



100TH GENERAL ASSEMBLY

State of Illinois

2017 and 2018

HB5735

by Rep. Joe Sosnowski

SYNOPSIS AS INTRODUCED:

35 ILCS 105/3-5
35 ILCS 105/3-85
35 ILCS 110/3-5
35 ILCS 110/3-70
35 ILCS 115/3-5
35 ILCS 120/2-5

Amends the Use Tax Act, the Service Use Tax Act, the Service Occupation Tax Act, and the Retailers' Occupation Tax Act. Reinstates the graphic arts machinery and equipment exemption and the corresponding Manufacturer's Purchase Credit on and after January 1, 2019. Provides that those credits are exempt from the Acts' automatic sunset provisions. Effective immediately.

LRB100 19659 HLH 34932 b

FISCAL NOTE ACT
MAY APPLY

A BILL FOR

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 3-85 as follows:

6 (35 ILCS 105/3-5)

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

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

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

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

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

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

25 (5) Until July 1, 2003, a passenger car that is a
26 replacement vehicle to the extent that the purchase price of

1 the car is subject to the Replacement Vehicle Tax.

2 (6) Until July 1, 2003, and beginning again on September 1,
3 2004 through August 30, 2014, and beginning again on January 1,
4 2019, graphic arts machinery and equipment, including repair
5 and replacement parts, both new and used, and including that
6 manufactured on special order, certified by the purchaser to be
7 used primarily for graphic arts production, and including
8 machinery and equipment purchased for lease. Equipment
9 includes chemicals or chemicals acting as catalysts but only if
10 the chemicals or chemicals acting as catalysts effect a direct
11 and 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 paragraph (18). This item (6) is exempt from
15 the provisions of Section 3-90.

16 (7) Farm chemicals.

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

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

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

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

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

1 such equipment.

2 Farm machinery and equipment also includes computers,
3 sensors, software, and related equipment used primarily in the
4 computer-assisted operation of production agriculture
5 facilities, equipment, and activities such as, but not limited
6 to, the collection, monitoring, and correlation of animal and
7 crop data for the purpose of formulating animal diets and
8 agricultural chemicals. This item (11) is exempt from the
9 provisions of Section 3-90.

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

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

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

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

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

23 (16) Coal and aggregate exploration, mining, off-highway
24 hauling, processing, maintenance, and reclamation equipment,
25 including replacement parts and equipment, and including
26 equipment purchased for lease, but excluding motor vehicles

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

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

14 (18) Manufacturing and assembling machinery and equipment
15 used primarily in the process of manufacturing or assembling
16 tangible personal property for wholesale or retail sale or
17 lease, whether that sale or lease is made directly by the
18 manufacturer or by some other person, whether the materials
19 used in the process are owned by the manufacturer or some other
20 person, or whether that sale or lease is made apart from or as
21 an incident to the seller's engaging in the service occupation
22 of producing machines, tools, dies, jigs, patterns, gauges, or
23 other similar items of no commercial value on special order for
24 a particular purchaser. The exemption provided by this
25 paragraph (18) does not include machinery and equipment used in
26 (i) the generation of electricity for wholesale or retail sale;

1 (ii) the generation or treatment of natural or artificial gas
2 for wholesale or retail sale that is delivered to customers
3 through pipes, pipelines, or mains; or (iii) the treatment of
4 water for wholesale or retail sale that is delivered to
5 customers through pipes, pipelines, or mains. The provisions of
6 Public Act 98-583 are declaratory of existing law as to the
7 meaning and scope of this exemption. Beginning on July 1, 2017,
8 the exemption provided by this paragraph (18) includes, but is
9 not limited to, graphic arts machinery and equipment, as
10 defined in paragraph (6) of this Section.

11 (19) Personal property delivered to a purchaser or
12 purchaser's donee inside Illinois when the purchase order for
13 that personal property was received by a florist located
14 outside Illinois who has a florist located inside Illinois
15 deliver the personal property.

16 (20) Semen used for artificial insemination of livestock
17 for direct agricultural production.

18 (21) Horses, or interests in horses, registered with and
19 meeting the requirements of any of the Arabian Horse Club
20 Registry of America, Appaloosa Horse Club, American Quarter
21 Horse Association, United States Trotting Association, or
22 Jockey Club, as appropriate, used for purposes of breeding or
23 racing for prizes. This item (21) is exempt from the provisions
24 of Section 3-90, and the exemption provided for under this item
25 (21) applies for all periods beginning May 30, 1995, but no
26 claim for credit or refund is allowed on or after January 1,

1 2008 for such taxes paid during the period beginning May 30,
2 2000 and ending on January 1, 2008.

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

26 (23) Personal property purchased by a lessor who leases the

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

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

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

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

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

12 (28) Beginning January 1, 2000, personal property,
13 including food, purchased through fundraising events for the
14 benefit of a public or private elementary or secondary school,
15 a group of those schools, or one or more school districts if
16 the events are sponsored by an entity recognized by the school
17 district that consists primarily of volunteers and includes
18 parents and teachers of the school children. This paragraph
19 does not apply to fundraising events (i) for the benefit of
20 private home instruction or (ii) for which the fundraising
21 entity purchases the personal property sold at the events from
22 another individual or entity that sold the property for the
23 purpose of resale by the fundraising entity and that profits
24 from the sale to the fundraising entity. This paragraph is
25 exempt from the provisions of Section 3-90.

26 (29) Beginning January 1, 2000 and through December 31,

1 2001, new or used automatic vending machines that prepare and
2 serve hot food and beverages, including coffee, soup, and other
3 items, and replacement parts for these machines. Beginning
4 January 1, 2002 and through June 30, 2003, machines and parts
5 for machines used in commercial, coin-operated amusement and
6 vending business if a use or occupation tax is paid on the
7 gross receipts derived from the use of the commercial,
8 coin-operated amusement and vending machines. This paragraph
9 is exempt from the provisions of Section 3-90.

10 (30) Beginning January 1, 2001 and through June 30, 2016,
11 food for human consumption that is to be consumed off the
12 premises where it is sold (other than alcoholic beverages, soft
13 drinks, and food that has been prepared for immediate
14 consumption) and prescription and nonprescription medicines,
15 drugs, medical appliances, and insulin, urine testing
16 materials, syringes, and needles used by diabetics, for human
17 use, when purchased for use by a person receiving medical
18 assistance under Article V of the Illinois Public Aid Code who
19 resides in a licensed long-term care facility, as defined in
20 the Nursing Home Care Act, or in a licensed facility as defined
21 in the ID/DD Community Care Act, the MC/DD Act, or the
22 Specialized Mental Health Rehabilitation Act of 2013.

23 (31) Beginning on August 2, 2001 (the effective date of
24 Public Act 92-227) ~~this amendatory Act of the 92nd General~~
25 ~~Assembly~~, computers and communications equipment utilized for
26 any hospital purpose and equipment used in the diagnosis,

1 analysis, or treatment of hospital patients purchased by a
2 lessor who leases the equipment, under a lease of one year or
3 longer executed or in effect at the time the lessor would
4 otherwise be subject to the tax imposed by this Act, to a
5 hospital that has been issued an active tax exemption
6 identification number by the Department under Section 1g of the
7 Retailers' Occupation Tax Act. If the equipment is leased in a
8 manner that does not qualify for this exemption or is used in
9 any other nonexempt manner, the lessor shall be liable for the
10 tax imposed under this Act or the Service Use Tax Act, as the
11 case may be, based on the fair market value of the property at
12 the time the nonqualifying use occurs. No lessor shall collect
13 or attempt to collect an amount (however designated) that
14 purports to reimburse that lessor for the tax imposed by this
15 Act or the Service Use Tax Act, as the case may be, if the tax
16 has not been paid by the lessor. If a lessor improperly
17 collects any such amount from the lessee, the lessee shall have
18 a legal right to claim a refund of that amount from the lessor.
19 If, however, that amount is not refunded to the lessee for any
20 reason, the lessor is liable to pay that amount to the
21 Department. This paragraph is exempt from the provisions of
22 Section 3-90.

23 (32) Beginning on August 2, 2001 (the effective date of
24 Public Act 92-227) ~~this amendatory Act of the 92nd General~~
25 ~~Assembly~~, personal property purchased by a lessor who leases
26 the property, under a lease of one year or longer executed or

1 in effect at the time the lessor would otherwise be subject to
2 the tax imposed by this Act, to a governmental body that has
3 been issued an active sales tax exemption identification number
4 by the Department under Section 1g of the Retailers' Occupation
5 Tax Act. If the property is leased in a manner that does not
6 qualify for this exemption or used in any other nonexempt
7 manner, the lessor shall be liable for the tax imposed under
8 this Act or the Service Use Tax Act, as the case may be, based
9 on the fair market value of the property at the time the
10 nonqualifying use occurs. No lessor shall collect or attempt to
11 collect an amount (however designated) that purports to
12 reimburse that lessor for the tax imposed by this Act or the
13 Service Use Tax Act, as the case may be, if the tax has not been
14 paid by the lessor. If a lessor improperly collects any such
15 amount from the lessee, the lessee shall have a legal right to
16 claim a refund of that amount from the lessor. If, however,
17 that amount is not refunded to the lessee for any reason, the
18 lessor is liable to pay that amount to the Department. This
19 paragraph is exempt from the provisions of Section 3-90.

20 (33) On and after July 1, 2003 and through June 30, 2004,
21 the use in this State of motor vehicles of the second division
22 with a gross vehicle weight in excess of 8,000 pounds and that
23 are subject to the commercial distribution fee imposed under
24 Section 3-815.1 of the Illinois Vehicle Code. Beginning on July
25 1, 2004 and through June 30, 2005, the use in this State of
26 motor vehicles of the second division: (i) with a gross vehicle

1 weight rating in excess of 8,000 pounds; (ii) that are subject
2 to the commercial distribution fee imposed under Section
3 3-815.1 of the Illinois Vehicle Code; and (iii) that are
4 primarily used for commercial purposes. Through June 30, 2005,
5 this exemption applies to repair and replacement parts added
6 after the initial purchase of such a motor vehicle if that
7 motor vehicle is used in a manner that would qualify for the
8 rolling stock exemption otherwise provided for in this Act. For
9 purposes of this paragraph, the term "used for commercial
10 purposes" means the transportation of persons or property in
11 furtherance of any commercial or industrial enterprise,
12 whether for-hire or not.

13 (34) Beginning January 1, 2008, tangible personal property
14 used in the construction or maintenance of a community water
15 supply, as defined under Section 3.145 of the Environmental
16 Protection Act, that is operated by a not-for-profit
17 corporation that holds a valid water supply permit issued under
18 Title IV of the Environmental Protection Act. This paragraph is
19 exempt from the provisions of Section 3-90.

20 (35) Beginning January 1, 2010, materials, parts,
21 equipment, components, and furnishings incorporated into or
22 upon an aircraft as part of the modification, refurbishment,
23 completion, replacement, repair, or maintenance of the
24 aircraft. This exemption includes consumable supplies used in
25 the modification, refurbishment, completion, replacement,
26 repair, and maintenance of aircraft, but excludes any

1 materials, parts, equipment, components, and consumable
2 supplies used in the modification, replacement, repair, and
3 maintenance of aircraft engines or power plants, whether such
4 engines or power plants are installed or uninstalled upon any
5 such aircraft. "Consumable supplies" include, but are not
6 limited to, adhesive, tape, sandpaper, general purpose
7 lubricants, cleaning solution, latex gloves, and protective
8 films. This exemption applies only to the use of qualifying
9 tangible personal property by persons who modify, refurbish,
10 complete, repair, replace, or maintain aircraft and who (i)
11 hold an Air Agency Certificate and are empowered to operate an
12 approved repair station by the Federal Aviation
13 Administration, (ii) have a Class IV Rating, and (iii) conduct
14 operations in accordance with Part 145 of the Federal Aviation
15 Regulations. The exemption does not include aircraft operated
16 by a commercial air carrier providing scheduled passenger air
17 service pursuant to authority issued under Part 121 or Part 129
18 of the Federal Aviation Regulations. The changes made to this
19 paragraph (35) by Public Act 98-534 are declarative of existing
20 law.

