



## 104TH GENERAL ASSEMBLY

### State of Illinois

2025 and 2026

SB4161

Introduced 2/25/2026, by Sen. Laura Fine

#### SYNOPSIS AS INTRODUCED:

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

Amends the Use Tax Act, the Service Use Tax Act, the Service Occupation Tax Act, and the Retailers' Occupation Tax Act. Provides that 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 taxes under the Acts. Effective July 1, 2026.

LRB104 20969 HLH 34815 b

1 AN ACT concerning revenue.

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

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

6 (35 ILCS 105/3-5)

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

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

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

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

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

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

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

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

17           (7) Farm chemicals.

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

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

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

1 Act.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

22 For the purposes of this item (40):

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

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

1 Economic Opportunity.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

10 (47) On and after 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 10. 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 15. 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 20. 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.