



104TH GENERAL ASSEMBLY

State of Illinois

2025 and 2026

SB3851

Introduced 2/6/2026, by Sen. John F. Curran

SYNOPSIS AS INTRODUCED:

35 ILCS 5/901
35 ILCS 105/3-5
35 ILCS 105/3-10 from Ch. 120, par. 439.33-10
35 ILCS 110/3-5
35 ILCS 110/3-10
35 ILCS 115/3-5
35 ILCS 115/3-10
35 ILCS 120/2-5
35 ILCS 120/2-10 from Ch. 120, par. 441-10

Amends the Use Tax Act, the Service Use Tax Act, the Service Occupation Tax Act, and the Retailers' Occupation Tax Act. Provides that prescription medicines and products classified as Class III medical devices by the United States Food and Drug Administration that are used for cancer treatment pursuant to a prescription are exempt from the tax under the Acts. Amends the Illinois Income Tax Act. Increases the amount deposited into the Local Government Distributive Fund to: (i) 7.47% of the net revenue realized from the tax imposed upon individuals, trusts, estates, and pass-through entities; and (ii) 7.85% of the net revenue realized from the tax imposed upon corporations. Effective July 1, 2026.

LRB104 17208 HLH 30628 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 Illinois Income Tax Act is amended by
5 changing Section 901 as follows:

6 (35 ILCS 5/901)

7 Sec. 901. Collection authority.

8 (a) In general. The Department shall collect the taxes
9 imposed by this Act. The Department shall collect certified
10 past due child support amounts under Section 2505-650 of the
11 Department of Revenue Law of the Civil Administrative Code of
12 Illinois. Except as provided in subsections (b), (c), (e),
13 (f), (g), and (h) of this Section, money collected pursuant to
14 subsections (a) and (b) of Section 201 of this Act shall be
15 paid into the General Revenue Fund in the State treasury;
16 money collected pursuant to subsections (c) and (d) of Section
17 201 of this Act shall be paid into the Personal Property Tax
18 Replacement Fund, a special fund in the State treasury
19 ~~Treasury~~; and money collected under Section 2505-650 of the
20 Department of Revenue Law of the Civil Administrative Code of
21 Illinois shall be paid into the Child Support Enforcement
22 Trust Fund, a special fund outside the State treasury
23 ~~Treasury~~, or to the State Disbursement Unit established under

1 Section 10-26 of the Illinois Public Aid Code, as directed by
2 the Department of Healthcare and Family Services.

3 (b) Local Government Distributive Fund. Beginning August
4 1, 2017 and continuing through July 31, 2022, the Treasurer
5 shall transfer each month from the General Revenue Fund to the
6 Local Government Distributive Fund an amount equal to the sum
7 of: (i) 6.06% (10% of the ratio of the 3% individual income tax
8 rate prior to 2011 to the 4.95% individual income tax rate
9 after July 1, 2017) of the net revenue realized from the tax
10 imposed by subsections (a) and (b) of Section 201 of this Act
11 upon individuals, trusts, and estates during the preceding
12 month; (ii) 6.85% (10% of the ratio of the 4.8% corporate
13 income tax rate prior to 2011 to the 7% corporate income tax
14 rate after July 1, 2017) of the net revenue realized from the
15 tax imposed by subsections (a) and (b) of Section 201 of this
16 Act upon corporations during the preceding month; and (iii)
17 beginning February 1, 2022, 6.06% of the net revenue realized
18 from the tax imposed by subsection (p) of Section 201 of this
19 Act upon electing pass-through entities. Beginning August 1,
20 2022 and continuing through July 31, 2023, the Treasurer shall
21 transfer each month from the General Revenue Fund to the Local
22 Government Distributive Fund an amount equal to the sum of:
23 (i) 6.16% of the net revenue realized from the tax imposed by
24 subsections (a) and (b) of Section 201 of this Act upon
25 individuals, trusts, and estates during the preceding month;
26 (ii) 6.85% of the net revenue realized from the tax imposed by

1 subsections (a) and (b) of Section 201 of this Act upon
2 corporations during the preceding month; and (iii) 6.16% of
3 the net revenue realized from the tax imposed by subsection
4 (p) of Section 201 of this Act upon electing pass-through
5 entities. Beginning August 1, 2023 and continuing through July
6 31, 2026, the Treasurer shall transfer each month from the
7 General Revenue Fund to the Local Government Distributive Fund
8 an amount equal to the sum of: (i) 6.47% of the net revenue
9 realized from the tax imposed by subsections (a) and (b) of
10 Section 201 of this Act upon individuals, trusts, and estates
11 during the preceding month; (ii) 6.85% of the net revenue
12 realized from the tax imposed by subsections (a) and (b) of
13 Section 201 of this Act upon corporations during the preceding
14 month; and (iii) 6.47% of the net revenue realized from the tax
15 imposed by subsection (p) of Section 201 of this Act upon
16 electing pass-through entities. Beginning August 1, 2026, the
17 Treasurer shall transfer each month from the General Revenue
18 Fund to the Local Government Distributive Fund an amount equal
19 to the sum of: (i) 7.47% of the net revenue realized from the
20 tax imposed by subsections (a) and (b) of Section 201 of this
21 Act upon individuals, trusts, and estates during the preceding
22 month; (ii) 7.85% of the net revenue realized from the tax
23 imposed by subsections (a) and (b) of Section 201 of this Act
24 upon corporations during the preceding month; and (iii) 7.47%
25 of the net revenue realized from the tax imposed by subsection
26 (p) of Section 201 of this Act upon electing pass-through

1 entities. Net revenue realized for a month shall be defined as
2 the revenue from the tax imposed by subsections (a) and (b) of
3 Section 201 of this Act which is deposited into the General
4 Revenue Fund, the Education Assistance Fund, the Income Tax
5 Surcharge Local Government Distributive Fund, the Fund for the
6 Advancement of Education, and the Commitment to Human Services
7 Fund during the month minus the amount paid out of the General
8 Revenue Fund in State warrants during that same month as
9 refunds to taxpayers for overpayment of liability under the
10 tax imposed by subsections (a) and (b) of Section 201 of this
11 Act.

12 Notwithstanding any provision of law to the contrary,
13 beginning on July 6, 2017 (the effective date of Public Act
14 100-23), those amounts required under this subsection (b) to
15 be transferred by the Treasurer into the Local Government
16 Distributive Fund from the General Revenue Fund shall be
17 directly deposited into the Local Government Distributive Fund
18 as the revenue is realized from the tax imposed by subsections
19 (a) and (b) of Section 201 of this Act.

20 (c) Deposits Into Income Tax Refund Fund.

