



101ST GENERAL ASSEMBLY

State of Illinois

2019 and 2020

HB3266

by Rep. Dave Severin

SYNOPSIS AS INTRODUCED:

See Index

Amends the Department of Revenue Law of the Civil Administrative Code of Illinois. Provides that if an in-State retailer or serviceman bids on a purchase order or contract to provide materials, equipment, or supplies to a municipality with a population under 1,000,000, and that purchase order or contract involves an amount in excess of \$25,000, then the municipality may apply to the Department of Revenue for a certificate of exemption from the taxes imposed under specified local provisions of the Use Tax Act, the Service Use Tax Act, the Service Occupation Tax Act, and the Retailers' Occupation Tax Act for the in-State retailer or serviceman, or a third-party supplier of the retailer or serviceman, with respect to the materials, equipment, or supplies covered by the bid if: at least one other bid is received from an out-of-State retailer or serviceman; the in-State retailer or serviceman demonstrates the necessity of the exemption in order to submit the lowest responsible bid, including substantive proof furnished by the retailer or serviceman to the municipality or the Department of Revenue; and the in-State retailer provides an itemized estimate of cost to the corporate authorities of the municipality. Defines terms. Makes confirming changes in the following Acts and Codes: the Use Tax Act, the Service Use Tax Act, the Service Occupation Tax Act, the Retailers' Occupation Tax Act, the Counties Code, the Illinois Municipal Code, the Salem Civic Center Law of 1997 of the Civic Center Code, the Metropolitan Pier and Exposition Authority Act, the Flood Prevention District Act, the Metro-East Park and Recreation District Act, the Local Mass Transit District Act, the Regional Transportation Authority Act, and the Water Commission Act of 1985. Effective immediately.

LRB101 05875 HLH 50895 b

FISCAL NOTE ACT
MAY APPLY

A BILL FOR

1 AN ACT concerning local government.

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

4 Section 5. The Department of Revenue Law of the Civil
5 Administrative Code of Illinois is amended by adding Section
6 2505-805 as follows:

7 (20 ILCS 2505/2505-805 new)

8 Sec. 2505-805. Exemption for materials, equipment, or
9 supplies of a bid.

10 (a) As used in this Section:

11 "In-State retailer or serviceman" means a retailer or
12 serviceman with a principal place of business located in the
13 State.

14 "Local provisions of the Use Tax Act, the Service Use Tax
15 Act, the Service Occupation Tax Act, and the Retailers'
16 Occupation Tax Act" means use taxes or occupation taxes imposed
17 under the Counties Code, the Illinois Municipal Code, the Salem
18 Civic Center Law of 1997 of the Civic Center Code, the
19 Metropolitan Pier and Exposition Authority Act, the Flood
20 Prevention District Act, the Metro-East Park and Recreation
21 District Act, the Local Mass Transit District Act, the Regional
22 Transportation Authority Act, and the Water Commission Act of
23 1985.

1 "Out-of-State retailer or serviceman" means a retailer or
2 serviceman with a principal place of business located outside
3 of the State.

4 (b) If an in-State retailer or serviceman bids on a
5 purchase order or contract to provide materials, equipment, or
6 supplies to a municipality with a population of less than
7 1,000,000, and that purchase order or contract involves an
8 amount in excess of \$25,000, then the municipality may apply to
9 the Department of Revenue for a certificate of exemption from
10 the taxes imposed under local provisions of the Use Tax Act,
11 the Service Use Tax Act, the Service Occupation Tax Act, and
12 the Retailers' Occupation Tax Act for the in-State retailer or
13 serviceman, or a third-party supplier of the in-State retailer
14 or serviceman, with respect to the materials, equipment, or
15 supplies covered by the bid if all of the following conditions
16 apply:

17 (1) at least one other bid is received from an
18 out-of-State retailer or serviceman;

19 (2) the in-State retailer or serviceman demonstrates
20 the necessity of the exemption in order to submit the
21 lowest responsible bid under the guidelines provided under
22 Section 8-9-1, including substantive proof furnished by
23 the retailer or serviceman to the municipality or the
24 Department of Revenue; and

25 (3) the in-State retailer provides an itemized
26 estimate of cost to the corporate authorities of the

1 municipality.

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

4 (35 ILCS 105/3-5)

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

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

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

17 (3) Personal property purchased by a not-for-profit arts or
18 cultural organization that establishes, by proof required by
19 the Department by rule, that it has received an exemption under
20 Section 501(c)(3) of the Internal Revenue Code and that is
21 organized and operated primarily for the presentation or
22 support of arts or cultural programming, activities, or
23 services. These organizations include, but are not limited to,
24 music and dramatic arts organizations such as symphony

1 orchestras and theatrical groups, arts and cultural service
2 organizations, local arts councils, visual arts organizations,
3 and media arts organizations. On and after July 1, 2001 (the
4 effective date of Public Act 92-35), however, an entity
5 otherwise eligible for this exemption shall not make tax-free
6 purchases unless it has an active identification number issued
7 by the Department.

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

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

25 (6) Until July 1, 2003 and beginning again on September 1,
26 2004 through August 30, 2014, graphic arts machinery and

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

12 (7) Farm chemicals.

13 (8) Legal tender, currency, medallions, or gold or silver
14 coinage issued by the State of Illinois, the government of the
15 United States of America, or the government of any foreign
16 country, and bullion.

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

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

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

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

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

24 Farm machinery and equipment also includes computers,
25 sensors, software, and related equipment used primarily in the
26 computer-assisted operation of production agriculture

1 facilities, equipment, and activities such as, but not limited
2 to, the collection, monitoring, and correlation of animal and
3 crop data for the purpose of formulating animal diets and
4 agricultural chemicals. This item (11) is exempt from the
5 provisions of Section 3-90.

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

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

23 (13) Proceeds of mandatory service charges separately
24 stated on customers' bills for the purchase and consumption of
25 food and beverages purchased at retail from a retailer, to the
26 extent that the proceeds of the service charge are in fact

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

5 (14) 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 (15) Photoprocessing machinery and equipment, including
15 repair and replacement parts, both new and used, including that
16 manufactured on special order, certified by the purchaser to be
17 used primarily for photoprocessing, and including
18 photoprocessing machinery and equipment purchased for lease.

19 (16) Until July 1, 2023, coal and aggregate exploration,
20 mining, off-highway hauling, processing, maintenance, and
21 reclamation equipment, including replacement parts and
22 equipment, and including equipment purchased for lease, but
23 excluding motor vehicles required to be registered under the
24 Illinois Vehicle Code. The changes made to this Section by
25 Public Act 97-767 apply on and after July 1, 2003, but no claim
26 for credit or refund is allowed on or after August 16, 2013

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

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

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

1 customers through pipes, pipelines, or mains. The provisions of
2 Public Act 98-583 are declaratory of existing law as to the
3 meaning and scope of this exemption. Beginning on July 1, 2017,
4 the exemption provided by this paragraph (18) includes, but is
5 not limited to, graphic arts machinery and equipment, as
6 defined in paragraph (6) of this Section.

