



101ST GENERAL ASSEMBLY

State of Illinois

2019 and 2020

HB3412

by Rep. Michael J. Zalewski

SYNOPSIS AS INTRODUCED:

20 ILCS 2505/2505-810 new
35 ILCS 105/3-5
35 ILCS 110/3-5
35 ILCS 115/3-5
35 ILCS 120/2-5
35 ILCS 640/2-4

Amends the Use Tax Act, the Service Use Tax Act, the Service Occupation Tax Act, and the Retailers' Occupation Tax Act. Creates an exemption for qualified tangible personal property used in the construction or operation of a data center that has been granted a certificate of exemption by the Department of Revenue. Amends the Department of Revenue Law of the Civil Administrative Code of Illinois to add provisions concerning those certificates of exemption. Effective immediately.

LRB101 08764 HLH 53851 b

FISCAL NOTE ACT
MAY APPLY

A BILL FOR

1 AN ACT concerning revenue.

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

4 Section 3. The Department of Revenue Law of the Civil
5 Administrative Code of Illinois is amended by adding Section
6 2505-810 as follows:

7 (20 ILCS 2505/2505-810 new)

8 Sec. 2505-810. Data center investment.

9 (a) The Department shall issue certificates of exemption
10 from the Retailers' Occupation Tax Act, the Use Tax Act, the
11 Service Use Tax Act, and the Service Occupation Tax Act, all
12 locally-imposed retailers' occupation taxes administered and
13 collected by the Department, the Chicago non-titled Use Tax,
14 and the Electricity Excise Tax Act to qualifying Illinois data
15 centers.

16 (b) For purposes of this Section:

17 "Data center" means a building or a series of buildings
18 that is rehabilitated or constructed to house working
19 servers in one physical location or several sites.

20 "Qualifying Illinois data center" means a new or
21 existing data center that:

22 (1) is located in the State of Illinois;

23 (2) in the case of an existing data center, made a

1 capital investment of at least \$250,000,000
2 collectively by the data center operator and the
3 tenants of all of its data centers over the 60-month
4 period immediately prior to January 1, 2020 or
5 committed to make a capital investment of at least
6 \$250,000,000 over a 60-month period commencing before
7 January 1, 2020 and ending after January 1, 2020; or

8 (3) in the case of a new data center, makes a
9 capital investment of at least \$250,000,000 over a
10 60-month period; and

11 (4) in the case of both existing and new data
12 centers, results in the creation of at least 20
13 full-time or full-time equivalent new jobs over a
14 period of 60 months by the data center operator and the
15 tenants of the data center, collectively, associated
16 with the operation or maintenance of the data center;
17 those jobs must have a total compensation equal to or
18 greater than 120% of the median wage paid to full-time
19 employees in the county where the data center is
20 located, as determined by the U.S. Bureau of Labor
21 Statistics; and

22 (5) is carbon neutral or attains certification
23 under one or more of the following green building
24 standards:

25 (A) BREEAM for New Construction or BREEAM

26 In-Use;

- 1 (B) ENERGY STAR;
2 (C) Envision;
3 (D) ISO 50001-energy management;
4 (E) LEED for Building Design and Construction
5 or LEED for Operations and Maintenance;
6 (F) Green Globes for New Construction or Green
7 Globes for Existing Buildings;
8 (G) UL 3223; or
9 (H) an equivalent program approved by the
10 Department of Commerce and Economic Opportunity.

11 "Full-time equivalent job" means a job in which the new
12 employee works for the owner, operator, contractor, or
13 tenant of a data center or for a corporation under contract
14 with the owner, operator or tenant of a data center at a
15 rate of at least 35 hours per week. An owner, operator or
16 tenant who employs labor or services at a specific site or
17 facility under contract with another may declare one
18 full-time, permanent job for every 1,820-man hours worked
19 per year under that contract. Vacations, paid holidays, and
20 sick time are included in this computation. Overtime is not
21 considered a part of regular hours.