21 (1) Beginning on January 1, 1989 and thereafter, the
22 Department shall deposit a percentage of the amounts
23 collected pursuant to subsections (a) and (b)(1), (2), and
24 (3) of Section 201 of this Act into a fund in the State
25 treasury known as the Income Tax Refund Fund. Beginning
26 with State fiscal year 1990 and for each fiscal year

1 thereafter, the percentage deposited into the Income Tax
2 Refund Fund during a fiscal year shall be the Annual
3 Percentage. For fiscal year 2011, the Annual Percentage
4 shall be 8.75%. For fiscal year 2012, the Annual
5 Percentage shall be 8.75%. For fiscal year 2013, the
6 Annual Percentage shall be 9.75%. For fiscal year 2014,
7 the Annual Percentage shall be 9.5%. For fiscal year 2015,
8 the Annual Percentage shall be 10%. For fiscal year 2018,
9 the Annual Percentage shall be 9.8%. For fiscal year 2019,
10 the Annual Percentage shall be 9.7%. For fiscal year 2020,
11 the Annual Percentage shall be 9.5%. For fiscal year 2021,
12 the Annual Percentage shall be 9%. For fiscal year 2022,
13 the Annual Percentage shall be 9.25%. For fiscal year
14 2023, the Annual Percentage shall be 9.25%. For fiscal
15 year 2024, the Annual Percentage shall be 9.15%. For
16 fiscal year 2025, the Annual Percentage shall be 9.15%.
17 For fiscal year 2026, the Annual Percentage shall be
18 9.15%. For all other fiscal years, the Annual Percentage
19 shall be calculated as a fraction, the numerator of which
20 shall be the amount of refunds approved for payment by the
21 Department during the preceding fiscal year as a result of
22 overpayment of tax liability under subsections (a) and
23 (b) (1), (2), and (3) of Section 201 of this Act plus the
24 amount of such refunds remaining approved but unpaid at
25 the end of the preceding fiscal year, minus the amounts
26 transferred into the Income Tax Refund Fund from the

1 Tobacco Settlement Recovery Fund, and the denominator of
2 which shall be the amounts which will be collected
3 pursuant to subsections (a) and (b)(1), (2), and (3) of
4 Section 201 of this Act during the preceding fiscal year;
5 except that in State fiscal year 2002, the Annual
6 Percentage shall in no event exceed 7.6%. The Director of
7 Revenue shall certify the Annual Percentage to the
8 Comptroller on the last business day of the fiscal year
9 immediately preceding the fiscal year for which it is to
10 be effective.

11 (2) Beginning on January 1, 1989 and thereafter, the
12 Department shall deposit a percentage of the amounts
13 collected pursuant to subsections (a) and (b)(6), (7), and
14 (8), (c) and (d) of Section 201 of this Act into a fund in
15 the State treasury known as the Income Tax Refund Fund.
16 Beginning with State fiscal year 1990 and for each fiscal
17 year thereafter, the percentage deposited into the Income
18 Tax Refund Fund during a fiscal year shall be the Annual
19 Percentage. For fiscal year 2011, the Annual Percentage
20 shall be 17.5%. For fiscal year 2012, the Annual
21 Percentage shall be 17.5%. For fiscal year 2013, the
22 Annual Percentage shall be 14%. For fiscal year 2014, the
23 Annual Percentage shall be 13.4%. For fiscal year 2015,
24 the Annual Percentage shall be 14%. For fiscal year 2018,
25 the Annual Percentage shall be 17.5%. For fiscal year
26 2019, the Annual Percentage shall be 15.5%. For fiscal

1 year 2020, the Annual Percentage shall be 14.25%. For
2 fiscal year 2021, the Annual Percentage shall be 14%. For
3 fiscal year 2022, the Annual Percentage shall be 15%. For
4 fiscal year 2023, the Annual Percentage shall be 14.5%.
5 For fiscal year 2024, the Annual Percentage shall be 14%.
6 For fiscal year 2025, the Annual Percentage shall be 14%.
7 For fiscal year 2026, the Annual Percentage shall be 14%.
8 For all other fiscal years, the Annual Percentage shall be
9 calculated as a fraction, the numerator of which shall be
10 the amount of refunds approved for payment by the
11 Department during the preceding fiscal year as a result of
12 overpayment of tax liability under subsections (a) and
13 (b) (6), (7), and (8), (c) and (d) of Section 201 of this
14 Act plus the amount of such refunds remaining approved but
15 unpaid at the end of the preceding fiscal year, and the
16 denominator of which shall be the amounts which will be
17 collected pursuant to subsections (a) and (b) (6), (7), and
18 (8), (c) and (d) of Section 201 of this Act during the
19 preceding fiscal year; except that in State fiscal year
20 2002, the Annual Percentage shall in no event exceed 23%.
21 The Director of Revenue shall certify the Annual
22 Percentage to the Comptroller on the last business day of
23 the fiscal year immediately preceding the fiscal year for
24 which it is to be effective.

25 (3) The Comptroller shall order transferred and the
26 Treasurer shall transfer from the Tobacco Settlement

1 Recovery Fund to the Income Tax Refund Fund (i)
2 \$35,000,000 in January, 2001, (ii) \$35,000,000 in January,
3 2002, and (iii) \$35,000,000 in January, 2003.

4 (d) Expenditures from Income Tax Refund Fund.

5 (1) Beginning January 1, 1989, money in the Income Tax
6 Refund Fund shall be expended exclusively for the purpose
7 of paying refunds resulting from overpayment of tax
8 liability under Section 201 of this Act and for making
9 transfers pursuant to this subsection (d), except that in
10 State fiscal years 2022 and 2023, moneys in the Income Tax
11 Refund Fund shall also be used to pay one-time rebate
12 payments as provided under Sections 208.5 and 212.1.

13 (2) The Director shall order payment of refunds
14 resulting from overpayment of tax liability under Section
15 201 of this Act from the Income Tax Refund Fund only to the
16 extent that amounts collected pursuant to Section 201 of
17 this Act and transfers pursuant to this subsection (d) and
18 item (3) of subsection (c) have been deposited and
19 retained in the Fund.

20 (3) As soon as possible after the end of each fiscal
21 year, the Director shall order transferred and the State
22 Treasurer and State Comptroller shall transfer from the
23 Income Tax Refund Fund to the Personal Property Tax
24 Replacement Fund an amount, certified by the Director to
25 the Comptroller, equal to the excess of the amount
26 collected pursuant to subsections (c) and (d) of Section

1 201 of this Act deposited into the Income Tax Refund Fund
2 during the fiscal year over the amount of refunds
3 resulting from overpayment of tax liability under
4 subsections (c) and (d) of Section 201 of this Act paid
5 from the Income Tax Refund Fund during the fiscal year.

6 (4) As soon as possible after the end of each fiscal
7 year, the Director shall order transferred and the State
8 Treasurer and State Comptroller shall transfer from the
9 Personal Property Tax Replacement Fund to the Income Tax
10 Refund Fund an amount, certified by the Director to the
11 Comptroller, equal to the excess of the amount of refunds
12 resulting from overpayment of tax liability under
13 subsections (c) and (d) of Section 201 of this Act paid
14 from the Income Tax Refund Fund during the fiscal year
15 over the amount collected pursuant to subsections (c) and
16 (d) of Section 201 of this Act deposited into the Income
17 Tax Refund Fund during the fiscal year.

18 (4.5) As soon as possible after the end of fiscal year
19 1999 and of each fiscal year thereafter, the Director
20 shall order transferred and the State Treasurer and State
21 Comptroller shall transfer from the Income Tax Refund Fund
22 to the General Revenue Fund any surplus remaining in the
23 Income Tax Refund Fund as of the end of such fiscal year;
24 excluding for fiscal years 2000, 2001, and 2002 amounts
25 attributable to transfers under item (3) of subsection (c)
26 less refunds resulting from the earned income tax credit,

1 and excluding for fiscal year 2022 amounts attributable to
2 transfers from the General Revenue Fund authorized by
3 Public Act 102-700. For purposes of this item (4.5),
4 "surplus" means the cash balance in the Income Tax Refund
5 Fund at the end of such fiscal year, less amounts
6 attributable to transfers under item (3) of this
7 subsection (d).

8 (5) This Act shall constitute an irrevocable and
9 continuing appropriation from the Income Tax Refund Fund
10 for the purposes of (i) paying refunds upon the order of
11 the Director in accordance with the provisions of this
12 Section and (ii) paying one-time rebate payments under
13 Sections 208.5 and 212.1.