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

12 (20) Semen used for artificial insemination of livestock
13 for direct agricultural production.

14 (21) Horses, or interests in horses, registered with and
15 meeting the requirements of any of the Arabian Horse Club
16 Registry of America, Appaloosa Horse Club, American Quarter
17 Horse Association, United States Trotting Association, or
18 Jockey Club, as appropriate, used for purposes of breeding or
19 racing for prizes. This item (21) is exempt from the provisions
20 of Section 3-90, and the exemption provided for under this item
21 (21) applies for all periods beginning May 30, 1995, but no
22 claim for credit or refund is allowed on or after January 1,
23 2008 for such taxes paid during the period beginning May 30,
24 2000 and ending on January 1, 2008.

25 (22) 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 non-exempt 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 non-qualifying 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.

22 (23) Personal property purchased by a lessor who leases the
23 property, under a lease of one year or longer executed or in
24 effect at the time the lessor would otherwise be subject to the
25 tax imposed by this Act, to a governmental body that has been
26 issued an active sales tax exemption identification number by

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

16 (24) 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 donated for
19 disaster relief to be used in a State or federally declared
20 disaster area in Illinois or bordering Illinois by a
21 manufacturer or retailer that is registered in this State to a
22 corporation, society, association, foundation, or institution
23 that has been issued a sales tax exemption identification
24 number by the Department that assists victims of the disaster
25 who reside within the declared disaster area.

26 (25) Beginning with taxable years ending on or after

1 December 31, 1995 and ending with taxable years ending on or
2 before December 31, 2004, personal property that is used in the
3 performance of infrastructure repairs in this State, including
4 but not limited to municipal roads and streets, access roads,
5 bridges, sidewalks, waste disposal systems, water and sewer
6 line extensions, water distribution and purification
7 facilities, storm water drainage and retention facilities, and
8 sewage treatment facilities, resulting from a State or
9 federally declared disaster in Illinois or bordering Illinois
10 when such repairs are initiated on facilities located in the
11 declared disaster area within 6 months after the disaster.

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

16 (27) A motor vehicle, as that term is defined in Section
17 1-146 of the Illinois Vehicle Code, that is donated to a
18 corporation, limited liability company, society, association,
19 foundation, or institution that is determined by the Department
20 to be organized and operated exclusively for educational
21 purposes. For purposes of this exemption, "a corporation,
22 limited liability company, society, association, foundation,
23 or institution organized and operated exclusively for
24 educational purposes" means all tax-supported public schools,
25 private schools that offer systematic instruction in useful
26 branches of learning by methods common to public schools and

1 that compare favorably in their scope and intensity with the
2 course of study presented in tax-supported schools, and
3 vocational or technical schools or institutes organized and
4 operated exclusively to provide a course of study of not less
5 than 6 weeks duration and designed to prepare individuals to
6 follow a trade or to pursue a manual, technical, mechanical,
7 industrial, business, or commercial occupation.

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

22 (29) Beginning January 1, 2000 and through December 31,
23 2001, new or used automatic vending machines that prepare and
24 serve hot food and beverages, including coffee, soup, and other
25 items, and replacement parts for these machines. Beginning
26 January 1, 2002 and through June 30, 2003, machines and parts

1 for machines used in commercial, coin-operated amusement and
2 vending business if a use or occupation tax is paid on the
3 gross receipts derived from the use of the commercial,
4 coin-operated amusement and vending machines. This paragraph
5 is exempt from the provisions of Section 3-90.

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

19 (31) Beginning on August 2, 2001 (the effective date of
20 Public Act 92-227), computers and communications equipment
21 utilized for any hospital purpose and equipment used in the
22 diagnosis, analysis, or treatment of hospital patients
23 purchased by a lessor who leases the equipment, under a lease
24 of one year or longer executed or in effect at the time the
25 lessor would otherwise be subject to the tax imposed by this
26 Act, to a 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 nonexempt manner, the lessor shall be liable for the
5 tax imposed under this Act or the Service Use Tax Act, as the
6 case may be, based on the fair market value of the property at
7 the time the nonqualifying use occurs. No lessor shall collect
8 or attempt to collect an amount (however designated) that
9 purports to reimburse that lessor for the tax imposed by this
10 Act or the Service Use Tax Act, as the case may be, if the tax
11 has not been paid by the lessor. If a lessor improperly
12 collects any such amount from the lessee, the lessee shall have
13 a legal right to claim a refund of that amount from the lessor.
14 If, however, that amount is not refunded to the lessee for any
15 reason, the lessor is liable to pay that amount to the
16 Department. This paragraph is exempt from the provisions of
17 Section 3-90.

18 (32) Beginning on August 2, 2001 (the effective date of
19 Public Act 92-227), personal property purchased by a lessor who
20 leases the property, under a lease of one year or longer
21 executed or in effect at the time the lessor would otherwise be
22 subject to the tax imposed by this Act, to a governmental body
23 that has been issued an active sales tax exemption
24 identification number by the Department under Section 1g of the
25 Retailers' Occupation Tax Act. If the property is leased in a
26 manner that does not qualify for this exemption or used in any

1 other nonexempt manner, the lessor shall be liable for the tax
2 imposed under this Act or the Service Use Tax Act, as the case
3 may be, based on the fair market value of the property at the
4 time the nonqualifying use occurs. No lessor shall collect or
5 attempt to collect an amount (however designated) that purports
6 to reimburse that lessor for the tax imposed by this Act or the
7 Service Use Tax Act, as the case may be, if the tax has not been
8 paid by the lessor. If a lessor improperly collects any such
9 amount from the lessee, the lessee shall have a legal right to
10 claim a refund of that amount from the lessor. If, however,
11 that amount is not refunded to the lessee for any reason, the
12 lessor is liable to pay that amount to the Department. This
13 paragraph is exempt from the provisions of Section 3-90.