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

1 consideration by or on behalf of the municipality at the time
2 of the completion of the municipal convention hall or upon the
3 retirement or redemption of any bonds or other debt instruments
4 issued by the public-facilities corporation in connection with
5 the development of the municipal convention hall. This
6 exemption includes existing public-facilities corporations as
7 provided in Section 11-65-25 of the Illinois Municipal Code.
8 This paragraph is exempt from the provisions of Section 3-90.

9 (37) Beginning January 1, 2017, menstrual pads, tampons,
10 and menstrual cups.

11 (38) Merchandise that is subject to the Rental Purchase
12 Agreement Occupation and Use Tax. The purchaser must certify
13 that the item is purchased to be rented subject to a rental
14 purchase agreement, as defined in the Rental Purchase Agreement
15 Act, and provide proof of registration under the Rental
16 Purchase Agreement Occupation and Use Tax Act. This paragraph
17 is exempt from the provisions of Section 3-90.

18 (Source: P.A. 99-180, eff. 7-29-15; 99-855, eff. 8-19-16;
19 100-22, eff. 7-6-17; 100-437, eff. 1-1-18; revised 9-27-17.)

20 (35 ILCS 105/3-85)

21 Sec. 3-85. Manufacturer's Purchase Credit. For purchases
22 of machinery and equipment made on and after January 1, 1995
23 through June 30, 2003, ~~and~~ on and after September 1, 2004
24 through August 30, 2014, and on and after January 1, 2019, a
25 purchaser of manufacturing machinery and equipment that

1 qualifies for the exemption provided by paragraph (18) of
2 Section 3-5 of this Act earns a credit in an amount equal to a
3 fixed percentage of the tax which would have been incurred
4 under this Act on those purchases. For purchases of graphic
5 arts machinery and equipment made on or after July 1, 1996 and
6 through June 30, 2003, ~~and~~ on and after September 1, 2004
7 through August 30, 2014, and on and after January 1, 2019, a
8 purchaser of graphic arts machinery and equipment that
9 qualifies for the exemption provided by paragraph (6) of
10 Section 3-5 of this Act earns a credit in an amount equal to a
11 fixed percentage of the tax that would have been incurred under
12 this Act on those purchases. The credit earned for purchases of
13 manufacturing machinery and equipment or graphic arts
14 machinery and equipment shall be referred to as the
15 Manufacturer's Purchase Credit. A graphic arts producer is a
16 person engaged in graphic arts production as defined in Section
17 2-30 of the Retailers' Occupation Tax Act. Beginning July 1,
18 1996, all references in this Section to manufacturers or
19 manufacturing shall also be deemed to refer to graphic arts
20 producers or graphic arts production.

21 The amount of credit shall be a percentage of the tax that
22 would have been incurred on the purchase of manufacturing
23 machinery and equipment or graphic arts machinery and equipment
24 if the exemptions provided by paragraph (6) or paragraph (18)
25 of Section 3-5 of this Act had not been applicable. The
26 percentage shall be as follows:

1 (1) 15% for purchases made on or before June 30, 1995.

2 (2) 25% for purchases made after June 30, 1995, and on
3 or before June 30, 1996.

4 (3) 40% for purchases made after June 30, 1996, and on
5 or before June 30, 1997.

6 (4) 50% for purchases made on or after July 1, 1997.

7 (a) Manufacturer's Purchase Credit earned prior to July 1,
8 2003. This subsection (a) applies to Manufacturer's Purchase
9 Credit earned prior to July 1, 2003. A purchaser of production
10 related tangible personal property desiring to use the
11 Manufacturer's Purchase Credit shall certify to the seller
12 prior to October 1, 2003 that the purchaser is satisfying all
13 or part of the liability under the Use Tax Act or the Service
14 Use Tax Act that is due on the purchase of the production
15 related tangible personal property by use of Manufacturer's
16 Purchase Credit. The Manufacturer's Purchase Credit
17 certification must be dated and shall include the name and
18 address of the purchaser, the purchaser's registration number,
19 if registered, the credit being applied, and a statement that
20 the State Use Tax or Service Use Tax liability is being
21 satisfied with the manufacturer's or graphic arts producer's
22 accumulated purchase credit. Certification may be incorporated
23 into the manufacturer's or graphic arts producer's purchase
24 order. Manufacturer's Purchase Credit certification provided
25 by the manufacturer or graphic arts producer prior to October
26 1, 2003 may be used to satisfy the retailer's or serviceman's

1 liability under the Retailers' Occupation Tax Act or Service
2 Occupation Tax Act for the credit claimed, not to exceed 6.25%
3 of the receipts subject to tax from a qualifying purchase, but
4 only if the retailer or serviceman reports the Manufacturer's
5 Purchase Credit claimed as required by the Department. A
6 Manufacturer's Purchase Credit reported on any original or
7 amended return filed under this Act after October 20, 2003
8 shall be disallowed. The Manufacturer's Purchase Credit earned
9 by purchase of exempt manufacturing machinery and equipment or
10 graphic arts machinery and equipment is a non-transferable
11 credit. A manufacturer or graphic arts producer that enters
12 into a contract involving the installation of tangible personal
13 property into real estate within a manufacturing or graphic
14 arts production facility may, prior to October 1, 2003,
15 authorize a construction contractor to utilize credit
16 accumulated by the manufacturer or graphic arts producer to
17 purchase the tangible personal property. A manufacturer or
18 graphic arts producer intending to use accumulated credit to
19 purchase such tangible personal property shall execute a
20 written contract authorizing the contractor to utilize a
21 specified dollar amount of credit. The contractor shall
22 furnish, prior to October 1, 2003, the supplier with the
23 manufacturer's or graphic arts producer's name, registration
24 or resale number, and a statement that a specific amount of the
25 Use Tax or Service Use Tax liability, not to exceed 6.25% of
26 the selling price, is being satisfied with the credit. The

1 manufacturer or graphic arts producer shall remain liable to
2 timely report all information required by the annual Report of
3 Manufacturer's Purchase Credit Used for all credit utilized by
4 a construction contractor.

5 No Manufacturer's Purchase Credit earned prior to July 1,
6 2003 may be used after October 1, 2003. The Manufacturer's
7 Purchase Credit may be used to satisfy liability under the Use
8 Tax Act or the Service Use Tax Act due on the purchase of
9 production related tangible personal property (including
10 purchases by a manufacturer, by a graphic arts producer, or by
11 a lessor who rents or leases the use of the property to a
12 manufacturer or graphic arts producer) that does not otherwise
13 qualify for the manufacturing machinery and equipment
14 exemption or the graphic arts machinery and equipment
15 exemption. "Production related tangible personal property"
16 means (i) all tangible personal property used or consumed by
17 the purchaser in a manufacturing facility in which a
18 manufacturing process described in Section 2-45 of the
19 Retailers' Occupation Tax Act takes place, including tangible
20 personal property purchased for incorporation into real estate
21 within a manufacturing facility and including, but not limited
22 to, tangible personal property used or consumed in activities
23 such as preproduction material handling, receiving, quality
24 control, inventory control, storage, staging, and packaging
25 for shipping and transportation purposes; (ii) all tangible
26 personal property used or consumed by the purchaser in a

1 graphic arts facility in which graphic arts production as
2 described in Section 2-30 of the Retailers' Occupation Tax Act
3 takes place, including tangible personal property purchased
4 for incorporation into real estate within a graphic arts
5 facility and including, but not limited to, all tangible
6 personal property used or consumed in activities such as
7 graphic arts preliminary or pre-press production,
8 pre-production material handling, receiving, quality control,
9 inventory control, storage, staging, sorting, labeling,
10 mailing, tying, wrapping, and packaging; and (iii) all tangible
11 personal property used or consumed by the purchaser for
12 research and development. "Production related tangible
13 personal property" does not include (i) tangible personal
14 property used, within or without a manufacturing facility, in
15 sales, purchasing, accounting, fiscal management, marketing,
16 personnel recruitment or selection, or landscaping or (ii)
17 tangible personal property required to be titled or registered
18 with a department, agency, or unit of federal, state, or local
19 government. The Manufacturer's Purchase Credit may be used,
20 prior to October 1, 2003, to satisfy the tax arising either
21 from the purchase of machinery and equipment on or after
22 January 1, 1995 for which the exemption provided by paragraph
23 (18) of Section 3-5 of this Act was erroneously claimed, or the
24 purchase of machinery and equipment on or after July 1, 1996
25 for which the exemption provided by paragraph (6) of Section
26 3-5 of this Act was erroneously claimed, but not in

1 satisfaction of penalty, if any, and interest for failure to
2 pay the tax when due. A purchaser of production related
3 tangible personal property who is required to pay Illinois Use
4 Tax or Service Use Tax on the purchase directly to the
5 Department may, prior to October 1, 2003, utilize the
6 Manufacturer's Purchase Credit in satisfaction of the tax
7 arising from that purchase, but not in satisfaction of penalty
8 and interest. A purchaser who uses the Manufacturer's Purchase
9 Credit to purchase property which is later determined not to be
10 production related tangible personal property may be liable for
11 tax, penalty, and interest on the purchase of that property as
12 of the date of purchase but shall be entitled to use the
13 disallowed Manufacturer's Purchase Credit, so long as it has
14 not expired and is used prior to October 1, 2003, on qualifying
15 purchases of production related tangible personal property not
16 previously subject to credit usage. The Manufacturer's
17 Purchase Credit earned by a manufacturer or graphic arts
18 producer expires the last day of the second calendar year
19 following the calendar year in which the credit arose. No
20 Manufacturer's Purchase Credit may be used after September 30,
21 2003 regardless of when that credit was earned.

22 A purchaser earning Manufacturer's Purchase Credit shall
23 sign and file an annual Report of Manufacturer's Purchase
24 Credit Earned for each calendar year no later than the last day
25 of the sixth month following the calendar year in which a
26 Manufacturer's Purchase Credit is earned. A Report of

1 Manufacturer's Purchase Credit Earned shall be filed on forms
2 as prescribed or approved by the Department and shall state,
3 for each month of the calendar year: (i) the total purchase
4 price of all purchases of exempt manufacturing or graphic arts
5 machinery on which the credit was earned; (ii) the total State
6 Use Tax or Service Use Tax which would have been due on those
7 items; (iii) the percentage used to calculate the amount of
8 credit earned; (iv) the amount of credit earned; and (v) such
9 other information as the Department may reasonably require. A
10 purchaser earning Manufacturer's Purchase Credit shall
11 maintain records which identify, as to each purchase of
12 manufacturing or graphic arts machinery and equipment on which
13 the purchaser earned Manufacturer's Purchase Credit, the
14 vendor (including, if applicable, either the vendor's
15 registration number or Federal Employer Identification
16 Number), the purchase price, and the amount of Manufacturer's
17 Purchase Credit earned on each purchase.

18 A purchaser using Manufacturer's Purchase Credit shall
19 sign and file an annual Report of Manufacturer's Purchase
20 Credit Used for each calendar year no later than the last day
21 of the sixth month following the calendar year in which a
22 Manufacturer's Purchase Credit is used. A Report of
23 Manufacturer's Purchase Credit Used shall be filed on forms as
24 prescribed or approved by the Department and shall state, for
25 each month of the calendar year: (i) the total purchase price
26 of production related tangible personal property purchased

1 from Illinois suppliers; (ii) the total purchase price of
2 production related tangible personal property purchased from
3 out-of-state suppliers; (iii) the total amount of credit used
4 during such month; and (iv) such other information as the
5 Department may reasonably require. A purchaser using
6 Manufacturer's Purchase Credit shall maintain records that
7 identify, as to each purchase of production related tangible
8 personal property on which the purchaser used Manufacturer's
9 Purchase Credit, the vendor (including, if applicable, either
10 the vendor's registration number or Federal Employer
11 Identification Number), the purchase price, and the amount of
12 Manufacturer's Purchase Credit used on each purchase.