14 (e) Deposits into the Education Assistance Fund and the
15 Income Tax Surcharge Local Government Distributive Fund. On
16 July 1, 1991, and thereafter, of the amounts collected
17 pursuant to subsections (a) and (b) of Section 201 of this Act,
18 minus deposits into the Income Tax Refund Fund, the Department
19 shall deposit 7.3% into the Education Assistance Fund in the
20 State treasury ~~Treasury~~. Beginning July 1, 1991, and
21 continuing through January 31, 1993, of the amounts collected
22 pursuant to subsections (a) and (b) of Section 201 of the
23 Illinois Income Tax Act, minus deposits into the Income Tax
24 Refund Fund, the Department shall deposit 3.0% into the Income
25 Tax Surcharge Local Government Distributive Fund in the State
26 treasury ~~Treasury~~. Beginning February 1, 1993 and continuing

1 through June 30, 1993, of the amounts collected pursuant to
2 subsections (a) and (b) of Section 201 of the Illinois Income
3 Tax Act, minus deposits into the Income Tax Refund Fund, the
4 Department shall deposit 4.4% into the Income Tax Surcharge
5 Local Government Distributive Fund in the State treasury
6 ~~Treasury~~. Beginning July 1, 1993, and continuing through June
7 30, 1994, of the amounts collected under subsections (a) and
8 (b) of Section 201 of this Act, minus deposits into the Income
9 Tax Refund Fund, the Department shall deposit 1.475% into the
10 Income Tax Surcharge Local Government Distributive Fund in the
11 State treasury ~~Treasury~~.

12 (f) Deposits into the Fund for the Advancement of
13 Education. Beginning February 1, 2015, the Department shall
14 deposit the following portions of the revenue realized from
15 the tax imposed upon individuals, trusts, and estates by
16 subsections (a) and (b) of Section 201 of this Act, minus
17 deposits into the Income Tax Refund Fund, into the Fund for the
18 Advancement of Education:

19 (1) beginning February 1, 2015, and prior to February
20 1, 2025, 1/30; and

21 (2) beginning February 1, 2025, 1/26.

22 If the rate of tax imposed by subsection (a) and (b) of
23 Section 201 is reduced pursuant to Section 201.5 of this Act,
24 the Department shall not make the deposits required by this
25 subsection (f) on or after the effective date of the
26 reduction.

1 (g) Deposits into the Commitment to Human Services Fund.
2 Beginning February 1, 2015, the Department shall deposit the
3 following portions of the revenue realized from the tax
4 imposed upon individuals, trusts, and estates by subsections
5 (a) and (b) of Section 201 of this Act, minus deposits into the
6 Income Tax Refund Fund, into the Commitment to Human Services
7 Fund:

8 (1) beginning February 1, 2015, and prior to February
9 1, 2025, 1/30; and

10 (2) beginning February 1, 2025, 1/26.

11 If the rate of tax imposed by subsection (a) and (b) of
12 Section 201 is reduced pursuant to Section 201.5 of this Act,
13 the Department shall not make the deposits required by this
14 subsection (g) on or after the effective date of the
15 reduction.

16 (h) Deposits into the Tax Compliance and Administration
17 Fund. Beginning on the first day of the first calendar month to
18 occur on or after August 26, 2014 (the effective date of Public
19 Act 98-1098), each month the Department shall pay into the Tax
20 Compliance and Administration Fund, to be used, subject to
21 appropriation, to fund additional auditors and compliance
22 personnel at the Department, an amount equal to 1/12 of 5% of
23 the cash receipts collected during the preceding fiscal year
24 by the Audit Bureau of the Department from the tax imposed by
25 subsections (a), (b), (c), and (d) of Section 201 of this Act,
26 net of deposits into the Income Tax Refund Fund made from those

1 cash receipts.

2 (Source: P.A. 103-8, eff. 6-7-23; 103-154, eff. 6-30-23;
3 103-588, eff. 6-5-24; 104-2, eff. 6-16-25; 104-6, eff.
4 6-16-25; revised 9-10-25.)

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

7 (35 ILCS 105/3-5)

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

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

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

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

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

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

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

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

17 (7) Farm chemicals.

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

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

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

1 Act.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

22 For the purposes of this item (40):

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

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

1 Economic Opportunity.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

10 (47) On and after July 1, 2026, prescription medicines and
11 products classified as Class III medical devices by the United
12 States Food and Drug Administration that are used for cancer
13 treatment pursuant to a prescription, as well as any
14 accessories and components related to those devices. This
15 paragraph is exempt from the provisions of Section 3-90.

16 (Source: P.A. 103-9, Article 5, Section 5-5, eff. 6-7-23;
17 103-9, Article 15, Section 15-5, eff. 6-7-23; 103-154, eff.
18 6-30-23; 103-384, eff. 1-1-24; 103-592, eff. 1-1-25; 103-605,
19 eff. 7-1-24; 103-643, eff. 7-1-24; 103-746, eff. 1-1-25;
20 103-781, eff. 8-5-24; 104-417, eff. 8-15-25.)

21 (35 ILCS 105/3-10) from Ch. 120, par. 439.33-10

22 Sec. 3-10. Rate of tax. Unless otherwise provided in this
23 Section, the tax imposed by this Act is at the rate of 6.25% of
24 either the selling price or the fair market value, if any, of
25 the tangible personal property, which, on and after January 1,

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

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

24 Beginning on August 6, 2010 through August 15, 2010, and
25 beginning again on August 5, 2022 through August 14, 2022,
26 with respect to sales tax holiday items as defined in Section

1 3-6 of this Act, the tax is imposed at the rate of 1.25%.

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

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

22 With respect to majority blended ethanol fuel, the tax
23 imposed by this Act does not apply to the proceeds of sales
24 made on or after July 1, 2003 and on or before December 31,
25 2028 but applies to 100% of the proceeds of sales made
26 thereafter.

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

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

22 Until July 1, 2022 and from July 1, 2023 through December
23 31, 2025, with respect to food for human consumption that is to
24 be consumed off the premises where it is sold (other than
25 alcoholic beverages, food consisting of or infused with adult
26 use cannabis, soft drinks, and food that has been prepared for

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

14 With respect to ~~prescription~~ and nonprescription
15 medicines, drugs, medical appliances, ~~products classified as~~
16 ~~Class III medical devices by the United States Food and Drug~~
17 ~~Administration that are used for cancer treatment pursuant to~~
18 ~~a prescription, as well as any accessories and components~~
19 ~~related to those devices,~~ modifications to a motor vehicle for
20 the purpose of rendering it usable by a person with a
21 disability, and insulin, blood sugar testing materials,
22 syringes, and needles used by human diabetics, the tax is
23 imposed at the rate of 1%. For the purposes of this Section,
24 until September 1, 2009: the term "soft drinks" means any
25 complete, finished, ready-to-use, non-alcoholic drink, whether
26 carbonated or not, including, but not limited to, soda water,

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

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

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

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

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

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

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

1 Beginning on January 1, 2014 (the effective date of Public
2 Act 98-122), "medicines" ~~"prescription and nonprescription~~
3 ~~medicines~~ and drugs" includes medical cannabis purchased from
4 a registered dispensing organization under the Compassionate
5 Use of Medical Cannabis Program Act.

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

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

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

22 Section 15. The Service Use Tax Act is amended by changing
23 Sections 3-5 and 3-10 as follows:

24 (35 ILCS 110/3-5)

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

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

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

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

1 by the Department.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

24 (12) Until July 1, 2028, coal and aggregate exploration,
25 mining, off-highway hauling, processing, maintenance, and
26 reclamation equipment, including replacement parts and

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

9 (13) Semen used for artificial insemination of livestock
10 for direct agricultural production.