14 (33) On and after July 1, 2003 and through June 30, 2004,
15 the use in this State of motor vehicles of the second division
16 with a gross vehicle weight in excess of 8,000 pounds and that
17 are subject to the commercial distribution fee imposed under
18 Section 3-815.1 of the Illinois Vehicle Code. Beginning on July
19 1, 2004 and through June 30, 2005, the use in this State of
20 motor vehicles of the second division: (i) with a gross vehicle
21 weight rating in excess of 8,000 pounds; (ii) that are subject
22 to the commercial distribution fee imposed under Section
23 3-815.1 of the Illinois Vehicle Code; and (iii) that are
24 primarily used for commercial purposes. Through June 30, 2005,
25 this exemption applies to repair and replacement parts added
26 after the initial purchase of such a motor vehicle if that

1 motor vehicle is used in a manner that would qualify for the
2 rolling stock exemption otherwise provided for in this Act. For
3 purposes of this paragraph, the term "used for commercial
4 purposes" means the transportation of persons or property in
5 furtherance of any commercial or industrial enterprise,
6 whether for-hire or not.

7 (34) 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 3-90.

14 (35) 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 by persons who modify, refurbish,
4 complete, repair, replace, or maintain aircraft and who (i)
5 hold an Air Agency Certificate and are empowered to operate an
6 approved repair station by the Federal Aviation
7 Administration, (ii) have a Class IV Rating, and (iii) conduct
8 operations in accordance with Part 145 of the Federal Aviation
9 Regulations. The exemption does not include aircraft operated
10 by a commercial air carrier providing scheduled passenger air
11 service pursuant to authority issued under Part 121 or Part 129
12 of the Federal Aviation Regulations. The changes made to this
13 paragraph (35) by Public Act 98-534 are declarative of existing
14 law.

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

1 provided in Section 11-65-25 of the Illinois Municipal Code.

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

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

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

12 (39) Tangible personal property purchased by a purchaser
13 who is exempt from the tax imposed by this Act by operation of
14 federal law. This paragraph is exempt from the provisions of
15 Section 3-90.

16 (40) Tangible personal property for which a certificate of
17 exemption has been issued under Section 2505-805 of the
18 Department of Revenue Law of the Civil Administrative Code of
19 Illinois. This paragraph is exempt from the provisions of
20 Section 3-90.

21 (Source: P.A. 99-180, eff. 7-29-15; 99-855, eff. 8-19-16;
22 100-22, eff. 7-6-17; 100-437, eff. 1-1-18; 100-594, eff.
23 6-29-18; 100-863, eff. 8-14-18; 100-1171, eff. 1-4-19; revised
24 1-8-19.)

25 Section 15. The Service Use Tax Act is amended by changing

1 Section 3-5 as follows:

2 (35 ILCS 110/3-5)

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

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

12 (2) Personal property purchased by a non-profit Illinois
13 county fair association for use in conducting, operating, or
14 promoting the county fair.

15 (3) Personal property purchased by a not-for-profit arts or
16 cultural organization that establishes, by proof required by
17 the Department by rule, that it has received an exemption under
18 Section 501(c)(3) of the Internal Revenue Code and that is
19 organized and operated primarily for the presentation or
20 support of arts or cultural programming, activities, or
21 services. These organizations include, but are not limited to,
22 music and dramatic arts organizations such as symphony
23 orchestras and theatrical groups, arts and cultural service
24 organizations, local arts councils, visual arts organizations,
25 and media arts organizations. On and after July 1, 2001 (the

1 effective date of Public Act 92-35) ~~this amendatory Act of the~~
2 ~~92nd General Assembly~~, however, an entity otherwise eligible
3 for this exemption shall not make tax-free purchases unless it
4 has an active identification number issued by the Department.

5 (4) Legal tender, currency, medallions, or gold or silver
6 coinage issued by the State of Illinois, the government of the
7 United States of America, or the government of any foreign
8 country, and bullion.

9 (5) Until July 1, 2003 and beginning again on September 1,
10 2004 through August 30, 2014, graphic arts machinery and
11 equipment, including repair and replacement parts, both new and
12 used, and including that manufactured on special order or
13 purchased for lease, certified by the purchaser to be used
14 primarily for graphic arts production. Equipment includes
15 chemicals or chemicals acting as catalysts but only if the
16 chemicals or chemicals acting as catalysts effect a direct and
17 immediate change upon a graphic arts product. Beginning on July
18 1, 2017, graphic arts machinery and equipment is included in
19 the manufacturing and assembling machinery and equipment
20 exemption under Section 2 of this Act.

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

24 (7) Farm machinery and equipment, both new and used,
25 including that manufactured on special order, certified by the
26 purchaser to be used primarily for production agriculture or

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

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

25 Farm machinery and equipment also includes computers,
26 sensors, software, and related equipment used primarily in the

1 computer-assisted operation of production agriculture
2 facilities, equipment, and activities such as, but not limited
3 to, the collection, monitoring, and correlation of animal and
4 crop data for the purpose of formulating animal diets and
5 agricultural chemicals. This item (7) is exempt from the
6 provisions of Section 3-75.

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

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

24 (9) Proceeds of mandatory service charges separately
25 stated on customers' bills for the purchase and consumption of
26 food and beverages acquired as an incident to the purchase of a

1 service from a serviceman, to the extent that the proceeds of
2 the service charge are in fact turned over as tips or as a
3 substitute for tips to the employees who participate directly
4 in preparing, serving, hosting or cleaning up the food or
5 beverage function with respect to which the service charge is
6 imposed.

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

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

22 (12) Until July 1, 2023, coal and aggregate exploration,
23 mining, off-highway hauling, processing, maintenance, and
24 reclamation equipment, including replacement parts and
25 equipment, and including equipment purchased for lease, but
26 excluding motor vehicles required to be registered under the

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

7 (13) Semen used for artificial insemination of livestock
8 for direct agricultural production.

9 (14) Horses, or interests in horses, registered with and
10 meeting the requirements of any of the Arabian Horse Club
11 Registry of America, Appaloosa Horse Club, American Quarter
12 Horse Association, United States Trotting Association, or
13 Jockey Club, as appropriate, used for purposes of breeding or
14 racing for prizes. This item (14) is exempt from the provisions
15 of Section 3-75, and the exemption provided for under this item
16 (14) applies for all periods beginning May 30, 1995, but no
17 claim for credit or refund is allowed on or after January 1,
18 2008 (the effective date of Public Act 95-88) ~~this amendatory~~
19 ~~Act of the 95th General Assembly~~ for such taxes paid during the
20 period beginning May 30, 2000 and ending on January 1, 2008
21 (the effective date of Public Act 95-88) ~~this amendatory Act of~~
22 ~~the 95th General Assembly.~~

23 (15) Computers and communications equipment utilized for
24 any hospital purpose and equipment used in the diagnosis,
25 analysis, or treatment of hospital patients purchased by a
26 lessor who leases the equipment, under a lease of one year or

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

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

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

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

23 (18) Beginning with taxable years ending on or after
24 December 31, 1995 and ending with taxable years ending on or
25 before December 31, 2004, personal property that is used in the
26 performance of infrastructure repairs in this State, including

1 but not limited to municipal roads and streets, access roads,
2 bridges, sidewalks, waste disposal systems, water and sewer
3 line extensions, water distribution and purification
4 facilities, storm water drainage and retention facilities, and
5 sewage treatment facilities, resulting from a State or
6 federally declared disaster in Illinois or bordering Illinois
7 when such repairs are initiated on facilities located in the
8 declared disaster area within 6 months after the disaster.