13 No annual report shall be filed before May 1, 1996 or after
14 June 30, 2004. A purchaser that fails to file an annual Report
15 of Manufacturer's Purchase Credit Earned or an annual Report of
16 Manufacturer's Purchase Credit Used by the last day of the
17 sixth month following the end of the calendar year shall
18 forfeit all Manufacturer's Purchase Credit for that calendar
19 year unless it establishes that its failure to file was due to
20 reasonable cause. Manufacturer's Purchase Credit reports may
21 be amended to report and claim credit on qualifying purchases
22 not previously reported at any time before the credit would
23 have expired, unless both the Department and the purchaser have
24 agreed to an extension of the statute of limitations for the
25 issuance of a notice of tax liability as provided in Section 4
26 of the Retailers' Occupation Tax Act. If the time for

1 assessment or refund has been extended, then amended reports
2 for a calendar year may be filed at any time prior to the date
3 to which the statute of limitations for the calendar year or
4 portion thereof has been extended. No Manufacturer's Purchase
5 Credit report filed with the Department for periods prior to
6 January 1, 1995 shall be approved. Manufacturer's Purchase
7 Credit claimed on an amended report may be used, until October
8 1, 2003, to satisfy tax liability under the Use Tax Act or the
9 Service Use Tax Act (i) on qualifying purchases of production
10 related tangible personal property made after the date the
11 amended report is filed or (ii) assessed by the Department on
12 qualifying purchases of production related tangible personal
13 property made in the case of manufacturers on or after January
14 1, 1995, or in the case of graphic arts producers on or after
15 July 1, 1996.

16 If the purchaser is not the manufacturer or a graphic arts
17 producer, but rents or leases the use of the property to a
18 manufacturer or graphic arts producer, the purchaser may earn,
19 report, and use Manufacturer's Purchase Credit in the same
20 manner as a manufacturer or graphic arts producer.

21 A purchaser shall not be entitled to any Manufacturer's
22 Purchase Credit for a purchase that is required to be reported
23 and is not timely reported as provided in this Section. A
24 purchaser remains liable for (i) any tax that was satisfied by
25 use of a Manufacturer's Purchase Credit, as of the date of
26 purchase, if that use is not timely reported as required in

1 this Section and (ii) for any applicable penalties and interest
2 for failing to pay the tax when due. No Manufacturer's Purchase
3 Credit may be used after September 30, 2003 to satisfy any tax
4 liability imposed under this Act, including any audit
5 liability.

6 (b) Manufacturer's Purchase Credit earned on and after
7 September 1, 2004. This subsection (b) applies to
8 Manufacturer's Purchase Credit earned on and after September 1,
9 2004. Manufacturer's Purchase Credit earned on or after
10 September 1, 2004 may only be used to satisfy the Use Tax or
11 Service Use Tax liability incurred on production related
12 tangible personal property purchased on or after September 1,
13 2004. A purchaser of production related tangible personal
14 property desiring to use the Manufacturer's Purchase Credit
15 shall certify to the seller that the purchaser is satisfying
16 all or part of the liability under the Use Tax Act or the
17 Service Use Tax Act that is due on the purchase of the
18 production related tangible personal property by use of
19 Manufacturer's Purchase Credit. The Manufacturer's Purchase
20 Credit certification must be dated and shall include the name
21 and address of the purchaser, the purchaser's registration
22 number, if registered, the credit being applied, and a
23 statement that the State Use Tax or Service Use Tax liability
24 is being satisfied with the manufacturer's or graphic arts
25 producer's accumulated purchase credit. Certification may be
26 incorporated into the manufacturer's or graphic arts

1 producer's purchase order. Manufacturer's Purchase Credit
2 certification provided by the manufacturer or graphic arts
3 producer may be used to satisfy the retailer's or serviceman's
4 liability under the Retailers' Occupation Tax Act or Service
5 Occupation Tax Act for the credit claimed, not to exceed 6.25%
6 of the receipts subject to tax from a qualifying purchase, but
7 only if the retailer or serviceman reports the Manufacturer's
8 Purchase Credit claimed as required by the Department. The
9 Manufacturer's Purchase Credit earned by purchase of exempt
10 manufacturing machinery and equipment or graphic arts
11 machinery and equipment is a non-transferable credit. A
12 manufacturer or graphic arts producer that enters into a
13 contract involving the installation of tangible personal
14 property into real estate within a manufacturing or graphic
15 arts production facility may, on or after September 1, 2004,
16 authorize a construction contractor to utilize credit
17 accumulated by the manufacturer or graphic arts producer to
18 purchase the tangible personal property. A manufacturer or
19 graphic arts producer intending to use accumulated credit to
20 purchase such tangible personal property shall execute a
21 written contract authorizing the contractor to utilize a
22 specified dollar amount of credit. The contractor shall furnish
23 the supplier with the manufacturer's or graphic arts producer's
24 name, registration or resale number, and a statement that a
25 specific amount of the Use Tax or Service Use Tax liability,
26 not to exceed 6.25% of the selling price, is being satisfied

1 with the credit. The manufacturer or graphic arts producer
2 shall remain liable to timely report all information required
3 by the annual Report of Manufacturer's Purchase Credit Used for
4 all credit utilized by a construction contractor.

5 The Manufacturer's Purchase Credit may be used to satisfy
6 liability under the Use Tax Act or the Service Use Tax Act due
7 on the purchase, made on or after September 1, 2004, of
8 production related tangible personal property (including
9 purchases by a manufacturer, by a graphic arts producer, or by
10 a lessor who rents or leases the use of the property to a
11 manufacturer or graphic arts producer) that does not otherwise
12 qualify for the manufacturing machinery and equipment
13 exemption or the graphic arts machinery and equipment
14 exemption. "Production related tangible personal property"
15 means (i) all tangible personal property used or consumed by
16 the purchaser in a manufacturing facility in which a
17 manufacturing process described in Section 2-45 of the
18 Retailers' Occupation Tax Act takes place, including tangible
19 personal property purchased for incorporation into real estate
20 within a manufacturing facility and including, but not limited
21 to, tangible personal property used or consumed in activities
22 such as preproduction material handling, receiving, quality
23 control, inventory control, storage, staging, and packaging
24 for shipping and transportation purposes; (ii) all tangible
25 personal property used or consumed by the purchaser in a
26 graphic arts facility in which graphic arts production as

1 described in Section 2-30 of the Retailers' Occupation Tax Act
2 takes place, including tangible personal property purchased
3 for incorporation into real estate within a graphic arts
4 facility and including, but not limited to, all tangible
5 personal property used or consumed in activities such as
6 graphic arts preliminary or pre-press production,
7 pre-production material handling, receiving, quality control,
8 inventory control, storage, staging, sorting, labeling,
9 mailing, tying, wrapping, and packaging; and (iii) all tangible
10 personal property used or consumed by the purchaser for
11 research and development. "Production related tangible
12 personal property" does not include (i) tangible personal
13 property used, within or without a manufacturing facility, in
14 sales, purchasing, accounting, fiscal management, marketing,
15 personnel recruitment or selection, or landscaping or (ii)
16 tangible personal property required to be titled or registered
17 with a department, agency, or unit of federal, state, or local
18 government. The Manufacturer's Purchase Credit may be used to
19 satisfy the tax arising either from the purchase of machinery
20 and equipment on or after September 1, 2004 for which the
21 exemption provided by paragraph (18) of Section 3-5 of this Act
22 was erroneously claimed, or the purchase of machinery and
23 equipment on or after September 1, 2004 for which the exemption
24 provided by paragraph (6) of Section 3-5 of this Act was
25 erroneously claimed, but not in satisfaction of penalty, if
26 any, and interest for failure to pay the tax when due. A

1 purchaser of production related tangible personal property
2 that is purchased on or after September 1, 2004 who is required
3 to pay Illinois Use Tax or Service Use Tax on the purchase
4 directly to the Department may utilize the Manufacturer's
5 Purchase Credit in satisfaction of the tax arising from that
6 purchase, but not in satisfaction of penalty and interest. A
7 purchaser who uses the Manufacturer's Purchase Credit to
8 purchase property on and after September 1, 2004 which is later
9 determined not to be production related tangible personal
10 property may be liable for tax, penalty, and interest on the
11 purchase of that property as of the date of purchase but shall
12 be entitled to use the disallowed Manufacturer's Purchase
13 Credit, so long as it has not expired and is used on qualifying
14 purchases of production related tangible personal property not
15 previously subject to credit usage. The Manufacturer's
16 Purchase Credit earned by a manufacturer or graphic arts
17 producer expires the last day of the second calendar year
18 following the calendar year in which the credit arose. A
19 purchaser earning Manufacturer's Purchase Credit shall sign
20 and file an annual Report of Manufacturer's Purchase Credit
21 Earned for each calendar year no later than the last day of the
22 sixth month following the calendar year in which a
23 Manufacturer's Purchase Credit is earned. A Report of
24 Manufacturer's Purchase Credit Earned shall be filed on forms
25 as prescribed or approved by the Department and shall state,
26 for each month of the calendar year: (i) the total purchase

1 price of all purchases of exempt manufacturing or graphic arts
2 machinery on which the credit was earned; (ii) the total State
3 Use Tax or Service Use Tax which would have been due on those
4 items; (iii) the percentage used to calculate the amount of
5 credit earned; (iv) the amount of credit earned; and (v) such
6 other information as the Department may reasonably require. A
7 purchaser earning Manufacturer's Purchase Credit shall
8 maintain records which identify, as to each purchase of
9 manufacturing or graphic arts machinery and equipment on which
10 the purchaser earned Manufacturer's Purchase Credit, the
11 vendor (including, if applicable, either the vendor's
12 registration number or Federal Employer Identification
13 Number), the purchase price, and the amount of Manufacturer's
14 Purchase Credit earned on each purchase. A purchaser using
15 Manufacturer's Purchase Credit shall sign and file an annual
16 Report of Manufacturer's Purchase Credit Used for each calendar
17 year no later than the last day of the sixth month following
18 the calendar year in which a Manufacturer's Purchase Credit is
19 used. A Report of Manufacturer's Purchase Credit Used shall be
20 filed on forms as prescribed or approved by the Department and
21 shall state, for each month of the calendar year: (i) the total
22 purchase price of production related tangible personal
23 property purchased from Illinois suppliers; (ii) the total
24 purchase price of production related tangible personal
25 property purchased from out-of-state suppliers; (iii) the
26 total amount of credit used during such month; and (iv) such

1 other information as the Department may reasonably require. A
2 purchaser using Manufacturer's Purchase Credit shall maintain
3 records that identify, as to each purchase of production
4 related tangible personal property on which the purchaser used
5 Manufacturer's Purchase Credit, the vendor (including, if
6 applicable, either the vendor's registration number or Federal
7 Employer Identification Number), the purchase price, and the
8 amount of Manufacturer's Purchase Credit used on each purchase.