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

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

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

21 (16) Personal property purchased by a lessor who leases
22 the property, under a lease of one year or longer executed or
23 in effect at the time the lessor would otherwise be subject to
24 the tax imposed by this Act, to a governmental body that has
25 been issued an active tax exemption identification number by
26 the Department under Section 1g of the Retailers' Occupation

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

15 (17) 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 (18) 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 (19) Beginning July 1, 1999, game or game birds purchased
13 at a "game breeding and hunting preserve area" as that term is
14 used in the Wildlife Code. This paragraph is exempt from the
15 provisions of Section 3-75.

16 (20) 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 (21) 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 3-75.

23 (22) 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 3-75.

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

20 (24) Beginning on August 2, 2001 (the effective date of
21 Public Act 92-227), computers and communications equipment
22 utilized for any hospital purpose and equipment used in the
23 diagnosis, analysis, or treatment of hospital patients
24 purchased by a lessor who leases the equipment, under a lease
25 of one year or longer executed or in effect at the time the
26 lessor would otherwise be subject to the tax imposed by this

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

19 (25) Beginning on August 2, 2001 (the effective date of
20 Public Act 92-227), personal property purchased by a lessor
21 who leases the property, under a lease of one year or longer
22 executed or in effect at the time the lessor would otherwise be
23 subject to the tax imposed by this Act, to a governmental body
24 that has been issued an active tax exemption identification
25 number by the Department under Section 1g of the Retailers'
26 Occupation Tax Act. If the property is leased in a manner that

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

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

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

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

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

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

7 The exemption does not include aircraft operated by a
8 commercial air carrier providing scheduled passenger air
9 service pursuant to authority issued under Part 121 or Part
10 129 of the Federal Aviation Regulations. The changes made to
11 this paragraph (27) by Public Act 98-534 are declarative of
12 existing law. It is the intent of the General Assembly that the
13 exemption under this paragraph (27) applies continuously from
14 January 1, 2010 through December 31, 2024; however, no claim
15 for credit or refund is allowed for taxes paid as a result of
16 the disallowance of this exemption on or after January 1, 2015
17 and prior to February 5, 2020 (the effective date of Public Act
18 101-629).

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

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

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

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

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

1 qualified.

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

7 For the purposes of this item (31):

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

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

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

13 This item (31) is exempt from the provisions of Section
14 3-75.

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

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

26 "Breast pump collection and storage supplies" means

1 items of tangible personal property designed or marketed
2 to be used in conjunction with a breast pump to collect
3 milk expressed from a human breast and to store collected
4 milk until it is ready for consumption.

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

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

24 "Breast pump kit" means a kit that: (1) contains no
25 more than a breast pump, breast pump collection and
26 storage supplies, a rechargeable battery for operating the

1 breast pump, a breastmilk cooler, bottle stands, ice
2 packs, and a breast pump carrying case; and (2) is
3 pre-packaged as a breast pump kit by the breast pump
4 manufacturer or distributor.

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

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

23 (35) Beginning July 1, 2024, home-delivered meals provided
24 to Medicare or Medicaid recipients when payment is made by an
25 intermediary, such as a Medicare Administrative Contractor, a
26 Managed Care Organization, or a Medicare Advantage

1 Organization, pursuant to a government contract. This
2 paragraph (35) is exempt from the provisions of Section 3-75.

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

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

21 (38) Use by a lessee of the following leased tangible
22 personal property:

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

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

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

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

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

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

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

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

1 forth in the license agreement; and

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

6 (39) On and after July 1, 2026, prescription medicines and
7 products classified as Class III medical devices by the United
8 States Food and Drug Administration that are used for cancer
9 treatment pursuant to a prescription, as well as any
10 accessories and components related to those devices. This
11 paragraph is exempt from the provisions of Section 3-75.

12 (Source: P.A. 103-9, Article 5, Section 5-10, eff. 6-7-23;
13 103-9, Article 15, Section 15-10, eff. 6-7-23; 103-154, eff.
14 6-30-23; 103-384, eff. 1-1-24; 103-592, eff. 1-1-25; 103-605,
15 eff. 7-1-24; 103-643, eff. 7-1-24; 103-746, eff. 1-1-25;
16 103-781, eff. 8-5-24; 103-995, eff. 8-9-24; 104-417, eff.
17 8-15-25.)

18 (35 ILCS 110/3-10)

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

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

5 With respect to gasohol, as defined in the Use Tax Act, the
6 tax imposed by this Act applies to (i) 70% of the selling price
7 of property transferred as an incident to the sale of service
8 on or after January 1, 1990, and before July 1, 2003, (ii) 80%
9 of the selling price of property transferred as an incident to
10 the sale of service on or after July 1, 2003 and on or before
11 July 1, 2017, (iii) 100% of the selling price of property
12 transferred as an incident to the sale of service after July 1,
13 2017 and before January 1, 2024, (iv) 90% of the selling price
14 of property transferred as an incident to the sale of service
15 on or after January 1, 2024 and on or before December 31, 2028,
16 and (v) 100% of the selling price of property transferred as an
17 incident to the sale of service after December 31, 2028. If, at
18 any time, however, the tax under this Act on sales of gasohol,
19 as defined in the Use Tax Act, is imposed at the rate of 1.25%,
20 then the tax imposed by this Act applies to 100% of the
21 proceeds of sales of gasohol made during that time.

22 With respect to mid-range ethanol blends, as defined in
23 Section 3-44.3 of the Use Tax Act, the tax imposed by this Act
24 applies to (i) 80% of the selling price of property
25 transferred as an incident to the sale of service on or after
26 January 1, 2024 and on or before December 31, 2028 and (ii)

1 100% of the selling price of property transferred as an
2 incident to the sale of service after December 31, 2028. If, at
3 any time, however, the tax under this Act on sales of mid-range
4 ethanol blends is imposed at the rate of 1.25%, then the tax
5 imposed by this Act applies to 100% of the selling price of
6 mid-range ethanol blends transferred as an incident to the
7 sale of service during that time.

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

14 With respect to biodiesel blends, as defined in the Use
15 Tax Act, with no less than 1% and no more than 10% biodiesel,
16 the tax imposed by this Act applies to (i) 80% of the selling
17 price of property transferred as an incident to the sale of
18 service on or after July 1, 2003 and on or before December 31,
19 2018 and (ii) 100% of the proceeds of the selling price after
20 December 31, 2018 and before January 1, 2024. On and after
21 January 1, 2024 and on or before December 31, 2030, the
22 taxation of biodiesel, renewable diesel, and biodiesel blends
23 shall be as provided in Section 3-5.1 of the Use Tax Act. If,
24 at any time, however, the tax under this Act on sales of
25 biodiesel blends, as defined in the Use Tax Act, with no less
26 than 1% and no more than 10% biodiesel is imposed at the rate

1 of 1.25%, then the tax imposed by this Act applies to 100% of
2 the proceeds of sales of biodiesel blends with no less than 1%
3 and no more than 10% biodiesel made during that time.

4 With respect to biodiesel, as defined in the Use Tax Act,
5 and biodiesel blends, as defined in the Use Tax Act, with more
6 than 10% but no more than 99% biodiesel, the tax imposed by
7 this Act does not apply to the proceeds of the selling price of
8 property transferred as an incident to the sale of service on
9 or after July 1, 2003 and on or before December 31, 2023. On
10 and after January 1, 2024 and on or before December 31, 2030,
11 the taxation of biodiesel, renewable diesel, and biodiesel
12 blends shall be as provided in Section 3-5.1 of the Use Tax
13 Act.