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

13 (20) A motor vehicle, as that term is defined in Section
14 1-146 of the Illinois Vehicle Code, that is donated to a
15 corporation, limited liability company, society, association,
16 foundation, or institution that is determined by the Department
17 to be organized and operated exclusively for educational
18 purposes. For purposes of this exemption, "a corporation,
19 limited liability company, society, association, foundation,
20 or institution organized and operated exclusively for
21 educational purposes" means all tax-supported public schools,
22 private schools that offer systematic instruction in useful
23 branches of learning by methods common to public schools and
24 that compare favorably in their scope and intensity with the
25 course of study presented in tax-supported schools, and
26 vocational or technical schools or institutes organized and

1 operated exclusively to provide a course of study of not less
2 than 6 weeks duration and designed to prepare individuals to
3 follow a trade or to pursue a manual, technical, mechanical,
4 industrial, business, or commercial occupation.

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

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

1 coin-operated amusement and vending machines. This paragraph
2 is exempt from the provisions of Section 3-75.

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

16 (24) Beginning on August 2, 2001 (the effective date of
17 Public Act 92-227) ~~this amendatory Act of the 92nd General~~
18 ~~Assembly~~, computers and communications equipment utilized for
19 any hospital purpose and equipment used in the diagnosis,
20 analysis, or treatment of hospital patients purchased by a
21 lessor who leases the equipment, under a lease of one year or
22 longer executed or in effect at the time the lessor would
23 otherwise be subject to the tax imposed by this Act, to a
24 hospital that has been issued an active tax exemption
25 identification number by the Department under Section 1g of the
26 Retailers' Occupation Tax Act. If the equipment is leased in a

1 manner that does not qualify for this exemption or is used in
2 any other nonexempt manner, the lessor shall be liable for the
3 tax imposed under this Act or the Use Tax Act, as the case may
4 be, based on the fair market value of the property at the time
5 the nonqualifying use occurs. No lessor shall collect or
6 attempt to collect an amount (however designated) that purports
7 to reimburse that lessor for the tax imposed by this Act or the
8 Use Tax Act, as the case may be, if the tax has not been paid by
9 the lessor. If a lessor improperly collects any such amount
10 from the lessee, the lessee shall have a legal right to claim a
11 refund of that amount from the lessor. If, however, that amount
12 is not refunded to the lessee for any reason, the lessor is
13 liable to pay that amount to the Department. This paragraph is
14 exempt from the provisions of Section 3-75.

15 (25) Beginning on August 2, 2001 (the effective date of
16 Public Act 92-227) ~~this amendatory Act of the 92nd General~~
17 ~~Assembly~~, personal property purchased by a lessor who leases
18 the property, under a lease of one year or longer executed or
19 in effect at the time the lessor would otherwise be subject to
20 the tax imposed by this Act, to a governmental body that has
21 been issued an active tax exemption identification number by
22 the Department under Section 1g of the Retailers' Occupation
23 Tax Act. If the property is leased in a manner that does not
24 qualify for this exemption or is used in any other nonexempt
25 manner, the lessor shall be liable for the tax imposed under
26 this Act or the Use Tax Act, as the case may be, based on the

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

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

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

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

21 (28) 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 3-75.

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

11 (30) Tangible personal property transferred to a purchaser
12 who is exempt from the tax imposed by this Act by operation of
13 federal law. This paragraph is exempt from the provisions of
14 Section 3-75.

15 (30) Tangible personal property for which a certificate of
16 exemption has been issued under Section 2505-805 of the
17 Department of Revenue Law of the Civil Administrative Code of
18 Illinois. This paragraph is exempt from the provisions of
19 Section 3-75.

20 (Source: P.A. 99-180, eff. 7-29-15; 99-855, eff. 8-19-16;
21 100-22, eff. 7-6-17; 100-594, eff. 6-29-18; 100-1171, eff.
22 1-4-19; revised 1-8-19.)

23 Section 20. The Service Occupation Tax Act is amended by
24 changing Section 3-5 as follows:

1 (35 ILCS 115/3-5)

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

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

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

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

1 for this exemption shall not make tax-free purchases unless it
2 has an active identification number issued by the Department.

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

7 (5) Until July 1, 2003 and beginning again on September 1,
8 2004 through August 30, 2014, graphic arts machinery and
9 equipment, including repair and replacement parts, both new and
10 used, and including that manufactured on special order or
11 purchased for lease, certified by the purchaser to be used
12 primarily for graphic arts production. Equipment includes
13 chemicals or chemicals acting as catalysts but only if the
14 chemicals or chemicals acting as catalysts effect a direct and
15 immediate change upon a graphic arts product. Beginning on July
16 1, 2017, graphic arts machinery and equipment is included in
17 the manufacturing and assembling machinery and equipment
18 exemption under Section 2 of this Act.

19 (6) Personal property sold by a teacher-sponsored student
20 organization affiliated with an elementary or secondary school
21 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 3-55.

5 (8) Until June 30, 2013, fuel and petroleum products sold
6 to or used by an air common carrier, certified by the carrier
7 to be used for consumption, shipment, or storage in the 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, to the extent that the proceeds of the
25 service charge are in fact turned over as tips or as a
26 substitute for tips to the employees who participate directly

1 in preparing, serving, hosting or cleaning up the food or
2 beverage function with respect to which the service charge is
3 imposed.

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

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

18 (12) Until July 1, 2023, coal and aggregate exploration,
19 mining, off-highway hauling, processing, maintenance, and
20 reclamation equipment, including replacement parts and
21 equipment, and including equipment purchased for lease, but
22 excluding motor vehicles required to be registered under the
23 Illinois Vehicle Code. The changes made to this Section by
24 Public Act 97-767 apply on and after July 1, 2003, but no claim
25 for credit or refund is allowed on or after August 16, 2013
26 (the effective date of Public Act 98-456) for such taxes paid

1 during the period beginning July 1, 2003 and ending on August
2 16, 2013 (the effective date of Public Act 98-456).

