

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

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

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

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

18 (27) Horses, or interests in horses, registered with
19 and meeting the requirements of any of the Arabian Horse
20 Club Registry of America, Appaloosa Horse Club, American
21 Quarter Horse Association, United States Trotting
22 Association, or Jockey Club, as appropriate, used for
23 purposes of breeding or racing for prizes. This item (27)
24 is exempt from the provisions of Section 2-70, and the
25 exemption provided for under this item (27) applies for
26 all periods beginning May 30, 1995, but no claim for

1 credit or refund is allowed on or after January 1, 2008
2 (the effective date of Public Act 95-88) for such taxes
3 paid during the period beginning May 30, 2000 and ending
4 on January 1, 2008 (the effective date of Public Act
5 95-88).

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

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

20 (30) Beginning with taxable years ending on or after
21 December 31, 1995 and ending with taxable years ending on
22 or before December 31, 2004, personal property that is
23 donated for disaster relief to be used in a State or
24 federally declared disaster area in Illinois or bordering
25 Illinois by a manufacturer or retailer that is registered
26 in this State to a corporation, society, association,

1 foundation, or institution that has been issued a sales
2 tax exemption identification number by the Department that
3 assists victims of the disaster who reside within the
4 declared disaster area.

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

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

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

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

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

1 another individual or entity that sold the property for
2 the purpose of resale by the fundraising entity and that
3 profits from the sale to the fundraising entity. This
4 paragraph is exempt from the provisions of Section 2-70.

5 (35) Beginning January 1, 2000 and through December
6 31, 2001, new or used automatic vending machines that
7 prepare and serve hot food and beverages, including
8 coffee, soup, and other items, and replacement parts for
9 these machines. Beginning January 1, 2002 and through June
10 30, 2003, machines and parts for machines used in
11 commercial, coin-operated amusement and vending business
12 if a use or occupation tax is paid on the gross receipts
13 derived from the use of the commercial, coin-operated
14 amusement and vending machines. This paragraph is exempt
15 from the provisions of Section 2-70.

16 (35-5) Beginning August 23, 2001 and through June 30,
17 2016, food for human consumption that is to be consumed
18 off the premises where it is sold (other than alcoholic
19 beverages, soft drinks, and food that has been prepared
20 for immediate consumption) and prescription and
21 nonprescription medicines, drugs, medical appliances, and
22 insulin, urine testing materials, syringes, and needles
23 used by diabetics, for human use, when purchased for use
24 by a person receiving medical assistance under Article V
25 of the Illinois Public Aid Code who resides in a licensed
26 long-term care facility, as defined in the Nursing Home

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

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

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

21 (38) Beginning on January 1, 2002 and through June 30,
22 2016, and beginning again on July 1, 2026 and through June
23 30, 2031, tangible personal property purchased ~~from an~~
24 ~~Illinois retailer~~ by a taxpayer engaged in centralized
25 purchasing activities in Illinois who will, upon receipt
26 of the property in Illinois, temporarily store the

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

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

1 provisions of Section 2-70.

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

19 Beginning January 1, 2010 and continuing through
20 December 31, 2023, this exemption applies only to the sale
21 of qualifying tangible personal property to persons who
22 modify, refurbish, complete, replace, or maintain an
23 aircraft and who (i) hold an Air Agency Certificate and
24 are empowered to operate an approved repair station by the
25 Federal Aviation Administration, (ii) have a Class IV
26 Rating, and (iii) conduct operations in accordance with

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

19 The changes made to this paragraph (40) by Public Act
20 98-534 are declarative of existing law. It is the intent
21 of the General Assembly that the exemption under this
22 paragraph (40) applies continuously from January 1, 2010
23 through December 31, 2024; however, no claim for credit or
24 refund is allowed for taxes paid as a result of the
25 disallowance of this exemption on or after January 1, 2015
26 and prior to February 5, 2020 (the effective date of

1 Public Act 101-629).

2 (41) Tangible personal property sold to a
3 public-facilities corporation, as described in Section
4 11-65-10 of the Illinois Municipal Code, for purposes of
5 constructing or furnishing a municipal convention hall,
6 but only if the legal title to the municipal convention
7 hall is transferred to the municipality without any
8 further consideration by or on behalf of the municipality
9 at the time of the completion of the municipal convention
10 hall or upon the retirement or redemption of any bonds or
11 other debt instruments issued by the public-facilities
12 corporation in connection with the development of the
13 municipal convention hall. This exemption includes
14 existing public-facilities corporations as provided in
15 Section 11-65-25 of the Illinois Municipal Code. This
16 paragraph is exempt from the provisions of Section 2-70.

17 (42) Beginning January 1, 2017 and through December
18 31, 2026, menstrual pads, tampons, and menstrual cups.

19 (43) Merchandise that is subject to the Rental
20 Purchase Agreement Occupation and Use Tax. The purchaser
21 must certify that the item is purchased to be rented
22 subject to a rental-purchase agreement, as defined in the
23 Rental-Purchase Agreement Act, and provide proof of
24 registration under the Rental Purchase Agreement
25 Occupation and Use Tax Act. This paragraph is exempt from
26 the provisions of Section 2-70.

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

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

22 For the purposes of this item (44):

23 "Data center" means a building or a series of
24 buildings rehabilitated or constructed to house
25 working servers in one physical location or multiple
26 sites within 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;
7 cabinets; telecommunications cabling infrastructure;
8 raised floor systems; peripheral components or
9 systems; software; mechanical, electrical, or plumbing
10 systems; battery systems; cooling systems and towers;
11 temperature control systems; other cabling; and other
12 data center infrastructure equipment and systems
13 necessary to operate qualified tangible personal
14 property, including fixtures; and component parts of
15 any of the foregoing, including installation,
16 maintenance, repair, refurbishment, and replacement of
17 qualified tangible personal property to generate,
18 transform, transmit, distribute, or manage electricity
19 necessary to operate qualified tangible personal
20 property; and all other tangible personal property
21 that is essential to the operations of a computer data
22 center. The term "qualified tangible personal
23 property" also includes building materials physically
24 incorporated into the qualifying data center. To
25 document the exemption allowed under this Section, the
26 retailer must obtain from the purchaser a copy of the

1 certificate of eligibility issued by the Department of
2 Commerce and Economic Opportunity.

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

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

22 (46) Beginning July 1, 2022, breast pumps, breast pump
23 collection and storage supplies, and breast pump kits.
24 This item (46) is exempt from the provisions of Section
25 2-70. As used in this item (46):

26 "Breast pump" means an electrically controlled or

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

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

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

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

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

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

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

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

1 United States" means the United States Army, Navy, Air
2 Force, Space Force, Marine Corps, or Coast Guard. This
3 paragraph is exempt from the provisions of Section 2-70.

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

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

18 (51) Gross receipts from the lease of the following
19 tangible personal property:

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

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

24 (i) an electronic agreement in which the
25 customer accepts the license by means of an
26 electronic signature that is verifiable and

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

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

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

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

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

24 (E) the customer must destroy or return all
25 copies of the software to the licensor at the end
26 of the license period; this provision is deemed to

1 be met, in the case of a perpetual license,
2 without being set forth in the license agreement;
3 and

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

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

14 Section 99. Effective date. This Act takes effect upon
15 becoming law.