14 At the election of any registered serviceman made for each
15 fiscal year, for whom the aggregate annual cost price of
16 tangible personal property transferred as an incident to the
17 sales of service is less than 35%, or 75% in the case of
18 servicemen transferring prescription drugs or servicemen
19 engaged in graphic arts production, of the aggregate annual
20 total gross receipts from all sales of service, the tax
21 imposed by this Act shall be based on the serviceman's cost
22 price of the tangible personal property transferred as an
23 incident to the sale of those services. This election may also
24 be made by any serviceman maintaining a place of business in
25 this State who makes retail sales from outside of this State to
26 Illinois customers but is not required to be registered under

1 Section 2a of the Retailers' Occupation Tax Act. Beginning
2 January 1, 2026, this election shall not apply to any sale of
3 service made through a marketplace that has met the threshold
4 in subsection (b-5) of Section 2d of this Act.

5 Beginning January 1, 2026, the tax shall be imposed at the
6 rate of 6.25% of 50% of the entire billing to the service
7 customer for all sales of service made through a marketplace
8 that has met the threshold in subsection (b-5) of Section 2d of
9 this Act. In no event shall 50% of the entire billing be less
10 than the cost price of the property to the marketplace
11 serviceman or the marketplace facilitator on its own sales of
12 service.

13 Until July 1, 2022 and from July 1, 2023 through December
14 31, 2025, the tax shall be imposed at the rate of 1% on food
15 prepared for immediate consumption and transferred incident to
16 a sale of service subject to this Act or the Service Occupation
17 Tax Act by an entity licensed under the Hospital Licensing
18 Act, the Nursing Home Care Act, the Assisted Living and Shared
19 Housing Act, the ID/DD Community Care Act, the MC/DD Act, the
20 Specialized Mental Health Rehabilitation Act of 2013, or the
21 Child Care Act of 1969, or an entity that holds a permit issued
22 pursuant to the Life Care Facilities Act. Until July 1, 2022
23 and from July 1, 2023 through December 31, 2025, the tax shall
24 also be imposed at the rate of 1% on food for human consumption
25 that is to be consumed off the premises where it is sold (other
26 than alcoholic beverages, food consisting of or infused with

1 adult use cannabis, soft drinks, and food that has been
2 prepared for immediate consumption and is not otherwise
3 included in this paragraph).

4 Beginning on July 1, 2022 and until July 1, 2023, the tax
5 shall be imposed at the rate of 0% on food prepared for
6 immediate consumption and transferred incident to a sale of
7 service subject to this Act or the Service Occupation Tax Act
8 by an entity licensed under the Hospital Licensing Act, the
9 Nursing Home Care Act, the Assisted Living and Shared Housing
10 Act, the ID/DD Community Care Act, the MC/DD Act, the
11 Specialized Mental Health Rehabilitation Act of 2013, or the
12 Child Care Act of 1969, or an entity that holds a permit issued
13 pursuant to the Life Care Facilities Act. Beginning on July 1,
14 2022 and until July 1, 2023, the tax shall also be imposed at
15 the rate of 0% on food for human consumption that is to be
16 consumed off the premises where it is sold (other than
17 alcoholic beverages, food consisting of or infused with adult
18 use cannabis, soft drinks, and food that has been prepared for
19 immediate consumption and is not otherwise included in this
20 paragraph).

21 On and after January 1, 2026, food prepared for immediate
22 consumption and transferred incident to a sale of service
23 subject to this Act or the Service Occupation Tax Act by an
24 entity licensed under the Hospital Licensing Act, the Nursing
25 Home Care Act, the Assisted Living and Shared Housing Act, the
26 ID/DD Community Care Act, the MC/DD Act, the Specialized

1 Mental Health Rehabilitation Act of 2013, or the Child Care
2 Act of 1969, or by an entity that holds a permit issued
3 pursuant to the Life Care Facilities Act is exempt from the tax
4 under this Act. On and after January 1, 2026, food for human
5 consumption that is to be consumed off the premises where it is
6 sold (other than alcoholic beverages, food consisting of or
7 infused with adult use cannabis, soft drinks, candy, and food
8 that has been prepared for immediate consumption and is not
9 otherwise included in this paragraph) is exempt from the tax
10 under this Act.

11 The tax shall be imposed at the rate of 1% on ~~prescription~~
12 ~~and~~ nonprescription medicines, drugs, medical appliances,
13 ~~products classified as Class III medical devices by the United~~
14 ~~States Food and Drug Administration that are used for cancer~~
15 ~~treatment pursuant to a prescription, as well as any~~
16 ~~accessories and components related to those devices,~~
17 modifications to a motor vehicle for the purpose of rendering
18 it usable by a person with a disability, and insulin, blood
19 sugar testing materials, syringes, and needles used by human
20 diabetics. For the purposes of this Section, until September
21 1, 2009: the term "soft drinks" means any complete, finished,
22 ready-to-use, non-alcoholic drink, whether carbonated or not,
23 including, but not limited to, soda water, cola, fruit juice,
24 vegetable juice, carbonated water, and all other preparations
25 commonly known as soft drinks of whatever kind or description
26 that are contained in any closed or sealed bottle, can,

1 carton, or container, regardless of size; but "soft drinks"
2 does not include coffee, tea, non-carbonated water, infant
3 formula, milk or milk products as defined in the Grade A
4 Pasteurized Milk and Milk Products Act, or drinks containing
5 50% or more natural fruit or vegetable juice.

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

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

24 Notwithstanding any other provisions of this Act,
25 beginning September 1, 2009, "food for human consumption that
26 is to be consumed off the premises where it is sold" does not

1 include candy. For purposes of this Section, "candy" means a
2 preparation of sugar, honey, or other natural or artificial
3 sweeteners in combination with chocolate, fruits, nuts or
4 other ingredients or flavorings in the form of bars, drops, or
5 pieces. "Candy" does not include any preparation that contains
6 flour or requires refrigeration.

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

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

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

24 Beginning on January 1, 2014 (the effective date of Public
25 Act 98-122), "medicines" ~~"prescription and nonprescription~~
26 ~~medicines~~ and drugs" includes medical cannabis purchased from

1 a registered dispensing organization under the Compassionate
2 Use of Medical Cannabis Program Act.

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

8 If the property that is acquired from a serviceman is
9 acquired outside Illinois and used outside Illinois before
10 being brought to Illinois for use here and is taxable under
11 this Act, the "selling price" on which the tax is computed
12 shall be reduced by an amount that represents a reasonable
13 allowance for depreciation for the period of prior
14 out-of-state use. No depreciation is allowed in cases where
15 the tax under this Act is imposed on lease receipts.

16 (Source: P.A. 103-9, eff. 6-7-23; 103-154, eff. 6-30-23;
17 103-592, eff. 1-1-25; 103-781, eff. 8-5-24; 104-6, eff.
18 6-16-25; 104-417, eff. 8-15-25.)

19 Section 20. The Service Occupation Tax Act is amended by
20 changing Sections 3-5 and 3-10 as follows:

21 (35 ILCS 115/3-5)

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

24 (1) Personal property sold by a corporation, society,

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

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

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

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

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

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

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

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

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

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

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

26 Beginning on January 1, 2024, farm machinery and equipment

1 also includes electrical power generation equipment used
2 primarily for production agriculture.

3 This item (7) is exempt from the provisions of Section
4 3-55.

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

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

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

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

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

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

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

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

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

17 (14) Semen used for artificial insemination of livestock
18 for direct agricultural production.