3 (13) Beginning January 1, 1992 and through June 30, 2016,
4 food for human consumption that is to be consumed off the
5 premises where it is sold (other than alcoholic beverages, soft
6 drinks and food that has been prepared for immediate
7 consumption) and prescription and non-prescription medicines,
8 drugs, medical appliances, and insulin, urine testing
9 materials, syringes, and needles used by diabetics, for human
10 use, when purchased for use by a person receiving medical
11 assistance under Article V of the Illinois Public Aid Code who
12 resides in a licensed long-term care facility, as defined in
13 the Nursing Home Care Act, or in a licensed facility as defined
14 in the ID/DD Community Care Act, the MC/DD Act, or the
15 Specialized Mental Health Rehabilitation Act of 2013.

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

18 (15) 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 (15) is exempt from the provisions
24 of Section 3-55, and the exemption provided for under this item
25 (15) 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 (the effective date of Public Act 95-88) for such taxes
2 paid during the period beginning May 30, 2000 and ending on
3 January 1, 2008 (the effective date of Public Act 95-88).

4 (16) Computers and communications equipment utilized for
5 any hospital purpose and equipment used in the diagnosis,
6 analysis, or treatment of hospital patients sold to a lessor
7 who leases the equipment, under a lease of one year or longer
8 executed or in effect at the time of the purchase, to a
9 hospital that has been issued an active tax exemption
10 identification number by the Department under Section 1g of the
11 Retailers' Occupation Tax Act.

12 (17) Personal property sold to a lessor who leases the
13 property, under a lease of one year or longer executed or in
14 effect at the time of the purchase, to a governmental body that
15 has been issued an active tax exemption identification number
16 by the Department under Section 1g of the Retailers' Occupation
17 Tax Act.

18 (18) Beginning with taxable years ending on or after
19 December 31, 1995 and ending with taxable years ending on or
20 before December 31, 2004, personal property that is donated for
21 disaster relief to be used in a State or federally declared
22 disaster area in Illinois or bordering Illinois by a
23 manufacturer or retailer that is registered in this State to a
24 corporation, society, association, foundation, or institution
25 that has been issued a sales tax exemption identification
26 number by the Department that assists victims of the disaster

1 who reside within the declared disaster area.

2 (19) Beginning with taxable years ending on or after
3 December 31, 1995 and ending with taxable years ending on or
4 before December 31, 2004, personal property that is used in the
5 performance of infrastructure repairs in this State, including
6 but not limited to municipal roads and streets, access roads,
7 bridges, sidewalks, waste disposal systems, water and sewer
8 line extensions, water distribution and purification
9 facilities, storm water drainage and retention facilities, and
10 sewage treatment facilities, resulting from a State or
11 federally declared disaster in Illinois or bordering Illinois
12 when such repairs are initiated on facilities located in the
13 declared disaster area within 6 months after the disaster.

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

18 (21) A motor vehicle, as that term is defined in Section
19 1-146 of the Illinois Vehicle Code, that is donated to a
20 corporation, limited liability company, society, association,
21 foundation, or institution that is determined by the Department
22 to be organized and operated exclusively for educational
23 purposes. For purposes of this exemption, "a corporation,
24 limited liability company, society, association, foundation,
25 or institution organized and operated exclusively for
26 educational purposes" means all tax-supported public schools,

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

10 (22) Beginning January 1, 2000, personal property,
11 including food, purchased through fundraising events for the
12 benefit of a public or private elementary or secondary school,
13 a group of those schools, or one or more school districts if
14 the events are sponsored by an entity recognized by the school
15 district that consists primarily of volunteers and includes
16 parents and teachers of the school children. This paragraph
17 does not apply to fundraising events (i) for the benefit of
18 private home instruction or (ii) for which the fundraising
19 entity purchases the personal property sold at the events from
20 another individual or entity that sold the property for the
21 purpose of resale by the fundraising entity and that profits
22 from the sale to the fundraising entity. This paragraph is
23 exempt from the provisions of Section 3-55.

24 (23) Beginning January 1, 2000 and through December 31,
25 2001, new or used automatic vending machines that prepare and
26 serve hot food and beverages, including coffee, soup, and other

1 items, and replacement parts for these machines. Beginning
2 January 1, 2002 and through June 30, 2003, machines and parts
3 for machines used in commercial, coin-operated amusement and
4 vending business if a use or occupation tax is paid on the
5 gross receipts derived from the use of the commercial,
6 coin-operated amusement and vending machines. This paragraph
7 is exempt from the provisions of Section 3-55.

8 (24) Beginning on August 2, 2001 (the effective date of
9 Public Act 92-227) ~~this amendatory Act of the 92nd General~~
10 ~~Assembly~~, computers and communications equipment utilized for
11 any hospital purpose and equipment used in the diagnosis,
12 analysis, or treatment of hospital patients sold to a lessor
13 who leases the equipment, under a lease of one year or longer
14 executed or in effect at the time of the purchase, to a
15 hospital that has been issued an active tax exemption
16 identification number by the Department under Section 1g of the
17 Retailers' Occupation Tax Act. This paragraph is exempt from
18 the provisions of Section 3-55.

19 (25) Beginning on August 2, 2001 (the effective date of
20 Public Act 92-227) ~~this amendatory Act of the 92nd General~~
21 ~~Assembly~~, personal property sold to a lessor who leases the
22 property, under a lease of one year or longer executed or in
23 effect at the time of the purchase, to a governmental body that
24 has been issued an active tax exemption identification number
25 by the Department under Section 1g of the Retailers' Occupation
26 Tax Act. This paragraph is exempt from the provisions of

1 Section 3-55.

2 (26) Beginning on January 1, 2002 and through June 30,
3 2016, tangible personal property purchased from an Illinois
4 retailer by a taxpayer engaged in centralized purchasing
5 activities in Illinois who will, upon receipt of the property
6 in Illinois, temporarily store the property in Illinois (i) for
7 the purpose of subsequently transporting it outside this State
8 for use or consumption thereafter solely outside this State or
9 (ii) for the purpose of being processed, fabricated, or
10 manufactured into, attached to, or incorporated into other
11 tangible personal property to be transported outside this State
12 and thereafter used or consumed solely outside this State. The
13 Director of Revenue shall, pursuant to rules adopted in
14 accordance with the Illinois Administrative Procedure Act,
15 issue a permit to any taxpayer in good standing with the
16 Department who is eligible for the exemption under this
17 paragraph (26). The permit issued under this paragraph (26)
18 shall authorize the holder, to the extent and in the manner
19 specified in the rules adopted under this Act, to purchase
20 tangible personal property from a retailer exempt from the
21 taxes imposed by this Act. Taxpayers shall maintain all
22 necessary books and records to substantiate the use and
23 consumption of all such tangible personal property outside of
24 the State of Illinois.