9 A purchaser that fails to file an annual Report of
10 Manufacturer's Purchase Credit Earned or an annual Report of
11 Manufacturer's Purchase Credit Used by the last day of the
12 sixth month following the end of the calendar year shall
13 forfeit all Manufacturer's Purchase Credit for that calendar
14 year unless it establishes that its failure to file was due to
15 reasonable cause. Manufacturer's Purchase Credit reports may
16 be amended to report and claim credit on qualifying purchases
17 not previously reported at any time before the credit would
18 have expired, unless both the Department and the purchaser have
19 agreed to an extension of the statute of limitations for the
20 issuance of a notice of tax liability as provided in Section 4
21 of the Retailers' Occupation Tax Act. If the time for
22 assessment or refund has been extended, then amended reports
23 for a calendar year may be filed at any time prior to the date
24 to which the statute of limitations for the calendar year or
25 portion thereof has been extended. Manufacturer's Purchase
26 Credit claimed on an amended report may be used to satisfy tax

1 liability under the Use Tax Act or the Service Use Tax Act (i)
2 on qualifying purchases of production related tangible
3 personal property made after the date the amended report is
4 filed or (ii) assessed by the Department on qualifying
5 production related tangible personal property purchased on or
6 after September 1, 2004. If the purchaser is not the
7 manufacturer or a graphic arts producer, but rents or leases
8 the use of the property to a manufacturer or graphic arts
9 producer, the purchaser may earn, report, and use
10 Manufacturer's Purchase Credit in the same manner as a
11 manufacturer or graphic arts producer. A purchaser shall not be
12 entitled to any Manufacturer's Purchase Credit for a purchase
13 that is required to be reported and is not timely reported as
14 provided in this Section. A purchaser remains liable for (i)
15 any tax that was satisfied by use of a Manufacturer's Purchase
16 Credit, as of the date of purchase, if that use is not timely
17 reported as required in this Section and (ii) for any
18 applicable penalties and interest for failing to pay the tax
19 when due.

20 This Section is exempt from the provisions of Section 3-90.

21 (Source: P.A. 96-116, eff. 7-31-09.)

22 Section 10. The Service Use Tax Act is amended by changing
23 Sections 3-5 and 3-70 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 or
14 cultural organization that establishes, by proof required by
15 the Department by rule, that it has received an exemption under
16 Section 501(c)(3) of the Internal Revenue Code and that is
17 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 the effective date
24 of this amendatory Act of the 92nd General Assembly, however,
25 an entity otherwise eligible for this exemption shall not make
26 tax-free purchases unless it has an active identification

1 number issued 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, and beginning again on January 1,
8 2019, graphic arts machinery and equipment, including repair
9 and replacement parts, both new and used, and including that
10 manufactured on special order or purchased for lease, certified
11 by the purchaser to be used primarily for graphic arts
12 production. Equipment includes chemicals or chemicals acting
13 as catalysts but only if the chemicals or chemicals acting as
14 catalysts effect a direct and immediate change upon a graphic
15 arts product. Beginning on July 1, 2017, graphic arts machinery
16 and equipment is included in the manufacturing and assembling
17 machinery and equipment exemption under Section 2 of this Act.
18 This item (5) is exempt from the provisions of Section 3-75.

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

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

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

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

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

1 to, the collection, monitoring, and correlation of animal and
2 crop data for the purpose of formulating animal diets and
3 agricultural chemicals. This item (7) is exempt from the
4 provisions of Section 3-75.

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 conduct
8 of its business as an air common carrier, for a flight destined
9 for or returning from a location or locations outside the
10 United States without regard to previous or subsequent domestic
11 stopovers.

12 Beginning July 1, 2013, fuel and petroleum products sold to
13 or used by an air carrier, certified by the carrier to be used
14 for consumption, shipment, or storage in the conduct of its
15 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 at
18 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 acquired as an incident to the purchase of a
25 service from a serviceman, to the extent that the proceeds of
26 the service charge are in fact turned over as tips or as a

1 substitute for tips to the employees who participate directly
2 in preparing, serving, hosting or cleaning up the food or
3 beverage function with respect to which the service charge is
4 imposed.

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

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

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

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

5 (13) Semen used for artificial insemination of livestock
6 for direct agricultural production.

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

20 (15) Computers and communications equipment utilized for
21 any hospital purpose and equipment used in the diagnosis,
22 analysis, or treatment of hospital patients purchased by a
23 lessor who leases the equipment, under a lease of one year or
24 longer executed or in effect at the time the lessor would
25 otherwise be subject to the tax imposed by this Act, to a
26 hospital that has been issued an active tax exemption

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

16 (16) Personal property purchased by a lessor who leases the
17 property, under a lease of one year or longer executed or in
18 effect at the time the lessor would otherwise be subject to the
19 tax imposed by this Act, to a governmental body that has been
20 issued an active tax exemption identification number by the
21 Department under Section 1g of the Retailers' Occupation Tax
22 Act. If the property is leased in a manner that does not
23 qualify for this exemption or is used in any other non-exempt
24 manner, the lessor shall be liable for the tax imposed under
25 this Act or the Use Tax Act, as the case may be, based on the
26 fair market value of the property at the time the

1 non-qualifying use occurs. No lessor shall collect or attempt
2 to collect an amount (however designated) that purports to
3 reimburse that lessor for the tax imposed by this Act or the
4 Use Tax Act, as the case may be, if the tax has not been paid by
5 the lessor. If a lessor improperly collects any such amount
6 from the lessee, the lessee shall have a legal right to claim a
7 refund of that amount from the lessor. If, however, that amount
8 is not refunded to the lessee for any reason, the lessor is
9 liable to pay that amount to the Department.

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

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 used in the
23 performance of infrastructure repairs in this State, including
24 but not limited to municipal roads and streets, access roads,
25 bridges, sidewalks, waste disposal systems, water and sewer
26 line extensions, water distribution and purification

1 facilities, storm water drainage and retention facilities, and
2 sewage treatment facilities, resulting from a State or
3 federally declared disaster in Illinois or bordering Illinois
4 when such repairs are initiated on facilities located in the
5 declared disaster area within 6 months after the disaster.

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

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

1 industrial, business, or commercial occupation.

2 (21) Beginning January 1, 2000, personal property,
3 including food, purchased through fundraising events for the
4 benefit of a public or private elementary or secondary school,
5 a group of those schools, or one or more school districts if
6 the events are sponsored by an entity recognized by the school
7 district that consists primarily of volunteers and includes
8 parents and teachers of the school children. This paragraph
9 does not apply to fundraising events (i) for the benefit of
10 private home instruction or (ii) for which the fundraising
11 entity purchases the personal property sold at the events from
12 another individual or entity that sold the property for the
13 purpose of resale by the fundraising entity and that profits
14 from the sale to the fundraising entity. This paragraph is
15 exempt from the provisions of Section 3-75.

16 (22) Beginning January 1, 2000 and through December 31,
17 2001, new or used automatic vending machines that prepare and
18 serve hot food and beverages, including coffee, soup, and other
19 items, and replacement parts for these machines. Beginning
20 January 1, 2002 and through June 30, 2003, machines and parts
21 for machines used in commercial, coin-operated amusement and
22 vending business if a use or occupation tax is paid on the
23 gross receipts derived from the use of the commercial,
24 coin-operated amusement and vending machines. This paragraph
25 is exempt from the provisions of Section 3-75.

26 (23) Beginning August 23, 2001 and through June 30, 2016,

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

13 (24) Beginning on the effective date of this amendatory Act
14 of the 92nd General Assembly, computers and communications
15 equipment utilized for any hospital purpose and equipment used
16 in the diagnosis, analysis, or treatment of hospital patients
17 purchased by a lessor who leases the equipment, under a lease
18 of one year or longer executed or in effect at the time the
19 lessor would otherwise be subject to the tax imposed by this
20 Act, to a hospital that has been issued an active tax exemption
21 identification number by the Department under Section 1g of the
22 Retailers' Occupation Tax Act. If the equipment is leased in a
23 manner that does not qualify for this exemption or is used in
24 any other nonexempt manner, the lessor shall be liable for the
25 tax imposed under this Act or the Use Tax Act, as the case may
26 be, based on the fair market value of the property at the time

1 the nonqualifying use occurs. No lessor shall collect or
2 attempt to collect an amount (however designated) that purports
3 to reimburse that lessor for the tax imposed by this Act or the
4 Use Tax Act, as the case may be, if the tax has not been paid by
5 the lessor. If a lessor improperly collects any such amount
6 from the lessee, the lessee shall have a legal right to claim a
7 refund of that amount from the lessor. If, however, that amount
8 is not refunded to the lessee for any reason, the lessor is
9 liable to pay that amount to the Department. This paragraph is
10 exempt from the provisions of Section 3-75.

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

1 the lessor. If a lessor improperly collects any such amount
2 from the lessee, the lessee shall have a legal right to claim a
3 refund of that amount from the lessor. If, however, that amount
4 is not refunded to the lessee for any reason, the lessor is
5 liable to pay that amount to the Department. This paragraph is
6 exempt from the provisions of Section 3-75.

7 (26) Beginning January 1, 2008, tangible personal property
8 used in the construction or maintenance of a community water
9 supply, as defined under Section 3.145 of the Environmental
10 Protection Act, that is operated by a not-for-profit
11 corporation that holds a valid water supply permit issued under
12 Title IV of the Environmental Protection Act. This paragraph is
13 exempt from the provisions of Section 3-75.

14 (27) Beginning January 1, 2010, materials, parts,
15 equipment, components, and furnishings incorporated into or
16 upon an aircraft as part of the modification, refurbishment,
17 completion, replacement, repair, or maintenance of the
18 aircraft. This exemption includes consumable supplies used in
19 the modification, refurbishment, completion, replacement,
20 repair, and maintenance of aircraft, but excludes any
21 materials, parts, equipment, components, and consumable
22 supplies used in the modification, replacement, repair, and
23 maintenance of aircraft engines or power plants, whether such
24 engines or power plants are installed or uninstalled upon any
25 such aircraft. "Consumable supplies" include, but are not
26 limited to, adhesive, tape, sandpaper, general purpose

1 lubricants, cleaning solution, latex gloves, and protective
2 films. This exemption applies only to the use of qualifying
3 tangible personal property transferred incident to the
4 modification, refurbishment, completion, replacement, repair,
5 or maintenance of aircraft by persons who (i) hold an Air
6 Agency Certificate and are empowered to operate an approved
7 repair station by the Federal Aviation Administration, (ii)
8 have a Class IV Rating, and (iii) conduct operations in
9 accordance with Part 145 of the Federal Aviation Regulations.
10 The exemption does not include aircraft operated by a
11 commercial air carrier providing scheduled passenger air
12 service pursuant to authority issued under Part 121 or Part 129
13 of the Federal Aviation Regulations. The changes made to this
14 paragraph (27) by Public Act 98-534 are declarative of existing
15 law.

16 (28) Tangible personal property purchased by a
17 public-facilities corporation, as described in Section
18 11-65-10 of the Illinois Municipal Code, for purposes of
19 constructing or furnishing a municipal convention hall, but
20 only if the legal title to the municipal convention hall is
21 transferred to the municipality without any further
22 consideration by or on behalf of the municipality at the time
23 of the completion of the municipal convention hall or upon the
24 retirement or redemption of any bonds or other debt instruments
25 issued by the public-facilities corporation in connection with
26 the development of the municipal convention hall. This

1 exemption includes existing public-facilities corporations as
2 provided in Section 11-65-25 of the Illinois Municipal Code.
3 This paragraph is exempt from the provisions of Section 3-75.

4 (29) Beginning January 1, 2017, menstrual pads, tampons,
5 and menstrual cups.

6 (Source: P.A. 99-180, eff. 7-29-15; 99-855, eff. 8-19-16;
7 100-22, eff. 7-6-17.)