19 (15) Horses, or interests in horses, registered with and
20 meeting the requirements of any of the Arabian Horse Club
21 Registry of America, Appaloosa Horse Club, American Quarter
22 Horse Association, United States Trotting Association, or
23 Jockey Club, as appropriate, used for purposes of breeding or
24 racing for prizes. This item (15) is exempt from the
25 provisions of Section 3-55, and the exemption provided for
26 under this item (15) applies for all periods beginning May 30,

1 1995, but no claim for credit or refund is allowed on or after
2 January 1, 2008 (the effective date of Public Act 95-88) for
3 such taxes paid during the period beginning May 30, 2000 and
4 ending on January 1, 2008 (the effective date of Public Act
5 95-88).

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

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

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

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

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

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

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

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

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

1 exempt from the provisions of Section 3-55.

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

12 (24) Beginning on August 2, 2001 (the effective date of
13 Public Act 92-227), computers and communications equipment
14 utilized for any hospital purpose and equipment used in the
15 diagnosis, analysis, or treatment of hospital patients sold to
16 a lessor who leases the equipment, under a lease of one year or
17 longer executed or in effect at the time of the purchase, 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. This paragraph is exempt
21 from the provisions of Section 3-55.

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

1 identification number by the Department under Section 1g of
2 the Retailers' Occupation Tax Act. This paragraph is exempt
3 from the provisions of Section 3-55.

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

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

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

23 (29) Beginning January 1, 2010 and continuing through
24 December 31, 2029, materials, parts, equipment, components,
25 and furnishings incorporated into or upon an aircraft as part
26 of the modification, refurbishment, completion, replacement,

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

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

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

12 The changes made to this paragraph (29) by Public Act
13 98-534 are declarative of existing law. It is the intent of the
14 General Assembly that the exemption under this paragraph (29)
15 applies continuously from January 1, 2010 through December 31,
16 2024; however, no claim for credit or refund is allowed for
17 taxes paid as a result of the disallowance of this exemption on
18 or after January 1, 2015 and prior to February 5, 2020 (the
19 effective date of Public Act 101-629).

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

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

25 (32) Qualified tangible personal property used in the
26 construction or operation of a data center that has been

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

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

18 For the purposes of this item (32):

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

23 "Qualified tangible personal property" means:
24 electrical systems and equipment; climate control and
25 chilling equipment and systems; mechanical systems and
26 equipment; monitoring and secure systems; emergency

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

24 This item (32) is exempt from the provisions of Section
25 3-55.

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

1 collection and storage supplies, and breast pump kits. This
2 item (33) is exempt from the provisions of Section 3-55. As
3 used in this item (33):

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

20 (35) 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 member
25 of the armed forces must complete, at the point of sale, a form
26 prescribed by the Department of Revenue documenting that the

1 transaction is eligible for the exemption under this
2 paragraph. Retailers must keep the form as documentation of
3 the exemption in their records for a period of not less than 6
4 years. "Armed forces of the United States" means the United
5 States Army, Navy, Air Force, Space Force, Marine Corps, or
6 Coast Guard. This paragraph is exempt from the provisions of
7 Section 3-55.

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

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

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

1 consumed off the premises where it is sold (other than
2 alcoholic beverages, food consisting of or infused with adult
3 use cannabis, soft drinks, candy, and food that has been
4 prepared for immediate consumption). This item (38) is exempt
5 from the provisions of Section 3-55.

6 (39) The lease of the following tangible personal
7 property:

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

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

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

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

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

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

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

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

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

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

17 (40) On and after July 1, 2026, prescription medicines and
18 products classified as Class III medical devices by the United
19 States Food and Drug Administration that are used for cancer
20 treatment pursuant to a prescription, as well as any
21 accessories and components related to those devices. This
22 paragraph is exempt from the provisions of Section 3-55.

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

1 103-781, eff. 8-5-24; 103-995, eff. 8-9-24; 104-417, eff.
2 8-15-25.)

3 (35 ILCS 115/3-10)

4 Sec. 3-10. Rate of tax. Unless otherwise provided in this
5 Section, the tax imposed by this Act is at the rate of 6.25% of
6 the "selling price", as defined in Section 2 of the Service Use
7 Tax Act, of the tangible personal property, including, on and
8 after January 1, 2025, tangible personal property transferred
9 by lease. For the purpose of computing this tax, in no event
10 shall the "selling price" be less than the cost price to the
11 serviceman of the tangible personal property transferred. The
12 selling price of each item of tangible personal property
13 transferred as an incident of a sale of service may be shown as
14 a distinct and separate item on the serviceman's billing to
15 the service customer. If the selling price is not so shown, the
16 selling price of the tangible personal property is deemed to
17 be 50% of the serviceman's entire billing to the service
18 customer. When, however, a serviceman contracts to design,
19 develop, and produce special order machinery or equipment, the
20 tax imposed by this Act shall be based on the serviceman's cost
21 price of the tangible personal property transferred incident
22 to the completion of the contract.

23 Beginning on July 1, 2000 and through December 31, 2000,
24 with respect to motor fuel, as defined in Section 1.1 of the
25 Motor Fuel Tax Law, and gasohol, as defined in Section 3-40 of

1 the Use Tax Act, the tax is imposed at the rate of 1.25%.

2 With respect to gasohol, as defined in the Use Tax Act, the
3 tax imposed by this Act shall apply to (i) 70% of the cost
4 price of property transferred as an incident to the sale of
5 service on or after January 1, 1990, and before July 1, 2003,
6 (ii) 80% of the selling price of property transferred as an
7 incident to the sale of service on or after July 1, 2003 and on
8 or before July 1, 2017, (iii) 100% of the selling price of
9 property transferred as an incident to the sale of service
10 after July 1, 2017 and prior to January 1, 2024, (iv) 90% of
11 the selling price of property transferred as an incident to
12 the sale of service on or after January 1, 2024 and on or
13 before December 31, 2028, and (v) 100% of the selling price of
14 property transferred as an incident to the sale of service
15 after December 31, 2028. If, at any time, however, the tax
16 under this Act on sales of gasohol, as defined in the Use Tax
17 Act, is imposed at the rate of 1.25%, then the tax imposed by
18 this Act applies to 100% of the proceeds of sales of gasohol
19 made during that time.

20 With respect to mid-range ethanol blends, as defined in
21 Section 3-44.3 of the Use Tax Act, the tax imposed by this Act
22 applies to (i) 80% of the selling price of property
23 transferred as an incident to the sale of service on or after
24 January 1, 2024 and on or before December 31, 2028 and (ii)
25 100% of the selling price of property transferred as an
26 incident to the sale of service after December 31, 2028. If, at

1 any time, however, the tax under this Act on sales of mid-range
2 ethanol blends is imposed at the rate of 1.25%, then the tax
3 imposed by this Act applies to 100% of the selling price of
4 mid-range ethanol blends transferred as an incident to the
5 sale of service during that time.

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

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

1 and no more than 10% biodiesel made during that time.

2 With respect to biodiesel, as defined in the Use Tax Act,
3 and biodiesel blends, as defined in the Use Tax Act, with more
4 than 10% but no more than 99% biodiesel material, the tax
5 imposed by this Act does not apply to the proceeds of the
6 selling price of property transferred as an incident to the
7 sale of service on or after July 1, 2003 and on or before
8 December 31, 2023. On and after January 1, 2024 and on or
9 before December 31, 2030, the taxation of biodiesel, renewable
10 diesel, and biodiesel blends shall be as provided in Section
11 3-5.1 of the Use Tax Act.

