**Section 130.2004 Sales to Nonprofit Arts or Cultural Organizations**

a) Between August 6, 1999 and June 30, 2001, notwithstanding the fact that sales may be at retail, the Retailers' Occupation Tax does not apply to sales of tangible personal property *to a not-for-profit arts or cultural organization that establishes that it has received an exemption under Section 501(c)(3) of the Internal Revenue Code and that is organized and operated for the presentation or support of arts or* *cultural programming, activities, or services.* (Section 2-5(9) of the Act)

b) On and after July 1, 2001, the Retailers' Occupation Tax does not apply to sales of tangible personal property *to a not-for-profit arts or cultural organization that establishes that it has received an exemption under Section 501(c)(3) of the Internal Revenue Code and that is organized and operated primarily for the presentation or support of arts or cultural programming, activities, or services. An entity otherwise eligible for this exemption shall not make tax-free purchases unless it has an active identification number issued by the Department.* (Section 2-5(9) of the Act)

1) Only nonprofit organizations that are organized and operated primarily for the presentation or support of arts or cultural programming, activities, or services can qualify for this exemption from sales tax. To demonstrate qualification, an organization must be operated so that its proceeds and activities in their totality are primarily devoted to the presentation or support of arts or cultural programming, activities, or services. The fact that an organization is organized and operated primarily for the presentation or support of arts or cultural programming, activities, or services must also be reflected in its organizational documents. Organizations are required to apply for and obtain a tax exemption identification number. To establish eligibility for this exemption, an organization should submit the following documents to the Illinois Department of Revenue:

A) Copy of the Internal Revenue Service letter under which it received an exemption under Section 501(c)(3) of the Internal Revenue Code.

B) If incorporated, copy of Articles of Incorporation.

C) If unincorporated, copy of organization's Charter or Constitution.

D) Copy of By-laws.

E) A narrative explaining purposes, functions and activities of the organization.

F) Copy of brochures or other printed material explaining the purposes, functions and activities of the organization.

G) Copy of most recent financial statement.

2) The information noted in subsections (b)(1)(A)-(G) will allow the Department to determine that the organization qualifies for the nonprofit arts or cultural organization exemption from sales tax. If an organization does qualify, the Department will issue an exemption identification number that the organization can provide to vendors. Nonprofit arts and cultural organizations are required to obtain this number in order to make tax-free purchases. The exemption applies to purchases of tangible personal property invoiced to the organization that will be used in furtherance of the organization's purposes. The exemption does not extend to purchases of tangible personal property made by individual members or officers of the organization for their own use.

3) An exempt nonprofit arts or cultural organization must have as the majority of its purposes or activities the presentation or support of arts or cultural programming, activities or services. By way of illustration and not limitation, the following not-for-profit purposes or activities are examples:

A) Presenting or supporting artists and their works.

B) Presenting or supporting musical performances, including instrumental and choral.

C) Presenting or supporting the dramatic arts.

D) Preserving and exhibiting to the general public objects, artifacts, or displays of historical, scientific or cultural value.

E) Promoting and increasing the musical knowledge, appreciation, experience and performing ability of young people and of the general public, by establishing, maintaining and operating a youth symphony orchestra.

F) Operating a school of dance, music, painting or sculpture.

G) Conducting festivals on a regular basis to provide filmmakers with an opportunity to display their films.

H) Educating young people and the general public about the arts or humanities through museum exhibits, classes, lectures and performances.

I) Producing, presenting or distributing displays of visual or media arts such as photographs, paintings, sculptures, videos or films.

J) Preparing, publishing and distributing a journal or other literature on a regular basis that provides an opportunity for authors to have their articles or stories published.

(Source: Amended at 26 Ill. Reg. 5369, effective April 1, 2002)