**Section 130.1953 Sales of Building Materials to be Incorporated into a Redevelopment Project Area within an Intermodal Terminal Facility Area**

a) Beginning January 1, 2006, *each retailer that makes a qualified sale of building materials to be incorporated into real estate in a redevelopment project area within an intermodal terminal facility area in accordance with Section 11-74.4-3.1 of the Illinois Municipal Code by remodeling, rehabilitating, or new construction may deduct receipts from those sales when calculating the tax imposed by* theRetailers' Occupation Tax *Act*.[35 ILCS 120/2-6]

b) Definitions

1) *As used in this Section, "intermodal terminal facility" means land, improvements to land, equipment, and appliances necessary for the receipt and transfer of goods between one mode of transportation and another, at least one of which must be transportation by rail. "Intermodal terminal facility area" means an area that:*

A) *does not include any existing intermodal facility or includes an obsolete intermodal facility;*

B) *comprises a minimum of 150 acres and not more than 2 square miles in total area, exclusive of lakes and waterways;*

C) *has at least one Class 1 railroad right-of-way located within it or within one quarter mile of it; and*

D) *has no boundary limit further than 3 miles from the right-of-way.* [65 ILCS 5/11-74.4-3.1(c)]

2) *For purposes of this Section, "qualified sale" means a sale of building materials that will be incorporated into real estate as part of an industrial or commercial project for which a Certificate of Eligibility for Sales Tax Exemption has been issued by the corporate authorities of the municipality in which the building project is located.* [35 ILCS 120/2-6]

c) Qualifying Building Materials

In order to qualify for the deduction, the materials being purchased must be building materials purchased for physical incorporation into real estate as part of an industrial or commercial project in a redevelopment project area within an intermodal terminal facility area certified by the corporate authorities of the municipality in which the building project is located. For example, gross receipts from sales of the following can qualify for the deduction:

1) Common building materials such as lumber, bricks, cement, windows, doors, insulation, roofing materials, and sheet metal;

2) Any trackage, ties, ballast, spikes, plates, high mast lighting, and cranes that are physically incorporated into the redevelopment project area of the intermodal terminal facility;

3) Plumbing systems and their components such as bathtubs, lavatories, sinks, faucets, garbage disposals, water pumps, water heaters, water softeners, and water pipes;

4) Heating systems and their components such as furnaces, ductwork, vents, stokers, boilers, heating pipes, and radiators;

5) Electrical systems and their components such as wiring, outlets, and light fixtures that are physically incorporated into the redevelopment project area of the intermodal terminal facility;

6) Central air-conditioning systems, ventilation systems and their components that are physically incorporated into the redevelopment project area of the intermodal terminal facility;

7) Built-in cabinets and other woodwork that is physically incorporated into the building located in the redevelopment project area of the intermodal terminal facility;

8) Built-in appliances such as refrigerators, stoves, ovens, and trash compactors that are physically incorporated into the building located in the redevelopment project area of the intermodal terminal facility;

9) Floor coverings such as tile, linoleum and carpeting that are glued or otherwise permanently affixed to the building in the redevelopment project area location by use of tacks, staples, or wood stripping filled with nails that protrude upward (sometimes referred to as "tacking strips" or "tack-down strips"); and

10) Landscape products such as trees, shrubs, topsoil, and sod that are physically incorporated (i.e., permanently transplanted) into the redevelopment project area within the intermodal terminal facility area.

d) Non-Qualifying Building Materials

Items that are not physically incorporated into an industrial or commercial project within the redevelopment project area within an intermodal terminal facility as certified by the corporate authorities of the municipality in which the redevelopment project area is located cannot qualify for the deduction. For example, gross receipts from sales of the following do not qualify for the deduction:

1) Tools, machinery, equipment, fuel, forms, and other items that may be used by a construction contractor at a redevelopment project area location, but are not physically incorporated into the redevelopment project area;

2) Free standing appliances such as stoves, ovens, refrigerators, washing machines, portable ventilation units, window air conditioning units, lamps, clothes washers, clothes dryers, trash compactors, and dishwashers that may be connected to and operate from a building's electrical or plumbing system, but do not become a component of those systems;

3) Floor coverings that are area rugs or that are attached to the structure using only two-sided tape; and

4) Mobile equipment, trucks or cranes not physically incorporated into the redevelopment project area of the intermodal terminal facility area.

e) Records – Required to Document Exemption

*To document the exemption allowed under* this Section*, the retailer must obtain from the purchaser* a purchaser's certificate and *a copy of the Certificate of Eligibility for Sales Tax Exemption issued by the corporate authorities of the municipality in which the real estate into which the building materials will be incorporated is located.* [35 ILCS 120/2-6]

1) Purchaser's Certificate − *The retailer must obtain a certificate from the purchaser that contains all of the following:*

A) *A statement that the building materials are being purchased for incorporation into real estate located in an intermodal terminal facility area certified in accordance with Section 11-74.4-3.1 of the Illinois Municipal Code;*

B) *The location or address of the real estate into which the building materials will be incorporated;*

C) *The name of the intermodal facility area in which the real estate is located;*

D) *A description of the building materials being purchased;* and

E) *The purchaser's signature and date of purchase.* [35 ILCS 120/2-6]

2) Certificate of Eligibility for Sales Tax Exemption − The retailer must obtain and keep in its books and records a copy of the Certificate of Eligibility for Sales Tax Exemption issued by the municipality *that must contain all of the following:*

A) *A statement that the commercial or industrial project identified in the Certificate meets all the requirements of the jurisdiction in which the project is located;*

B) *The location or address of the building project;* and

C) *The signature of the chief executive office of the municipality in which the building project is located, or the chief executive officer's delegate.* [35 ILCS 120/2-6]

(Source: Amended at 47 Ill. Reg. 19349, effective December 12, 2023)