12 At the election of any registered serviceman made for each
13 fiscal year, for whom the aggregate annual cost price of
14 tangible personal property transferred as an incident to the
15 sales of service is less than 35%, or 75% in the case of
16 servicemen transferring prescription drugs or servicemen
17 engaged in graphic arts production, of the aggregate annual
18 total gross receipts from all sales of service, the tax
19 imposed by this Act shall be based on the serviceman's cost
20 price of the tangible personal property transferred incident
21 to the sale of those services. This election may also be made
22 by a serviceman maintaining a place of business in this State
23 who makes retail sales from outside of this State to Illinois
24 customers but is not required to be registered under Section
25 2a of the Retailers' Occupation Tax Act. Beginning January 1,
26 2026, this election shall not apply to any sale of service made

1 through a marketplace that has met the threshold in subsection
2 (d) of Section 3 of this Act.

3 Beginning January 1, 2026, the tax shall be imposed at the
4 rate of 6.25% of 50% of the entire billing to the service
5 customer for all sales of service made through a marketplace
6 that has met the threshold in subsection (d) of Section 3 of
7 this Act. In no event shall 50% of the entire billing be less
8 than the cost price of the property to the marketplace
9 serviceman or the marketplace facilitator on its own sales of
10 service.

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

1 included in this paragraph).

2 Beginning on July 1, 2022 and until July 1, 2023, the tax
3 shall be imposed at the rate of 0% on food prepared for
4 immediate consumption and transferred incident to a sale of
5 service subject to this Act or the Service Use Tax Act by an
6 entity licensed under the Hospital Licensing Act, the Nursing
7 Home Care Act, the Assisted Living and Shared Housing Act, the
8 ID/DD Community Care Act, the MC/DD Act, the Specialized
9 Mental Health Rehabilitation Act of 2013, or the Child Care
10 Act of 1969, or an entity that holds a permit issued pursuant
11 to the Life Care Facilities Act. Beginning July 1, 2022 and
12 until July 1, 2023, the tax shall also be imposed at the rate
13 of 0% on food for human consumption that is to be consumed off
14 the premises where it is sold (other than alcoholic beverages,
15 food consisting of or infused with adult use cannabis, soft
16 drinks, and food that has been prepared for immediate
17 consumption and is not otherwise included in this paragraph).

18 On and after January 1, 2026, food prepared for immediate
19 consumption and transferred incident to a sale of service
20 subject to this Act or the Service Use Tax Act by an entity
21 licensed under the Hospital Licensing Act, the Nursing Home
22 Care Act, the Assisted Living and Shared Housing Act, the
23 ID/DD Community Care Act, the MC/DD Act, the Specialized
24 Mental Health Rehabilitation Act of 2013, or the Child Care
25 Act of 1969, or an entity that holds a permit issued pursuant
26 to the Life Care Facilities Act is exempt from the tax imposed

1 by this Act. On and after January 1, 2026, food for human
2 consumption that is to be consumed off the premises where it is
3 sold (other than alcoholic beverages, food consisting of or
4 infused with adult use cannabis, soft drinks, candy, and food
5 that has been prepared for immediate consumption and is not
6 otherwise included in this paragraph) is exempt from the tax
7 imposed by this Act.

8 The tax shall be imposed at the rate of 1% on ~~prescription~~
9 ~~and~~ nonprescription medicines, drugs, medical appliances,
10 ~~products classified as Class III medical devices by the United~~
11 ~~States Food and Drug Administration that are used for cancer~~
12 ~~treatment pursuant to a prescription, as well as any~~
13 ~~accessories and components related to these devices,~~
14 modifications to a motor vehicle for the purpose of rendering
15 it usable by a person with a disability, and insulin, blood
16 sugar testing materials, syringes, and needles used by human
17 diabetics. For the purposes of this Section, until September
18 1, 2009: the term "soft drinks" means any complete, finished,
19 ready-to-use, non-alcoholic drink, whether carbonated or not,
20 including, but not limited to, soda water, cola, fruit juice,
21 vegetable juice, carbonated water, and all other preparations
22 commonly known as soft drinks of whatever kind or description
23 that are contained in any closed or sealed can, carton, or
24 container, regardless of size; but "soft drinks" does not
25 include coffee, tea, non-carbonated water, infant formula,
26 milk or milk products as defined in the Grade A Pasteurized

1 Milk and Milk Products Act, or drinks containing 50% or more
2 natural fruit or vegetable juice.

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

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

21 Notwithstanding any other provisions of this Act,
22 beginning September 1, 2009, "food for human consumption that
23 is to be consumed off the premises where it is sold" does not
24 include candy. For purposes of this Section, "candy" means a
25 preparation of sugar, honey, or other natural or artificial
26 sweeteners in combination with chocolate, fruits, nuts or

1 other ingredients or flavorings in the form of bars, drops, or
2 pieces. "Candy" does not include any preparation that contains
3 flour or requires refrigeration.

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

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

18 (B) a statement of the "active ingredient(s)" with a
19 list of those ingredients contained in the compound,
20 substance or preparation.

21 Beginning on January 1, 2014 (the effective date of Public
22 Act 98-122), "medicines ~~"prescription and nonprescription~~
23 ~~medicines~~ and drugs" includes medical cannabis purchased from
24 a registered dispensing organization under the Compassionate
25 Use of Medical Cannabis Program Act.

26 As used in this Section, "adult use cannabis" means

1 cannabis subject to tax under the Cannabis Cultivation
2 Privilege Tax Law and the Cannabis Purchaser Excise Tax Law
3 and does not include cannabis subject to tax under the
4 Compassionate Use of Medical Cannabis Program Act.

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

8 Section 25. The Retailers' Occupation Tax Act is amended
9 by changing Sections 2-5 and 2-10 as follows:

10 (35 ILCS 120/2-5)

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

15 (1) Farm chemicals.

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

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

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

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

1 diets and agricultural chemicals.

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

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

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

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

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

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

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

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

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

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

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

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

26 (12) (Blank).

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

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

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

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

1 limited to, graphic arts machinery and equipment, as
2 defined in paragraph (4) of this Section.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

17 (25-5) The exemption under item (25) does not apply if
18 the state in which the motor vehicle will be titled does
19 not allow a reciprocal exemption for a motor vehicle sold
20 and delivered in that state to an Illinois resident but
21 titled in Illinois. The tax collected under this Act on
22 the sale of a motor vehicle in this State to a resident of
23 another state that does not allow a reciprocal exemption
24 shall be imposed at a rate equal to the state's rate of tax
25 on taxable property in the state in which the purchaser is
26 a resident, except that the tax shall not exceed the tax

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

21 (25-6) There is a rebuttable presumption that the
22 exemption under item (25) does not apply if the purchaser
23 is a limited liability company and a member of the limited
24 liability company is a resident of Illinois. This
25 presumption may be rebutted by other evidence, such as
26 evidence the motor vehicle is insured at a garaging or

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

4 (25-7) Beginning on July 1, 2007, no tax is imposed
5 under this Act on the sale of an aircraft, as defined in
6 Section 3 of the Illinois Aeronautics Act, if all of the
7 following conditions are met:

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

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

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

1 require.

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

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

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

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

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

17 (27) Horses, or interests in horses, registered with
18 and meeting the requirements of any of the Arabian Horse
19 Club Registry of America, Appaloosa Horse Club, American
20 Quarter Horse Association, United States Trotting
21 Association, or Jockey Club, as appropriate, used for
22 purposes of breeding or racing for prizes. This item (27)
23 is exempt from the provisions of Section 2-70, and the
24 exemption provided for under this item (27) applies for
25 all periods beginning May 30, 1995, but no claim for
26 credit or refund is allowed on or after January 1, 2008

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

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

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

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

1 tax exemption identification number by the Department that
2 assists victims of the disaster who reside within the
3 declared disaster area.