25 (27) Beginning January 1, 2008, tangible personal property
26 used in the construction or maintenance of a community water

1 supply, as defined under Section 3.145 of the Environmental
2 Protection Act, that is operated by a not-for-profit
3 corporation that holds a valid water supply permit issued under
4 Title IV of the Environmental Protection Act. This paragraph is
5 exempt from the provisions of Section 3-55.

6 (28) Tangible personal property sold to a
7 public-facilities corporation, as described in Section
8 11-65-10 of the Illinois Municipal Code, for purposes of
9 constructing or furnishing a municipal convention hall, but
10 only if the legal title to the municipal convention hall is
11 transferred to the municipality without any further
12 consideration by or on behalf of the municipality at the time
13 of the completion of the municipal convention hall or upon the
14 retirement or redemption of any bonds or other debt instruments
15 issued by the public-facilities corporation in connection with
16 the development of the municipal convention hall. This
17 exemption includes existing public-facilities corporations as
18 provided in Section 11-65-25 of the Illinois Municipal Code.
19 This paragraph is exempt from the provisions of Section 3-55.

20 (29) 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 transfer of
9 qualifying tangible personal property incident to the
10 modification, refurbishment, completion, replacement, repair,
11 or maintenance of an aircraft by persons who (i) hold an Air
12 Agency Certificate and are empowered to operate an approved
13 repair station by the Federal Aviation Administration, (ii)
14 have a Class IV Rating, and (iii) conduct operations in
15 accordance with Part 145 of the Federal Aviation Regulations.
16 The exemption does not include aircraft operated by a
17 commercial air carrier providing scheduled passenger air
18 service pursuant to authority issued under Part 121 or Part 129
19 of the Federal Aviation Regulations. The changes made to this
20 paragraph (29) by Public Act 98-534 are declarative of existing
21 law.

22 (30) Beginning January 1, 2017, menstrual pads, tampons,
23 and menstrual cups.

24 (31) Tangible personal property transferred to a purchaser
25 who is exempt from tax by operation of federal law. This
26 paragraph is exempt from the provisions of Section 3-55.

1 (32) Tangible personal property for which a certificate of
2 exemption has been issued under Section 2505-805 of the
3 Department of Revenue Law of the Civil Administrative Code of
4 Illinois. This paragraph is exempt from the provisions of
5 Section 3-55.

6 (Source: P.A. 99-180, eff. 7-29-15; 99-855, eff. 8-19-16;
7 100-22, eff. 7-6-17; 100-594, eff. 6-29-18; 100-1171, eff.
8 1-4-19; revised 1-8-19.)

9 Section 25. The Retailers' Occupation Tax Act is amended by
10 changing Section 2-5 as follows:

11 (35 ILCS 120/2-5)

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

15 (1) Farm chemicals.

16 (2) Farm machinery and equipment, both new and used,
17 including that manufactured on special order, certified by
18 the purchaser to be used primarily for production
19 agriculture or State or federal agricultural programs,
20 including individual replacement parts for the machinery
21 and equipment, including machinery and equipment purchased
22 for lease, and including implements of husbandry defined in
23 Section 1-130 of the Illinois Vehicle Code, farm machinery
24 and agricultural chemical and fertilizer spreaders, and

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

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

20 Farm machinery and equipment also includes computers,
21 sensors, software, and related equipment used primarily in
22 the computer-assisted operation of production agriculture
23 facilities, equipment, and activities such as, but not
24 limited to, the collection, monitoring, and correlation of
25 animal and crop data for the purpose of formulating animal
26 diets and agricultural chemicals. This item (2) is exempt

1 from the provisions of Section 2-70.

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

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

22 (5) A motor vehicle that is used for automobile
23 renting, as defined in the Automobile Renting Occupation
24 and Use Tax Act. This paragraph is exempt from the
25 provisions of Section 2-70.

26 (6) Personal property sold by a teacher-sponsored

1 student organization affiliated with an elementary or
2 secondary school located in Illinois.

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

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

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

24 (10) Personal property sold by a corporation, society,
25 association, foundation, institution, or organization,
26 other than a limited liability company, that is organized

1 and operated as a not-for-profit service enterprise for the
2 benefit of persons 65 years of age or older if the personal
3 property was not purchased by the enterprise for the
4 purpose of resale by the enterprise.

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

20 (12) (Blank).

21 (12-5) On and after July 1, 2003 and through June 30,
22 2004, motor vehicles of the second division with a gross
23 vehicle weight in excess of 8,000 pounds that are subject
24 to the commercial distribution fee imposed under Section
25 3-815.1 of the Illinois Vehicle Code. Beginning on July 1,
26 2004 and through June 30, 2005, the use in this State of

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

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

23 (14) Machinery and equipment that will be used by the
24 purchaser, or a lessee of the purchaser, primarily in the
25 process of manufacturing or assembling tangible personal
26 property for wholesale or retail sale or lease, whether the

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

22 (15) Proceeds of mandatory service charges separately
23 stated on customers' bills for purchase and consumption of
24 food and beverages, to the extent that the proceeds of the
25 service charge are in fact turned over as tips or as a
26 substitute for tips to the employees who participate

1 directly in preparing, serving, hosting or cleaning up the
2 food or beverage function with respect to which the service
3 charge is imposed.

4 (16) Tangible personal property sold to a purchaser if
5 the purchaser is exempt from use tax by operation of
6 federal law. This paragraph is exempt from the provisions
7 of Section 2-70.

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

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

20 (19) Until July 1, 2003, oil field exploration,
21 drilling, and production equipment, including (i) rigs and
22 parts of rigs, rotary rigs, cable tool rigs, and workover
23 rigs, (ii) pipe and tubular goods, including casing and
24 drill strings, (iii) pumps and pump-jack units, (iv)
25 storage tanks and flow lines, (v) any individual
26 replacement part for oil field exploration, drilling, and

1 production equipment, and (vi) machinery and equipment
2 purchased for lease; but excluding motor vehicles required
3 to be registered under the Illinois Vehicle Code.

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

10 (21) Until July 1, 2023, coal and aggregate
11 exploration, mining, off-highway hauling, processing,
12 maintenance, and reclamation equipment, including
13 replacement parts and equipment, and including equipment
14 purchased for lease, but excluding motor vehicles required
15 to be registered under the Illinois Vehicle Code. The
16 changes made to this Section by Public Act 97-767 apply on
17 and after July 1, 2003, but no claim for credit or refund
18 is allowed on or after August 16, 2013 (the effective date
19 of Public Act 98-456) for such taxes paid during the period
20 beginning July 1, 2003 and ending on August 16, 2013 (the
21 effective date of Public Act 98-456).