8 (35 ILCS 110/3-70)

9 Sec. 3-70. Manufacturer's Purchase Credit. For purchases
10 of machinery and equipment made on and after January 1, 1995
11 and through June 30, 2003, ~~and~~ on and after September 1, 2004
12 through August 30, 2014, and on and after January 1, 2019, a
13 purchaser of manufacturing machinery and equipment that
14 qualifies for the exemption provided by Section 2 of this Act
15 earns a credit in an amount equal to a fixed percentage of the
16 tax which would have been incurred under this Act on those
17 purchases. For purchases of graphic arts machinery and
18 equipment made on or after July 1, 1996 through June 30, 2003,
19 ~~and~~ on and after September 1, 2004 through August 30, 2014, and
20 on and after January 1, 2019, a purchase of graphic arts
21 machinery and equipment that qualifies for the exemption
22 provided by paragraph (5) of Section 3-5 of this Act earns a
23 credit in an amount equal to a fixed percentage of the tax that
24 would have been incurred under this Act on those purchases. The
25 credit earned for the purchase of manufacturing machinery and

1 equipment and graphic arts machinery and equipment shall be
2 referred to as the Manufacturer's Purchase Credit. A graphic
3 arts producer is a person engaged in graphic arts production as
4 defined in Section 3-30 of the Service Occupation Tax Act.
5 Beginning July 1, 1996, all references in this Section to
6 manufacturers or manufacturing shall also refer to graphic arts
7 producers or graphic arts production.

8 The amount of credit shall be a percentage of the tax that
9 would have been incurred on the purchase of the manufacturing
10 machinery and equipment or graphic arts machinery and equipment
11 if the exemptions provided by Section 2 or paragraph (5) of
12 Section 3-5 of this Act had not been applicable.

13 All purchases prior to October 1, 2003 of manufacturing
14 machinery and equipment and graphic arts machinery and
15 equipment that qualify for the exemptions provided by paragraph
16 (5) of Section 2 or paragraph (5) of Section 3-5 of this Act
17 qualify for the credit without regard to whether the serviceman
18 elected, or could have elected, under paragraph (7) of Section
19 2 of this Act to exclude the transaction from this Act. If the
20 serviceman's billing to the service customer separately states
21 a selling price for the exempt manufacturing machinery or
22 equipment or the exempt graphic arts machinery and equipment,
23 the credit shall be calculated, as otherwise provided herein,
24 based on that selling price. If the serviceman's billing does
25 not separately state a selling price for the exempt
26 manufacturing machinery and equipment or the exempt graphic

1 arts machinery and equipment, the credit shall be calculated,
2 as otherwise provided herein, based on 50% of the entire
3 billing. If the serviceman contracts to design, develop, and
4 produce special order manufacturing machinery and equipment or
5 special order graphic arts machinery and equipment, and the
6 billing does not separately state a selling price for such
7 special order machinery and equipment, the credit shall be
8 calculated, as otherwise provided herein, based on 50% of the
9 entire billing. The provisions of this paragraph are effective
10 for purchases made on or after January 1, 1995.

11 The percentage shall be as follows:

12 (1) 15% for purchases made on or before June 30, 1995.

13 (2) 25% for purchases made after June 30, 1995, and on
14 or before June 30, 1996.

15 (3) 40% for purchases made after June 30, 1996, and on
16 or before June 30, 1997.

17 (4) 50% for purchases made on or after July 1, 1997.

18 (a) Manufacturer's Purchase Credit earned prior to July 1,
19 2003. This subsection (a) applies to Manufacturer's Purchase
20 Credit earned prior to July 1, 2003. A purchaser of production
21 related tangible personal property desiring to use the
22 Manufacturer's Purchase Credit shall certify to the seller
23 prior to October 1, 2003 that the purchaser is satisfying all
24 or part of the liability under the Use Tax Act or the Service
25 Use Tax Act that is due on the purchase of the production
26 related tangible personal property by use of a Manufacturer's

1 Purchase Credit. The Manufacturer's Purchase Credit
2 certification must be dated and shall include the name and
3 address of the purchaser, the purchaser's registration number,
4 if registered, the credit being applied, and a statement that
5 the State Use Tax or Service Use Tax liability is being
6 satisfied with the manufacturer's or graphic arts producer's
7 accumulated purchase credit. Certification may be incorporated
8 into the manufacturer's or graphic arts producer's purchase
9 order. Manufacturer's Purchase Credit certification provided
10 by the manufacturer or graphic arts producer prior to October
11 1, 2003 may be used to satisfy the retailer's or serviceman's
12 liability under the Retailers' Occupation Tax Act or Service
13 Occupation Tax Act for the credit claimed, not to exceed 6.25%
14 of the receipts subject to tax from a qualifying purchase, but
15 only if the retailer or serviceman reports the Manufacturer's
16 Purchase Credit claimed as required by the Department. A
17 Manufacturer's Purchase Credit reported on any original or
18 amended return filed under this Act after October 20, 2003
19 shall be disallowed. The Manufacturer's Purchase Credit earned
20 by purchase of exempt manufacturing machinery and equipment or
21 graphic arts machinery and equipment is a non-transferable
22 credit. A manufacturer or graphic arts producer that enters
23 into a contract involving the installation of tangible personal
24 property into real estate within a manufacturing or graphic
25 arts production facility, prior to October 1, 2003, may
26 authorize a construction contractor to utilize credit

1 accumulated by the manufacturer or graphic arts producer to
2 purchase the tangible personal property. A manufacturer or
3 graphic arts producer intending to use accumulated credit to
4 purchase such tangible personal property shall execute a
5 written contract authorizing the contractor to utilize a
6 specified dollar amount of credit. The contractor shall
7 furnish, prior to October 1, 2003, the supplier with the
8 manufacturer's or graphic arts producer's name, registration
9 or resale number, and a statement that a specific amount of the
10 Use Tax or Service Use Tax liability, not to exceed 6.25% of
11 the selling price, is being satisfied with the credit. The
12 manufacturer or graphic arts producer shall remain liable to
13 timely report all information required by the annual Report of
14 Manufacturer's Purchase Credit Used for credit utilized by a
15 construction contractor.

16 No Manufacturer's Purchase Credit earned prior to July 1,
17 2003 may be used after October 1, 2003. The Manufacturer's
18 Purchase Credit may be used to satisfy liability under the Use
19 Tax Act or the Service Use Tax Act due on the purchase of
20 production related tangible personal property (including
21 purchases by a manufacturer, by a graphic arts producer, or a
22 lessor who rents or leases the use of the property to a
23 manufacturer or graphic arts producer) that does not otherwise
24 qualify for the manufacturing machinery and equipment
25 exemption or the graphic arts machinery and equipment
26 exemption. "Production related tangible personal property"

1 means (i) all tangible personal property used or consumed by
2 the purchaser in a manufacturing facility in which a
3 manufacturing process described in Section 2-45 of the
4 Retailers' Occupation Tax Act takes place, including tangible
5 personal property purchased for incorporation into real estate
6 within a manufacturing facility and including, but not limited
7 to, tangible personal property used or consumed in activities
8 such as pre-production material handling, receiving, quality
9 control, inventory control, storage, staging, and packaging
10 for shipping and transportation purposes; (ii) all tangible
11 personal property used or consumed by the purchaser in a
12 graphic arts facility in which graphic arts production as
13 described in Section 2-30 of the Retailers' Occupation Tax Act
14 takes place, including tangible personal property purchased
15 for incorporation into real estate within a graphic arts
16 facility and including, but not limited to, all tangible
17 personal property used or consumed in activities such as
18 graphic arts preliminary or pre-press production,
19 pre-production material handling, receiving, quality control,
20 inventory control, storage, staging, sorting, labeling,
21 mailing, tying, wrapping, and packaging; and (iii) all tangible
22 personal property used or consumed by the purchaser for
23 research and development. "Production related tangible
24 personal property" does not include (i) tangible personal
25 property used, within or without a manufacturing or graphic
26 arts facility, in sales, purchasing, accounting, fiscal

1 management, marketing, personnel recruitment or selection, or
2 landscaping or (ii) tangible personal property required to be
3 titled or registered with a department, agency, or unit of
4 federal, state, or local government. The Manufacturer's
5 Purchase Credit may be used, prior to October 1, 2003, to
6 satisfy the tax arising either from the purchase of machinery
7 and equipment on or after January 1, 1995 for which the
8 manufacturing machinery and equipment exemption provided by
9 Section 2 of this Act was erroneously claimed, or the purchase
10 of machinery and equipment on or after July 1, 1996 for which
11 the exemption provided by paragraph (5) of Section 3-5 of this
12 Act was erroneously claimed, but not in satisfaction of
13 penalty, if any, and interest for failure to pay the tax when
14 due. A purchaser of production related tangible personal
15 property who is required to pay Illinois Use Tax or Service Use
16 Tax on the purchase directly to the Department may, prior to
17 October 1, 2003, utilize the Manufacturer's Purchase Credit in
18 satisfaction of the tax arising from that purchase, but not in
19 satisfaction of penalty and interest. A purchaser who uses the
20 Manufacturer's Purchase Credit to purchase property which is
21 later determined not to be production related tangible personal
22 property may be liable for tax, penalty, and interest on the
23 purchase of that property as of the date of purchase but shall
24 be entitled to use the disallowed Manufacturer's Purchase
25 Credit, so long as it has not expired and is used prior to
26 October 1, 2003, on qualifying purchases of production related

1 tangible personal property not previously subject to credit
2 usage. The Manufacturer's Purchase Credit earned by a
3 manufacturer or graphic arts producer expires the last day of
4 the second calendar year following the calendar year in which
5 the credit arose. No Manufacturer's Purchase Credit may be used
6 after September 30, 2003 regardless of when that credit was
7 earned.

8 A purchaser earning Manufacturer's Purchase Credit shall
9 sign and file an annual Report of Manufacturer's Purchase
10 Credit Earned for each calendar year no later than the last day
11 of the sixth month following the calendar year in which a
12 Manufacturer's Purchase Credit is earned. A Report of
13 Manufacturer's Purchase Credit Earned shall be filed on forms
14 as prescribed or approved by the Department and shall state,
15 for each month of the calendar year: (i) the total purchase
16 price of all purchases of exempt manufacturing or graphic arts
17 machinery on which the credit was earned; (ii) the total State
18 Use Tax or Service Use Tax which would have been due on those
19 items; (iii) the percentage used to calculate the amount of
20 credit earned; (iv) the amount of credit earned; and (v) such
21 other information as the Department may reasonably require. A
22 purchaser earning Manufacturer's Purchase Credit shall
23 maintain records which identify, as to each purchase of
24 manufacturing or graphic arts machinery and equipment on which
25 the purchaser earned Manufacturer's Purchase Credit, the
26 vendor (including, if applicable, either the vendor's

1 registration number or Federal Employer Identification
2 Number), the purchase price, and the amount of Manufacturer's
3 Purchase Credit earned on each purchase.

4 A purchaser using Manufacturer's Purchase Credit shall
5 sign and file an annual Report of Manufacturer's Purchase
6 Credit Used for each calendar year no later than the last day
7 of the sixth month following the calendar year in which a
8 Manufacturer's Purchase Credit is used. A Report of
9 Manufacturer's Purchase Credit Used shall be filed on forms as
10 prescribed or approved by the Department and shall state, for
11 each month of the calendar year: (i) the total purchase price
12 of production related tangible personal property purchased
13 from Illinois suppliers; (ii) the total purchase price of
14 production related tangible personal property purchased from
15 out-of-state suppliers; (iii) the total amount of credit used
16 during such month; and (iv) such other information as the
17 Department may reasonably require. A purchaser using
18 Manufacturer's Purchase Credit shall maintain records that
19 identify, as to each purchase of production related tangible
20 personal property on which the purchaser used Manufacturer's
21 Purchase Credit, the vendor (including, if applicable, either
22 the vendor's registration number or Federal Employer
23 Identification Number), the purchase price, and the amount of
24 Manufacturer's Purchase Credit used on each purchase.