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

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

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

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

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

1 the purpose of resale by the fundraising entity and that
2 profits from the sale to the fundraising entity. This
3 paragraph is exempt from the provisions of Section 2-70.

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

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

1 Community Care Act, the MC/DD Act, or the Specialized
2 Mental Health Rehabilitation Act of 2013.

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

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

20 (38) Beginning on January 1, 2002 and through June 30,
21 2016, tangible personal property purchased from an
22 Illinois retailer by a taxpayer engaged in centralized
23 purchasing activities in Illinois who will, upon receipt
24 of the property in Illinois, temporarily store the
25 property in Illinois (i) for the purpose of subsequently
26 transporting it outside this State for use or consumption

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

18 (39) Beginning January 1, 2008, tangible personal
19 property used in the construction or maintenance of a
20 community water supply, as defined under Section 3.145 of
21 the Environmental Protection Act, that is operated by a
22 not-for-profit corporation that holds a valid water supply
23 permit issued under Title IV of the Environmental
24 Protection Act. This paragraph is exempt from the
25 provisions of Section 2-70.

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

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

17 Beginning January 1, 2010 and continuing through
18 December 31, 2023, this exemption applies only to the sale
19 of qualifying tangible personal property to persons who
20 modify, refurbish, complete, replace, or maintain an
21 aircraft and who (i) hold an Air Agency Certificate and
22 are empowered to operate an approved repair station by the
23 Federal Aviation Administration, (ii) have a Class IV
24 Rating, and (iii) conduct operations in accordance with
25 Part 145 of the Federal Aviation Regulations. The
26 exemption does not include aircraft operated by a

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

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

26 (41) Tangible personal property sold to a

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

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

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

25 (44) Qualified tangible personal property used in the
26 construction or operation of a data center that has been

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

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

20 For the purposes of this item (44):

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

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

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

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

3 (45) Beginning January 1, 2020 and through December
4 31, 2020, sales of tangible personal property made by a
5 marketplace seller over a marketplace for which tax is due
6 under this Act but for which use tax has been collected and
7 remitted to the Department by a marketplace facilitator
8 under Section 2d of the Use Tax Act are exempt from tax
9 under this Act. A marketplace seller claiming this
10 exemption shall maintain books and records demonstrating
11 that the use tax on such sales has been collected and
12 remitted by a marketplace facilitator. Marketplace sellers
13 that have properly remitted tax under this Act on such
14 sales may file a claim for credit as provided in Section 6
15 of this Act. No claim is allowed, however, for such taxes
16 for which a credit or refund has been issued to the
17 marketplace facilitator under the Use Tax Act, or for
18 which the marketplace facilitator has filed a claim for
19 credit or refund under the Use Tax Act.

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

24 "Breast pump" means an electrically controlled or
25 manually controlled pump device designed or marketed to be
26 used to express milk from a human breast during lactation,

1 including the pump device and any battery, AC adapter, or
2 other power supply unit that is used to power the pump
3 device and is packaged and sold with the pump device at the
4 time of sale.

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

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

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

1 kit that is pre-packaged by the breast pump manufacturer
2 or distributor.

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

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

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

1 paragraph is exempt from the provisions of Section 2-70.

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

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

16 (51) Gross receipts from the lease of the following
17 tangible personal property:

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

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

22 (i) an electronic agreement in which the
23 customer accepts the license by means of an
24 electronic signature that is verifiable and
25 can be authenticated and is attached to or
26 made part of the license will comply with this

1 requirement;

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

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

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

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

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

1 and

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

6 (51) On and after July 1, 2026, prescription medicines
7 and products classified as Class III medical devices by
8 the United States Food and Drug Administration that are
9 used for cancer treatment pursuant to a prescription, as
10 well as any accessories and components related to those
11 devices. This paragraph is exempt from the provisions of
12 Section 2-70.

13 (Source: P.A. 103-9, Article 5, Section 5-20, eff. 6-7-23;
14 103-9, Article 15, Section 15-20, eff. 6-7-23; 103-154, eff.
15 6-30-23; 103-384, eff. 1-1-24; 103-592, eff. 1-1-25; 103-605,
16 eff. 7-1-24; 103-643, eff. 7-1-24; 103-746, eff. 1-1-25;
17 103-781, eff. 8-5-24; 103-995, eff. 8-9-24; 104-6, eff.
18 6-16-25; 104-417, eff. 8-15-25.)

19 (35 ILCS 120/2-10) from Ch. 120, par. 441-10

20 Sec. 2-10. Rate of tax. Unless otherwise provided in this
21 Section, the tax imposed by this Act is at the rate of 6.25% of
22 gross receipts from sales, which, on and after January 1,
23 2025, includes leases, of tangible personal property made in
24 the course of business.

25 Beginning on July 1, 2000 and through December 31, 2000,

1 with respect to motor fuel, as defined in Section 1.1 of the
2 Motor Fuel Tax Law, and gasohol, as defined in Section 3-40 of
3 the Use Tax Act, the tax is imposed at the rate of 1.25%.

4 Beginning on August 6, 2010 through August 15, 2010, and
5 beginning again on August 5, 2022 through August 14, 2022,
6 with respect to sales tax holiday items as defined in Section
7 2-8 of this Act, the tax is imposed at the rate of 1.25%.

8 Within 14 days after July 1, 2000 (the effective date of
9 Public Act 91-872), each retailer of motor fuel and gasohol
10 shall cause the following notice to be posted in a prominently
11 visible place on each retail dispensing device that is used to
12 dispense motor fuel or gasohol in the State of Illinois: "As of
13 July 1, 2000, the State of Illinois has eliminated the State's
14 share of sales tax on motor fuel and gasohol through December
15 31, 2000. The price on this pump should reflect the
16 elimination of the tax." The notice shall be printed in bold
17 print on a sign that is no smaller than 4 inches by 8 inches.
18 The sign shall be clearly visible to customers. Any retailer
19 who fails to post or maintain a required sign through December
20 31, 2000 is guilty of a petty offense for which the fine shall
21 be \$500 per day per each retail premises where a violation
22 occurs.

23 With respect to gasohol, as defined in the Use Tax Act, the
24 tax imposed by this Act applies to (i) 70% of the proceeds of
25 sales made on or after January 1, 1990, and before July 1,
26 2003, (ii) 80% of the proceeds of sales made on or after July

1 1, 2003 and on or before July 1, 2017, (iii) 100% of the
2 proceeds of sales made after July 1, 2017 and prior to January
3 1, 2024, (iv) 90% of the proceeds of sales made on or after
4 January 1, 2024 and on or before December 31, 2028, and (v)
5 100% of the proceeds of sales made after December 31, 2028. If,
6 at any time, however, the tax under this Act on sales of
7 gasohol, as defined in the Use Tax Act, is imposed at the rate
8 of 1.25%, then the tax imposed by this Act applies to 100% of
9 the proceeds of sales of gasohol made during that time.

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

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

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

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

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

21 Until July 1, 2022 and from July 1, 2023 through December
22 31, 2025, with respect to food for human consumption that is to
23 be 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, and food that has been prepared for
26 immediate consumption), the tax is imposed at the rate of 1%.

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

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

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

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

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

26 Notwithstanding any other provisions of this Act,

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

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

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

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

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

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

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

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

13 Section 99. Effective date. This Act takes effect July 1,
14 2026.