**Section 160.117 Persons Who Lease Tangible Personal Property to Governmental Bodies**

a) Effective January 1, 1996, through December 31, 2000, and on and after August 2, 2001, tangible personal property transferred incident to a sale of service to a lessor who leases that property to a governmental body is not subject to Service Use Tax provided that:

1) the property must be leased to a governmental body under a lease that has been executed or is in effect at the time of purchase;

2) the lease must be for a period of one year or longer; and

3) the lease must be to a governmental body that has an active tax exemption identification number issued by the Department under Section 1g of the Retailers' Occupation Tax Act (see 86 Ill. Adm. Code 130.2007).

b) When this exemption may be properly claimed, the service customer must give the serviceman a certification that contains the following information:

1) the serviceman's name and address;

2) the service customer's name and address;

3) a description of the tangible personal property being purchased;

4) the service customer's signature and date of signing;

5) the name of the governmental body and its tax exemption identification number issued by the Department;

6) the date the lease was executed and the lease period; and

7) a statement that the property is for a lease to a governmental body under a lease for a period of one year or longer executed or in effect at the time of the purchase.

c) *If the property is leased in a manner that does not qualify for this exemption or is used in any other nonexempt manner, the lessor shall be liable for the tax imposed under* theAct *or the Use Tax Act, as the case may be, based on the fair market value of the property at the time the nonqualifying use occurs.*

d) *No lessor shall collect or attempt to collect an amount (however designated) that purports to reimburse that lessor for the tax imposed by* theAct *or the Use Tax Act, as the case may be, if the tax has not been paid by the lessor. If a lessor improperly collects any such amount from the lessee, the lessee shall have a legal right to claim a refund of that amount from the lessor. If, however, that amount is not refunded to the lessee for any reason, the lessor is liable to pay that amount to the Department.*  [35 ILCS 110/3-5(16) and 3-5(25)]

(Source: Amended at 48 Ill. Reg. 10710, effective July 2, 2024)