25 No annual report shall be filed before May 1, 1996 or after
26 June 30, 2004. A purchaser that fails to file an annual Report

1 of Manufacturer's Purchase Credit Earned or an annual Report of
2 Manufacturer's Purchase Credit Used by the last day of the
3 sixth month following the end of the calendar year shall
4 forfeit all Manufacturer's Purchase Credit for that calendar
5 year unless it establishes that its failure to file was due to
6 reasonable cause. Manufacturer's Purchase Credit reports may
7 be amended to report and claim credit on qualifying purchases
8 not previously reported at any time before the credit would
9 have expired, unless both the Department and the purchaser have
10 agreed to an extension of the statute of limitations for the
11 issuance of a notice of tax liability as provided in Section 4
12 of the Retailers' Occupation Tax Act. If the time for
13 assessment or refund has been extended, then amended reports
14 for a calendar year may be filed at any time prior to the date
15 to which the statute of limitations for the calendar year or
16 portion thereof has been extended. No Manufacturer's Purchase
17 Credit report filed with the Department for periods prior to
18 January 1, 1995 shall be approved. Manufacturer's Purchase
19 Credit claimed on an amended report may be used, prior to
20 October 1, 2003, to satisfy tax liability under the Use Tax Act
21 or the Service Use Tax Act (i) on qualifying purchases of
22 production related tangible personal property made after the
23 date the amended report is filed or (ii) assessed by the
24 Department on qualifying purchases of production related
25 tangible personal property made in the case of manufacturers on
26 or after January 1, 1995, or in the case of graphic arts

1 producers on or after July 1, 1996.

2 If the purchaser is not the manufacturer or a graphic arts
3 producer, but rents or leases the use of the property to a
4 manufacturer or a graphic arts producer, the purchaser may
5 earn, report, and use Manufacturer's Purchase Credit in the
6 same manner as a manufacturer or graphic arts producer.

7 A purchaser shall not be entitled to any Manufacturer's
8 Purchase Credit for a purchase that is required to be reported
9 and is not timely reported as provided in this Section. A
10 purchaser remains liable for (i) any tax that was satisfied by
11 use of a Manufacturer's Purchase Credit, as of the date of
12 purchase, if that use is not timely reported as required in
13 this Section and (ii) for any applicable penalties and interest
14 for failing to pay the tax when due. No Manufacturer's Purchase
15 Credit may be used after September 30, 2003 to satisfy any tax
16 liability imposed under this Act, including any audit
17 liability.

18 (b) Manufacturer's Purchase Credit earned on and after
19 September 1, 2004. This subsection (b) applies to
20 Manufacturer's Purchase Credit earned on or after September 1,
21 2004. Manufacturer's Purchase Credit earned on or after
22 September 1, 2004 may only be used to satisfy the Use Tax or
23 Service Use Tax liability incurred on production related
24 tangible personal property purchased on or after September 1,
25 2004. A purchaser of production related tangible personal
26 property desiring to use the Manufacturer's Purchase Credit

1 shall certify to the seller that the purchaser is satisfying
2 all or part of the liability under the Use Tax Act or the
3 Service Use Tax Act that is due on the purchase of the
4 production related tangible personal property by use of a
5 Manufacturer's Purchase Credit. The Manufacturer's Purchase
6 Credit certification must be dated and shall include the name
7 and address of the purchaser, the purchaser's registration
8 number, if registered, the credit being applied, and a
9 statement that the State Use Tax or Service Use Tax liability
10 is being satisfied with the manufacturer's or graphic arts
11 producer's accumulated purchase credit. Certification may be
12 incorporated into the manufacturer's or graphic arts
13 producer's purchase order. Manufacturer's Purchase Credit
14 certification provided by the manufacturer or graphic arts
15 producer may be used to satisfy the retailer's or serviceman's
16 liability under the Retailers' Occupation Tax Act or Service
17 Occupation Tax Act for the credit claimed, not to exceed 6.25%
18 of the receipts subject to tax from a qualifying purchase, but
19 only if the retailer or serviceman reports the Manufacturer's
20 Purchase Credit claimed as required by the Department. The
21 Manufacturer's Purchase Credit earned by purchase of exempt
22 manufacturing machinery and equipment or graphic arts
23 machinery and equipment is a non-transferable credit. A
24 manufacturer or graphic arts producer that enters into a
25 contract involving the installation of tangible personal
26 property into real estate within a manufacturing or graphic

1 arts production facility may, on or after September 1, 2004,
2 authorize a construction contractor to utilize credit
3 accumulated by the manufacturer or graphic arts producer to
4 purchase the tangible personal property. A manufacturer or
5 graphic arts producer intending to use accumulated credit to
6 purchase such tangible personal property shall execute a
7 written contract authorizing the contractor to utilize a
8 specified dollar amount of credit. The contractor shall furnish
9 the supplier with the manufacturer's or graphic arts producer's
10 name, registration or resale number, and a statement that a
11 specific amount of the Use Tax or Service Use Tax liability,
12 not to exceed 6.25% of the selling price, is being satisfied
13 with the credit. The manufacturer or graphic arts producer
14 shall remain liable to timely report all information required
15 by the annual Report of Manufacturer's Purchase Credit Used for
16 credit utilized by a construction contractor.

17 The Manufacturer's Purchase Credit may be used to satisfy
18 liability under the Use Tax Act or the Service Use Tax Act due
19 on the purchase, made on or after September 1, 2004, of
20 production related tangible personal property (including
21 purchases by a manufacturer, by a graphic arts producer, or a
22 lessor who rents or leases the use of the property to a
23 manufacturer or graphic arts producer) that does not otherwise
24 qualify for the manufacturing machinery and equipment
25 exemption or the graphic arts machinery and equipment
26 exemption. "Production related tangible personal property"

1 means (i) all tangible personal property used or consumed by
2 the purchaser in a manufacturing facility in which a
3 manufacturing process described in Section 2-45 of the
4 Retailers' Occupation Tax Act takes place, including tangible
5 personal property purchased for incorporation into real estate
6 within a manufacturing facility and including, but not limited
7 to, tangible personal property used or consumed in activities
8 such as pre-production material handling, receiving, quality
9 control, inventory control, storage, staging, and packaging
10 for shipping and transportation purposes; (ii) all tangible
11 personal property used or consumed by the purchaser in a
12 graphic arts facility in which graphic arts production as
13 described in Section 2-30 of the Retailers' Occupation Tax Act
14 takes place, including tangible personal property purchased
15 for incorporation into real estate within a graphic arts
16 facility and including, but not limited to, all tangible
17 personal property used or consumed in activities such as
18 graphic arts preliminary or pre-press production,
19 pre-production material handling, receiving, quality control,
20 inventory control, storage, staging, sorting, labeling,
21 mailing, tying, wrapping, and packaging; and (iii) all tangible
22 personal property used or consumed by the purchaser for
23 research and development. "Production related tangible
24 personal property" does not include (i) tangible personal
25 property used, within or without a manufacturing or graphic
26 arts facility, in sales, purchasing, accounting, fiscal

1 management, marketing, personnel recruitment or selection, or
2 landscaping or (ii) tangible personal property required to be
3 titled or registered with a department, agency, or unit of
4 federal, state, or local government. The Manufacturer's
5 Purchase Credit may be used to satisfy the tax arising either
6 from the purchase of machinery and equipment on or after
7 September 1, 2004 for which the manufacturing machinery and
8 equipment exemption provided by Section 2 of this Act was
9 erroneously claimed, or the purchase of machinery and equipment
10 on or after September 1, 2004 for which the exemption provided
11 by paragraph (5) of Section 3-5 of this Act was erroneously
12 claimed, but not in satisfaction of penalty, if any, and
13 interest for failure to pay the tax when due. A purchaser of
14 production related tangible personal property that is
15 purchased on or after September 1, 2004 who is required to pay
16 Illinois Use Tax or Service Use Tax on the purchase directly to
17 the Department may utilize the Manufacturer's Purchase Credit
18 in satisfaction of the tax arising from that purchase, but not
19 in satisfaction of penalty and interest. A purchaser who uses
20 the Manufacturer's Purchase Credit to purchase property on and
21 after September 1, 2004 which is later determined not to be
22 production related tangible personal property may be liable for
23 tax, penalty, and interest on the purchase of that property as
24 of the date of purchase but shall be entitled to use the
25 disallowed Manufacturer's Purchase Credit, so long as it has
26 not expired, on qualifying purchases of production related

1 tangible personal property not previously subject to credit
2 usage. The Manufacturer's Purchase Credit earned by a
3 manufacturer or graphic arts producer expires the last day of
4 the second calendar year following the calendar year in which
5 the credit arose.

6 A purchaser earning Manufacturer's Purchase Credit shall
7 sign and file an annual Report of Manufacturer's Purchase
8 Credit Earned for each calendar year no later than the last day
9 of the sixth month following the calendar year in which a
10 Manufacturer's Purchase Credit is earned. A Report of
11 Manufacturer's Purchase Credit Earned shall be filed on forms
12 as prescribed or approved by the Department and shall state,
13 for each month of the calendar year: (i) the total purchase
14 price of all purchases of exempt manufacturing or graphic arts
15 machinery on which the credit was earned; (ii) the total State
16 Use Tax or Service Use Tax which would have been due on those
17 items; (iii) the percentage used to calculate the amount of
18 credit earned; (iv) the amount of credit earned; and (v) such
19 other information as the Department may reasonably require. A
20 purchaser earning Manufacturer's Purchase Credit shall
21 maintain records which identify, as to each purchase of
22 manufacturing or graphic arts machinery and equipment on which
23 the purchaser earned Manufacturer's Purchase Credit, the
24 vendor (including, if applicable, either the vendor's
25 registration number or Federal Employer Identification
26 Number), the purchase price, and the amount of Manufacturer's

1 Purchase Credit earned on each purchase.

2 A purchaser using Manufacturer's Purchase Credit shall
3 sign and file an annual Report of Manufacturer's Purchase
4 Credit Used for each calendar year no later than the last day
5 of the sixth month following the calendar year in which a
6 Manufacturer's Purchase Credit is used. A Report of
7 Manufacturer's Purchase Credit Used shall be filed on forms as
8 prescribed or approved by the Department and shall state, for
9 each month of the calendar year: (i) the total purchase price
10 of production related tangible personal property purchased
11 from Illinois suppliers; (ii) the total purchase price of
12 production related tangible personal property purchased from
13 out-of-state suppliers; (iii) the total amount of credit used
14 during such month; and (iv) such other information as the
15 Department may reasonably require. A purchaser using
16 Manufacturer's Purchase Credit shall maintain records that
17 identify, as to each purchase of production related tangible
18 personal property on which the purchaser used Manufacturer's
19 Purchase Credit, the vendor (including, if applicable, either
20 the vendor's registration number or Federal Employer
21 Identification Number), the purchase price, and the amount of
22 Manufacturer's Purchase Credit used on each purchase.

23 A purchaser that fails to file an annual Report of
24 Manufacturer's Purchase Credit Earned or an annual Report of
25 Manufacturer's Purchase Credit Used by the last day of the
26 sixth month following the end of the calendar year shall

1 forfeit all Manufacturer's Purchase Credit for that calendar
2 year unless it establishes that its failure to file was due to
3 reasonable cause. Manufacturer's Purchase Credit reports may
4 be amended to report and claim credit on qualifying purchases
5 not previously reported at any time before the credit would
6 have expired, unless both the Department and the purchaser have
7 agreed to an extension of the statute of limitations for the
8 issuance of a notice of tax liability as provided in Section 4
9 of the Retailers' Occupation Tax Act. If the time for
10 assessment or refund has been extended, then amended reports
11 for a calendar year may be filed at any time prior to the date
12 to which the statute of limitations for the calendar year or
13 portion thereof has been extended. Manufacturer's Purchase
14 Credit claimed on an amended report may be used to satisfy tax
15 liability under the Use Tax Act or the Service Use Tax Act (i)
16 on qualifying purchases of production related tangible
17 personal property made after the date the amended report is
18 filed or (ii) assessed by the Department on qualifying
19 production related tangible personal property purchased on or
20 after September 1, 2004.