22 (22) Until June 30, 2013, fuel and petroleum products
23 sold to or used by an air carrier, certified by the carrier
24 to be used for consumption, shipment, or storage in the
25 conduct of its business as an air common carrier, for a
26 flight destined for or returning from a location or

1 locations outside the United States without regard to
2 previous or subsequent domestic stopovers.

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

13 (23) A transaction in which the purchase order is
14 received by a florist who is located outside Illinois, but
15 who has a florist located in Illinois deliver the property
16 to the purchaser or the purchaser's donee in Illinois.

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

23 (25) Except as provided in item (25-5) of this Section,
24 a motor vehicle sold in this State to a nonresident even
25 though the motor vehicle is delivered to the nonresident in
26 this State, if the motor vehicle is not to be titled in

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

9 (25-5) The exemption under item (25) does not apply if
10 the state in which the motor vehicle will be titled does
11 not allow a reciprocal exemption for a motor vehicle sold
12 and delivered in that state to an Illinois resident but
13 titled in Illinois. The tax collected under this Act on the
14 sale of a motor vehicle in this State to a resident of
15 another state that does not allow a reciprocal exemption
16 shall be imposed at a rate equal to the state's rate of tax
17 on taxable property in the state in which the purchaser is
18 a resident, except that the tax shall not exceed the tax
19 that would otherwise be imposed under this Act. At the time
20 of the sale, the purchaser shall execute a statement,
21 signed under penalty of perjury, of his or her intent to
22 title the vehicle in the state in which the purchaser is a
23 resident within 30 days after the sale and of the fact of
24 the payment to the State of Illinois of tax in an amount
25 equivalent to the state's rate of tax on taxable property
26 in his or her state of residence and shall submit the

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

13 (25-7) Beginning on July 1, 2007, no tax is imposed
14 under this Act on the sale of an aircraft, as defined in
15 Section 3 of the Illinois Aeronautics Act, if all of the
16 following conditions are met:

17 (1) the aircraft leaves this State within 15 days
18 after the later of either the issuance of the final
19 billing for the sale of the aircraft, or the authorized
20 approval for return to service, completion of the
21 maintenance record entry, and completion of the test
22 flight and ground test for inspection, as required by
23 14 C.F.R. 91.407;

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

26 (3) the seller retains in his or her books and

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

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

12 "Based in this State" means hangared, stored, or
13 otherwise used, excluding post-sale customizations as
14 defined in this Section, for 10 or more days in each
15 12-month period immediately following the date of the sale
16 of the aircraft.

17 "Registered in this State" means an aircraft
18 registered with the Department of Transportation,
19 Aeronautics Division, or titled or registered with the
20 Federal Aviation Administration to an address located in
21 this State.

22 This paragraph (25-7) is exempt from the provisions of
23 Section 2-70.

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

26 (27) Horses, or interests in horses, registered with

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

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

21 (29) Personal property sold to a lessor who leases the
22 property, under a lease of one year or longer executed or
23 in effect at the time of the purchase, to a governmental
24 body that has been issued an active tax exemption
25 identification number by the Department under Section 1g of
26 this Act.

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

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

25 (32) Beginning July 1, 1999, game or game birds sold at
26 a "game breeding and hunting preserve area" as that term is

1 used in the Wildlife Code. This paragraph is exempt from
2 the provisions of Section 2-70.

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

23 (34) Beginning January 1, 2000, personal property,
24 including food, purchased through fundraising events for
25 the benefit of a public or private elementary or secondary
26 school, a group of those schools, or one or more school

1 districts if the events are sponsored by an entity
2 recognized by the school district that consists primarily
3 of volunteers and includes parents and teachers of the
4 school children. This paragraph does not apply to
5 fundraising events (i) for the benefit of private home
6 instruction or (ii) for which the fundraising entity
7 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
10 profits from the sale to the fundraising entity. This
11 paragraph is exempt from the provisions of Section 2-70.

12 (35) Beginning January 1, 2000 and through December 31,
13 2001, new or used automatic vending machines that prepare
14 and serve hot food and beverages, including coffee, soup,
15 and other items, and replacement parts for these machines.
16 Beginning January 1, 2002 and through June 30, 2003,
17 machines and parts for machines used in commercial,
18 coin-operated amusement and vending business if a use or
19 occupation tax is paid on the gross receipts derived from
20 the use of the commercial, coin-operated amusement and
21 vending machines. This paragraph is exempt from the
22 provisions of Section 2-70.

23 (35-5) Beginning August 23, 2001 and through June 30,
24 2016, food for human consumption that is to be consumed off
25 the premises where it is sold (other than alcoholic
26 beverages, soft drinks, and food that has been prepared for

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

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

20 (37) Beginning August 2, 2001, personal property sold
21 to a lessor who leases the property, under a lease of one
22 year or longer executed or in effect at the time of the
23 purchase, to a governmental body that has been issued an
24 active tax exemption identification number by the
25 Department under Section 1g of this Act. This paragraph is
26 exempt from the provisions of Section 2-70.

1 (38) Beginning on January 1, 2002 and through June 30,
2 2016, tangible personal property purchased from an
3 Illinois retailer by a taxpayer engaged in centralized
4 purchasing activities in Illinois who will, upon receipt of
5 the property in Illinois, temporarily store the property in
6 Illinois (i) for the purpose of subsequently transporting
7 it outside this State for use or consumption thereafter
8 solely outside this State or (ii) for the purpose of being
9 processed, fabricated, or manufactured into, attached to,
10 or incorporated into other tangible personal property to be
11 transported outside this State and thereafter used or
12 consumed solely outside this State. The Director of Revenue
13 shall, pursuant to rules adopted in accordance with the
14 Illinois Administrative Procedure Act, issue a permit to
15 any taxpayer in good standing with the Department who is
16 eligible for the exemption under this paragraph (38). The
17 permit issued under this paragraph (38) shall authorize the
18 holder, to the extent and in the manner specified in the
19 rules adopted under this Act, to purchase tangible personal
20 property from a retailer exempt from the taxes imposed by
21 this Act. Taxpayers shall maintain all necessary books and
22 records to substantiate the use and consumption of all such
23 tangible personal property outside of the State of
24 Illinois.

25 (39) Beginning January 1, 2008, tangible personal
26 property used in the construction or maintenance of a

1 community water supply, as defined under Section 3.145 of
2 the Environmental Protection Act, that is operated by a
3 not-for-profit corporation that holds a valid water supply
4 permit issued under Title IV of the Environmental
5 Protection Act. This paragraph is exempt from the
6 provisions of Section 2-70.