21 If the purchaser is not the manufacturer or a graphic arts
22 producer, but rents or leases the use of the property to a
23 manufacturer or a graphic arts producer, the purchaser may
24 earn, report, and use Manufacturer's Purchase Credit in the
25 same manner as a manufacturer or graphic arts producer. A
26 purchaser shall not be entitled to any Manufacturer's Purchase

1 Credit for a purchase that is required to be reported and is
2 not timely reported as provided in this Section. A purchaser
3 remains liable for (i) any tax that was satisfied by use of a
4 Manufacturer's Purchase Credit, as of the date of purchase, if
5 that use is not timely reported as required in this Section and
6 (ii) for any applicable penalties and interest for failing to
7 pay the tax when due.

8 This Section is exempt from the provisions of Section 3-75.

9 (Source: P.A. 96-116, eff. 7-31-09.)

10 Section 15. The Service Occupation Tax Act is amended by
11 changing Section 3-5 as follows:

12 (35 ILCS 115/3-5)

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

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

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

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

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

20 (5) Until July 1, 2003, and beginning again on September 1,
21 2004 through August 30, 2014, and beginning again on January 1,
22 2019, graphic arts machinery and equipment, including repair
23 and replacement parts, both new and used, and including that
24 manufactured on special order or purchased for lease, certified
25 by the purchaser to be used primarily for graphic arts
26 production. Equipment includes chemicals or chemicals acting

1 as catalysts but only if the chemicals or chemicals acting as
2 catalysts effect a direct and immediate change upon a graphic
3 arts product. Beginning on July 1, 2017, graphic arts machinery
4 and equipment is included in the manufacturing and assembling
5 machinery and equipment exemption under Section 2 of this Act.
6 This item (5) is exempt form the provisions of Section 3-55.

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

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

1 vehicle required to be licensed if the selling price of the
2 tender is separately stated.

3 Farm machinery and equipment shall include precision
4 farming equipment that is installed or purchased to be
5 installed on farm machinery and equipment including, but not
6 limited to, tractors, harvesters, sprayers, planters, seeders,
7 or spreaders. Precision farming equipment includes, but is not
8 limited to, soil testing sensors, computers, monitors,
9 software, global positioning and mapping systems, and other
10 such equipment.

11 Farm machinery and equipment also includes computers,
12 sensors, software, and related equipment used primarily in the
13 computer-assisted operation of production agriculture
14 facilities, equipment, and activities such as, but not limited
15 to, the collection, monitoring, and correlation of animal and
16 crop data for the purpose of formulating animal diets and
17 agricultural chemicals. This item (7) is exempt from the
18 provisions of Section 3-55.

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

26 Beginning July 1, 2013, fuel and petroleum products sold to

1 or used by an air carrier, certified by the carrier to be used
2 for consumption, shipment, or storage in the conduct of its
3 business as an air common carrier, for a flight that (i) is
4 engaged in foreign trade or is engaged in trade between the
5 United States and any of its possessions and (ii) transports at
6 least one individual or package for hire from the city of
7 origination to the city of final destination on the same
8 aircraft, without regard to a change in the flight number of
9 that aircraft.

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

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

1 (11) Photoprocessing machinery and equipment, including
2 repair and replacement parts, both new and used, including that
3 manufactured on special order, certified by the purchaser to be
4 used primarily for photoprocessing, and including
5 photoprocessing machinery and equipment purchased for lease.

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

17 (13) Beginning January 1, 1992 and through June 30, 2016,
18 food for human consumption that is to be consumed off the
19 premises where it is sold (other than alcoholic beverages, soft
20 drinks and food that has been prepared for immediate
21 consumption) and prescription and non-prescription medicines,
22 drugs, medical appliances, and insulin, urine testing
23 materials, syringes, and needles used by diabetics, for human
24 use, when purchased for use by a person receiving medical
25 assistance under Article V of the Illinois Public Aid Code who
26 resides in a licensed long-term care facility, as defined in

1 the Nursing Home Care Act, or in a licensed facility as defined
2 in the ID/DD Community Care Act, the MC/DD Act, or the
3 Specialized Mental Health Rehabilitation Act of 2013.

4 (14) Semen used for artificial insemination of livestock
5 for direct agricultural production.

6 (15) Horses, or interests in horses, registered with and
7 meeting the requirements of any of the Arabian Horse Club
8 Registry of America, Appaloosa Horse Club, American Quarter
9 Horse Association, United States Trotting Association, or
10 Jockey Club, as appropriate, used for purposes of breeding or
11 racing for prizes. This item (15) is exempt from the provisions
12 of Section 3-55, and the exemption provided for under this item
13 (15) applies for all periods beginning May 30, 1995, but no
14 claim for credit or refund is allowed on or after January 1,
15 2008 (the effective date of Public Act 95-88) for such taxes
16 paid during the period beginning May 30, 2000 and ending on
17 January 1, 2008 (the effective date of Public Act 95-88).

18 (16) Computers and communications equipment utilized for
19 any hospital purpose and equipment used in the diagnosis,
20 analysis, or treatment of hospital patients sold to a lessor
21 who leases the equipment, under a lease of one year or longer
22 executed or in effect at the time of the purchase, to a
23 hospital that has been issued an active tax exemption
24 identification number by the Department under Section 1g of the
25 Retailers' Occupation Tax Act.

26 (17) Personal property sold to a lessor who leases the

1 property, under a lease of one year or longer executed or in
2 effect at the time of the purchase, to a governmental body that
3 has been issued an active tax exemption identification number
4 by the Department under Section 1g of the Retailers' Occupation
5 Tax Act.

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

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

1 declared disaster area within 6 months after the disaster.

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

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

24 (22) 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 3-55.

12 (23) 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 other
15 items, and replacement parts for these machines. Beginning
16 January 1, 2002 and through June 30, 2003, machines and parts
17 for machines used in commercial, coin-operated amusement and
18 vending business if a use or occupation tax is paid on the
19 gross receipts derived from the use of the commercial,
20 coin-operated amusement and vending machines. This paragraph
21 is exempt from the provisions of Section 3-55.

22 (24) Beginning on the effective date of this amendatory Act
23 of the 92nd General Assembly, computers and communications
24 equipment utilized for any hospital purpose and equipment used
25 in the diagnosis, analysis, or treatment of hospital patients
26 sold to a lessor who leases the equipment, under a lease of one

1 year or longer executed or in effect at the time of the
2 purchase, to a hospital that has been issued an active tax
3 exemption identification number by the Department under
4 Section 1g of the Retailers' Occupation Tax Act. This paragraph
5 is exempt from the provisions of Section 3-55.

6 (25) Beginning on the effective date of this amendatory Act
7 of the 92nd General Assembly, personal property sold to a
8 lessor who leases the property, under a lease of one year or
9 longer executed or in effect at the time of the purchase, to a
10 governmental body that has been issued an active tax exemption
11 identification number by the Department under Section 1g of the
12 Retailers' Occupation Tax Act. This paragraph is exempt from
13 the provisions of Section 3-55.

14 (26) Beginning on January 1, 2002 and through June 30,
15 2016, tangible personal property purchased from an Illinois
16 retailer by a taxpayer engaged in centralized purchasing
17 activities in Illinois who will, upon receipt of the property
18 in Illinois, temporarily store the property in Illinois (i) for
19 the purpose of subsequently transporting it outside this State
20 for use or consumption thereafter solely outside this State or
21 (ii) for the purpose of being processed, fabricated, or
22 manufactured into, attached to, or incorporated into other
23 tangible personal property to be transported outside this State
24 and thereafter used or consumed solely outside this State. The
25 Director of Revenue shall, pursuant to rules adopted in
26 accordance with the Illinois Administrative Procedure Act,

1 issue a permit to any taxpayer in good standing with the
2 Department who is eligible for the exemption under this
3 paragraph (26). The permit issued under this paragraph (26)
4 shall authorize the holder, to the extent and in the manner
5 specified in the rules adopted under this Act, to purchase
6 tangible personal property from a retailer exempt from the
7 taxes imposed by this Act. Taxpayers shall maintain all
8 necessary books and records to substantiate the use and
9 consumption of all such tangible personal property outside of
10 the State of Illinois.

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

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

1 issued by the public-facilities corporation in connection with
2 the development of the municipal convention hall. This
3 exemption includes existing public-facilities corporations as
4 provided in Section 11-65-25 of the Illinois Municipal Code.
5 This paragraph is exempt from the provisions of Section 3-55.

6 (29) Beginning January 1, 2010, materials, parts,
7 equipment, components, and furnishings incorporated into or
8 upon an aircraft as part of the modification, refurbishment,
9 completion, replacement, repair, or maintenance of the
10 aircraft. This exemption includes consumable supplies used in
11 the modification, refurbishment, completion, replacement,
12 repair, and maintenance of aircraft, but excludes any
13 materials, parts, equipment, components, and consumable
14 supplies used in the modification, replacement, repair, and
15 maintenance of aircraft engines or power plants, whether such
16 engines or power plants are installed or uninstalled upon any
17 such aircraft. "Consumable supplies" include, but are not
18 limited to, adhesive, tape, sandpaper, general purpose
19 lubricants, cleaning solution, latex gloves, and protective
20 films. This exemption applies only to the transfer of
21 qualifying tangible personal property incident to the
22 modification, refurbishment, completion, replacement, repair,
23 or maintenance of an aircraft by persons who (i) hold an Air
24 Agency Certificate and are empowered to operate an approved
25 repair station by the Federal Aviation Administration, (ii)
26 have a Class IV Rating, and (iii) conduct operations in

1 accordance with Part 145 of the Federal Aviation Regulations.
2 The exemption does not include aircraft operated by a
3 commercial air carrier providing scheduled passenger air
4 service pursuant to authority issued under Part 121 or Part 129
5 of the Federal Aviation Regulations. The changes made to this
6 paragraph (29) by Public Act 98-534 are declarative of existing
7 law.

8 (30) Beginning January 1, 2017, menstrual pads, tampons,
9 and menstrual cups.

10 (Source: P.A. 99-180, eff. 7-29-15; 99-855, eff. 8-19-16;
11 100-22, eff. 7-6-17.)

12 Section 20. The Retailers' Occupation Tax Act is amended by
13 changing Section 2-5 as follows:

14 (35 ILCS 120/2-5)

15 Sec. 2-5. Exemptions. Gross receipts from proceeds from the
16 sale of the following tangible personal property are exempt
17 from the tax imposed by this Act:

18 (1) Farm chemicals.

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

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

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

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

1 limited to, the collection, monitoring, and correlation of
2 animal and crop data for the purpose of formulating animal
3 diets and agricultural chemicals. This item (2) is exempt
4 from the provisions of Section 2-70.

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

12 (4) Until July 1, 2003, and beginning again September
13 1, 2004 through August 30, 2014, and beginning again on
14 January 1, 2019, graphic arts machinery and equipment,
15 including repair and replacement parts, both new and used,
16 and including that manufactured on special order or
17 purchased for lease, certified by the purchaser to be used
18 primarily for graphic arts production. Equipment includes
19 chemicals or chemicals acting as catalysts but only if the
20 chemicals or chemicals acting as catalysts effect a direct
21 and immediate change upon a graphic arts product. Beginning
22 on July 1, 2017, graphic arts machinery and equipment is
23 included in the manufacturing and assembling machinery and
24 equipment exemption under paragraph (14). This item (4) is
25 exempt from the provisions of Section 2-70.

26 (5) A motor vehicle that is used for automobile

1 renting, as defined in the Automobile Renting Occupation
2 and Use Tax Act. This paragraph is exempt from the
3 provisions of Section 2-70.