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

1 Federal Aviation Administration, (ii) have a Class IV
2 Rating, and (iii) conduct operations in accordance with
3 Part 145 of the Federal Aviation Regulations. The exemption
4 does not include aircraft operated by a commercial air
5 carrier providing scheduled passenger air service pursuant
6 to authority issued under Part 121 or Part 129 of the
7 Federal Aviation Regulations. The changes made to this
8 paragraph (40) by Public Act 98-534 are declarative of
9 existing law.

10 (41) Tangible personal property sold to a
11 public-facilities corporation, as described in Section
12 11-65-10 of the Illinois Municipal Code, for purposes of
13 constructing or furnishing a municipal convention hall,
14 but only if the legal title to the municipal convention
15 hall is transferred to the municipality without any further
16 consideration by or on behalf of the municipality at the
17 time of the completion of the municipal convention hall or
18 upon the retirement or redemption of any bonds or other
19 debt instruments issued by the public-facilities
20 corporation in connection with the development of the
21 municipal convention hall. This exemption includes
22 existing public-facilities corporations as provided in
23 Section 11-65-25 of the Illinois Municipal Code. This
24 paragraph is exempt from the provisions of Section 2-70.

25 (42) Beginning January 1, 2017, menstrual pads,
26 tampons, and menstrual cups.

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

9 (44) Tangible personal property for which a
10 certificate of exemption has been issued under Section
11 2505-805 of the Department of Revenue Law of the Civil
12 Administrative Code of Illinois. This paragraph is exempt
13 from the provisions of Section 2-70.

14 (Source: P.A. 99-180, eff. 7-29-15; 99-855, eff. 8-19-16;
15 100-22, eff. 7-6-17; 100-321, eff. 8-24-17; 100-437, eff.
16 1-1-18; 100-594, eff. 6-29-18; 100-863, eff. 8-14-18;
17 100-1171, eff. 1-4-19; revised 1-8-19.)

18 Section 30. The Counties Code is amended by adding Section
19 5-1184 as follows:

20 (55 ILCS 5/5-1184 new)

21 Sec. 5-1184. Exemption for materials, equipment, or
22 supplies of a bid. Tangible personal property for which a
23 certificate of exemption has been issued under Section 2505-805
24 of the Department of Revenue Law of the Civil Administrative

1 Code of Illinois is exempt from any use or occupation tax
2 imposed by a county under this Code.

3 Section 35. The Illinois Municipal Code is amended by
4 adding Section 8-1-19 as follows:

5 (65 ILCS 5/8-1-19 new)

6 Sec. 8-1-19. Exemption for materials, equipment, or
7 supplies of a bid. Tangible personal property for which a
8 certificate of exemption has been issued under Section 2505-805
9 of the Department of Revenue Law of the Civil Administrative
10 Code of Illinois is exempt from any use or occupation tax
11 imposed by a municipality under this Code.

12 Section 40. The Civic Center Code is amended by adding
13 Section 245-13 as follows:

14 (70 ILCS 200/245-13 new)

15 Sec. 245-13. Exemption for materials, equipment, or
16 supplies of a bid. Tangible personal property for which a
17 certificate of exemption has been issued under Section 2505-805
18 of the Department of Revenue Law of the Civil Administrative
19 Code of Illinois is exempt from any use or occupation tax
20 imposed under this Article.

21 Section 45. The Metropolitan Pier and Exposition Authority

1 Act is amended by adding Section 13.4 as follows:

2 (70 ILCS 210/13.4 new)

3 Sec. 13.4. Exemption for materials, equipment, or supplies
4 of a bid. Tangible personal property for which a certificate of
5 exemption has been issued under Section 2505-805 of the
6 Department of Revenue Law of the Civil Administrative Code of
7 Illinois is exempt from any use or occupation tax imposed under
8 this Act.

9 Section 50. The Flood Prevention District Act is amended by
10 adding Section 27 as follows:

11 (70 ILCS 750/27 new)

12 Sec. 27. Exemption for materials, equipment, or supplies of
13 a bid. Tangible personal property for which a certificate of
14 exemption has been issued under Section 2505-805 of the
15 Department of Revenue Law of the Civil Administrative Code of
16 Illinois is exempt from any use or occupation tax imposed under
17 this Act.

18 Section 55. The Metro-East Park and Recreation District Act
19 is amended by adding Section 32 as follows:

20 (70 ILCS 1605/32 new)

21 Sec. 32. Exemption for materials, equipment, or supplies of

1 a bid. Tangible personal property for which a certificate of
2 exemption has been issued under Section 2505-805 of the
3 Department of Revenue Law of the Civil Administrative Code of
4 Illinois is exempt from any use or occupation tax imposed under
5 this Act.

6 Section 60. The Local Mass Transit District Act is amended
7 by adding Section 5.7 as follows:

8 (70 ILCS 3610/5.7 new)

9 Sec. 5.7. Exemption for materials, equipment, or supplies
10 of a bid. Tangible personal property for which a certificate of
11 exemption has been issued under Section 2505-805 of the
12 Department of Revenue Law of the Civil Administrative Code of
13 Illinois is exempt from any use or occupation tax imposed under
14 this Act.

15 Section 65. The Regional Transportation Authority Act is
16 amended by adding Section 4.17 as follows:

17 (70 ILCS 3615/4.17 new)

18 Sec. 4.17. Exemption for materials, equipment, or supplies
19 of a bid. Tangible personal property for which a certificate of
20 exemption has been issued under Section 2505-805 of the
21 Department of Revenue Law of the Civil Administrative Code of
22 Illinois is exempt from any use or occupation tax imposed under

1 this Act.

2 Section 70. The Water Commission Act of 1985 is amended by
3 adding Section 4.5 as follows:

4 (70 ILCS 3720/4.5 new)

5 Sec. 4.5. Exemption for materials, equipment, or supplies
6 of a bid. Tangible personal property for which a certificate of
7 exemption has been issued under Section 2505-805 of the
8 Department of Revenue Law of the Civil Administrative Code of
9 Illinois is exempt from any use or occupation tax imposed under
10 this Act.

11 Section 99. Effective date. This Act takes effect upon
12 becoming law.

1 INDEX

2 Statutes amended in order of appearance

3 20 ILCS 2505/2505-805 new

4 35 ILCS 105/3-5

5 35 ILCS 110/3-5

6 35 ILCS 115/3-5

7 35 ILCS 120/2-5

8 55 ILCS 5/5-1184 new

9 65 ILCS 5/8-1-19 new

10 70 ILCS 200/245-13 new

11 70 ILCS 210/13.4 new

12 70 ILCS 750/27 new

13 70 ILCS 1605/32 new

14 70 ILCS 3610/5.7 new

15 70 ILCS 3615/4.17 new

16 70 ILCS 3720/4.5 new