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

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

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

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

1 shall not make tax-free purchases unless it has an active
2 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 the
7 benefit of persons 65 years of age or older if the personal
8 property was not purchased by the enterprise for the
9 purpose of resale by the enterprise.

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

25 (12) (Blank).

26 (12-5) On and after July 1, 2003 and through June 30,

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

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

1 interstate commerce.

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

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

9 (16) Petroleum products sold to a purchaser if the
10 seller is prohibited by federal law from charging tax to
11 the purchaser.

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

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

24 (19) Until July 1, 2003, oil field exploration,
25 drilling, and production equipment, including (i) rigs and
26 parts of rigs, rotary rigs, cable tool rigs, and workover

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

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

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

26 (22) Until June 30, 2013, fuel and petroleum products

1 sold to or used by an air carrier, certified by the carrier
2 to be used for consumption, shipment, or storage in the
3 conduct of its business as an air common carrier, for a
4 flight destined for or returning from a location or
5 locations outside the United States without regard to
6 previous or subsequent domestic stopovers.

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

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

21 (24) Fuel consumed or used in the operation of ships,
22 barges, or vessels that are used primarily in or for the
23 transportation of property or the conveyance of persons for
24 hire on rivers bordering on this State if the fuel is
25 delivered by the seller to the purchaser's barge, ship, or
26 vessel while it is afloat upon that bordering river.

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

13 (25-5) The exemption under item (25) does not apply if
14 the state in which the motor vehicle will be titled does
15 not allow a reciprocal exemption for a motor vehicle sold
16 and delivered in that state to an Illinois resident but
17 titled in Illinois. The tax collected under this Act on the
18 sale of a motor vehicle in this State to a resident of
19 another state that does not allow a reciprocal exemption
20 shall be imposed at a rate equal to the state's rate of tax
21 on taxable property in the state in which the purchaser is
22 a resident, except that the tax shall not exceed the tax
23 that would otherwise be imposed under this Act. At the time
24 of the sale, the purchaser shall execute a statement,
25 signed under penalty of perjury, of his or her intent to
26 title the vehicle in the state in which the purchaser is a

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

17 (25-7) Beginning on July 1, 2007, no tax is imposed
18 under this Act on the sale of an aircraft, as defined in
19 Section 3 of the Illinois Aeronautics Act, if all of the
20 following conditions are met:

21 (1) the aircraft leaves this State within 15 days
22 after the later of either the issuance of the final
23 billing for the sale of the aircraft, or the authorized
24 approval for return to service, completion of the
25 maintenance record entry, and completion of the test
26 flight and ground test for inspection, as required by

1 14 C.F.R. 91.407;

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

4 (3) the seller retains in his or her books and
5 records and provides to the Department a signed and
6 dated certification from the purchaser, on a form
7 prescribed by the Department, certifying that the
8 requirements of this item (25-7) are met. The
9 certificate must also include the name and address of
10 the purchaser, the address of the location where the
11 aircraft is to be titled or registered, the address of
12 the primary physical location of the aircraft, and
13 other information that the Department may reasonably
14 require.

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

16 "Based in this State" means hangared, stored, or
17 otherwise used, excluding post-sale customizations as
18 defined in this Section, for 10 or more days in each
19 12-month period immediately following the date of the sale
20 of the aircraft.

21 "Registered in this State" means an aircraft
22 registered with the Department of Transportation,
23 Aeronautics Division, or titled or registered with the
24 Federal Aviation Administration to an address located in
25 this State.

26 This paragraph (25-7) is exempt from the provisions of

1 Section 2-70.

2 (26) Semen used for artificial insemination of
3 livestock for direct agricultural production.

4 (27) Horses, or interests in horses, registered with
5 and meeting the requirements of any of the Arabian Horse
6 Club Registry of America, Appaloosa Horse Club, American
7 Quarter Horse Association, United States Trotting
8 Association, or Jockey Club, as appropriate, used for
9 purposes of breeding or racing for prizes. This item (27)
10 is exempt from the provisions of Section 2-70, and the
11 exemption provided for under this item (27) applies for all
12 periods beginning May 30, 1995, but no claim for credit or
13 refund is allowed on or after January 1, 2008 (the
14 effective date of Public Act 95-88) for such taxes paid
15 during the period beginning May 30, 2000 and ending on
16 January 1, 2008 (the effective date of Public Act 95-88).

17 (28) Computers and communications equipment utilized
18 for any hospital purpose and equipment used in the
19 diagnosis, analysis, or treatment of hospital patients
20 sold to a lessor who leases the equipment, under a lease of
21 one year or longer executed or in effect at the time of the
22 purchase, to a hospital that has been issued an active tax
23 exemption identification number by the Department under
24 Section 1g of this Act.

25 (29) Personal property sold to a lessor who leases the
26 property, under a lease of one year or longer executed or

1 in effect at the time of the purchase, to a governmental
2 body that has been issued an active tax exemption
3 identification number by the Department under Section 1g of
4 this Act.

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

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

1 initiated on facilities located in the declared disaster
2 area within 6 months after the disaster.

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

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

1 (34) Beginning January 1, 2000, personal property,
2 including food, purchased through fundraising events for
3 the benefit of a public or private elementary or secondary
4 school, a group of those schools, or one or more school
5 districts if the events are sponsored by an entity
6 recognized by the school district that consists primarily
7 of volunteers and includes parents and teachers of the
8 school children. This paragraph does not apply to
9 fundraising events (i) for the benefit of private home
10 instruction or (ii) for which the fundraising entity
11 purchases the personal property sold at the events from
12 another individual or entity that sold the property for the
13 purpose of resale by the fundraising entity and that
14 profits from the sale to the fundraising entity. This
15 paragraph is exempt from the provisions of Section 2-70.

16 (35) Beginning January 1, 2000 and through December 31,
17 2001, new or used automatic vending machines that prepare
18 and serve hot food and beverages, including coffee, soup,
19 and other items, and replacement parts for these machines.
20 Beginning January 1, 2002 and through June 30, 2003,
21 machines and parts for machines used in commercial,
22 coin-operated amusement and vending business if a use or
23 occupation tax is paid on the gross receipts derived from
24 the use of the commercial, coin-operated amusement and
25 vending machines. This paragraph is exempt from the
26 provisions of Section 2-70.

1 (35-5) Beginning August 23, 2001 and through June 30,
2 2016, food for human consumption that is to be consumed off
3 the premises where it is sold (other than alcoholic
4 beverages, soft drinks, and food that has been prepared for
5 immediate consumption) and prescription and
6 nonprescription medicines, drugs, medical appliances, and
7 insulin, urine testing materials, syringes, and needles
8 used by diabetics, for human use, when purchased for use by
9 a person receiving medical assistance under Article V of
10 the Illinois Public Aid Code who resides in a licensed
11 long-term care facility, as defined in the Nursing Home
12 Care Act, or a licensed facility as defined in the ID/DD
13 Community Care Act, the MC/DD Act, or the Specialized
14 Mental Health Rehabilitation Act of 2013.

15 (36) Beginning August 2, 2001, computers and
16 communications equipment utilized for any hospital purpose
17 and equipment used in the diagnosis, analysis, or treatment
18 of hospital patients sold to a lessor who leases the
19 equipment, under a lease of one year or longer executed or
20 in effect at the time of the purchase, to a hospital that
21 has been issued an active tax exemption identification
22 number by the Department under Section 1g of this Act. This
23 paragraph is exempt from the provisions of Section 2-70.

24 (37) Beginning August 2, 2001, personal property sold
25 to a lessor who leases the property, under a lease of one
26 year or longer executed or in effect at the time of the

1 purchase, to a governmental body that has been issued an
2 active tax exemption identification number by the
3 Department under Section 1g of this Act. This paragraph is
4 exempt from the provisions of Section 2-70.

5 (38) Beginning on January 1, 2002 and through June 30,
6 2016, tangible personal property purchased from an
7 Illinois retailer by a taxpayer engaged in centralized
8 purchasing activities in Illinois who will, upon receipt of
9 the property in Illinois, temporarily store the property in
10 Illinois (i) for the purpose of subsequently transporting
11 it outside this State for use or consumption thereafter
12 solely outside this State or (ii) for the purpose of being
13 processed, fabricated, or manufactured into, attached to,
14 or incorporated into other tangible personal property to be
15 transported outside this State and thereafter used or
16 consumed solely outside this State. The Director of Revenue
17 shall, pursuant to rules adopted in accordance with the
18 Illinois Administrative Procedure Act, issue a permit to
19 any taxpayer in good standing with the Department who is
20 eligible for the exemption under this paragraph (38). The
21 permit issued under this paragraph (38) shall authorize the
22 holder, to the extent and in the manner specified in the
23 rules adopted under this Act, to purchase tangible personal
24 property from a retailer exempt from the taxes imposed by
25 this Act. Taxpayers shall maintain all necessary books and
26 records to substantiate the use and consumption of all such

1 tangible personal property outside of the State of
2 Illinois.

3 (39) Beginning January 1, 2008, tangible personal
4 property used in the construction or maintenance of a
5 community water supply, as defined under Section 3.145 of
6 the Environmental Protection Act, that is operated by a
7 not-for-profit corporation that holds a valid water supply
8 permit issued under Title IV of the Environmental
9 Protection Act. This paragraph is exempt from the
10 provisions of Section 2-70.

11 (40) Beginning January 1, 2010, materials, parts,
12 equipment, components, and furnishings incorporated into
13 or upon an aircraft as part of the modification,
14 refurbishment, completion, replacement, repair, or
15 maintenance of the aircraft. This exemption includes
16 consumable supplies used in the modification,
17 refurbishment, completion, replacement, repair, and
18 maintenance of aircraft, but excludes any materials,
19 parts, equipment, components, and consumable supplies used
20 in the modification, replacement, repair, and maintenance
21 of aircraft engines or power plants, whether such engines
22 or power plants are installed or uninstalled upon any such
23 aircraft. "Consumable supplies" include, but are not
24 limited to, adhesive, tape, sandpaper, general purpose
25 lubricants, cleaning solution, latex gloves, and
26 protective films. This exemption applies only to the sale

1 of qualifying tangible personal property to persons who
2 modify, refurbish, complete, replace, or maintain an
3 aircraft and who (i) hold an Air Agency Certificate and are
4 empowered to operate an approved repair station by the
5 Federal Aviation Administration, (ii) have a Class IV
6 Rating, and (iii) conduct operations in accordance with
7 Part 145 of the Federal Aviation Regulations. The exemption
8 does not include aircraft operated by a commercial air
9 carrier providing scheduled passenger air service pursuant
10 to authority issued under Part 121 or Part 129 of the
11 Federal Aviation Regulations. The changes made to this
12 paragraph (40) by Public Act 98-534 are declarative of
13 existing law.

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

1 Section 11-65-25 of the Illinois Municipal Code. This
2 paragraph is exempt from the provisions of Section 2-70.

3 (42) Beginning January 1, 2017, menstrual pads,
4 tampons, and menstrual cups.

5 (43) Merchandise that is subject to the Rental Purchase
6 Agreement Occupation and Use Tax. The purchaser must
7 certify that the item is purchased to be rented subject to
8 a rental purchase agreement, as defined in the Rental
9 Purchase Agreement Act, and provide proof of registration
10 under the Rental Purchase Agreement Occupation and Use Tax
11 Act. This paragraph is exempt from the provisions of
12 Section 2-70.

13 (Source: P.A. 99-180, eff. 7-29-15; 99-855, eff. 8-19-16;
14 100-22, eff. 7-6-17; 100-321, eff. 8-24-17; 100-437, eff.
15 1-1-18; revised 9-26-17.)

16 Section 99. Effective date. This Act takes effect upon
17 becoming law.