22 "Qualified tangible personal property" means:
23 electrical systems and equipment; climate control and
24 chilling equipment and systems; mechanical systems and
25 equipment; monitoring and secure systems; emergency
26 generators; hardware; computers; servers; data storage

1 devices; network connectivity equipment; racks; cabinets;
2 telecommunications cabling infrastructure; raised floor
3 systems; peripheral components or systems; software;
4 mechanical, electrical, or plumbing systems; battery
5 systems; cooling systems and towers; temperature control
6 systems; other cabling; and other data center
7 infrastructure equipment and systems necessary to operate
8 qualified tangible personal property, including fixtures;
9 and component parts of any of the foregoing, including
10 installation, maintenance, repair, refurbishment, and
11 replacement of qualified tangible personal property to
12 generate, transform, transmit, distribute, or manage
13 electricity necessary to operate qualified tangible
14 personal property; and all other tangible personal
15 property that is essential to the operations of a computer
16 data center. The term "qualified tangible personal
17 property" also includes building materials physically
18 incorporated in to the qualifying data center. To document
19 the exemption allowed under this Section, the retailer must
20 obtain from the purchaser a copy of the certificate of
21 eligibility issued by the Department.

22 (c) New and existing data centers seeking a certificate of
23 exemption for new or existing facilities shall apply to the
24 Department in the manner specified by the Department. The
25 Department and any data center seeking the exemption, including
26 a data center operator on behalf of itself and its tenants,

1 must enter into a memorandum of understanding that at a minimum
2 provides:

3 (1) the details for determining the amount of capital
4 investment to be made;

5 (2) the number of new jobs created;

6 (3) the timeline for achieving the capital investment
7 and new job goals;

8 (4) the repayment obligation should those goals not be
9 achieved and any conditions under which repayment by the
10 qualifying data center or data center tenant claiming the
11 exemption will be required; and

12 (5) other provisions as deemed necessary.

13 (d) Beginning July 1, 2021, and each year thereafter, the
14 Department shall annually report to the Governor and the
15 General Assembly on the outcomes and effectiveness of this
16 amendatory Act of the 101st General Assembly that shall include
17 the following:

18 (1) the name of each recipient business;

19 (2) the location of the project;

20 (3) the estimated value of the credit;

21 (4) the number of new jobs and, if applicable, retained
22 jobs pledged as a result of the project; and

23 (5) whether or not the project is located in an
24 underserved area.

25 Section 5. The Use Tax Act is amended by changing Section

1 3-5 as follows:

2 (35 ILCS 105/3-5)

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 not-for-profit
13 Illinois county fair association for use in conducting,
14 operating, or 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), however, an entity
2 otherwise eligible for this exemption shall not make tax-free
3 purchases unless it has an active identification number issued
4 by the Department.

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

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

22 (6) Until July 1, 2003 and beginning again on September 1,
23 2004 through August 30, 2014, graphic arts machinery and
24 equipment, including repair and replacement parts, both new and
25 used, and including that manufactured on special order,
26 certified by the purchaser to be used primarily for graphic

1 arts production, and including machinery and equipment
2 purchased for lease. Equipment includes chemicals or chemicals
3 acting as catalysts but only if the chemicals or chemicals
4 acting as catalysts effect a direct and immediate change upon a
5 graphic arts product. Beginning on July 1, 2017, graphic arts
6 machinery and equipment is included in the manufacturing and
7 assembling machinery and equipment exemption under paragraph
8 (18).

9 (7) Farm chemicals.

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

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

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

20 (11) Farm machinery and equipment, both new and used,
21 including that manufactured on special order, certified by the
22 purchaser to be used primarily for production agriculture or
23 State or federal agricultural programs, including individual
24 replacement parts for the machinery and equipment, including
25 machinery and equipment purchased for lease, and including
26 implements of husbandry defined in Section 1-130 of the

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

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

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

1 agricultural chemicals. This item (11) is exempt from the
2 provisions of Section 3-90.

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

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

20 (13) Proceeds of mandatory service charges separately
21 stated on customers' bills for the purchase and consumption of
22 food and beverages purchased at retail from a retailer, to the
23 extent that the proceeds of the service charge are in fact
24 turned over as tips or as a substitute for tips to the
25 employees who participate directly in preparing, serving,
26 hosting or cleaning up the food or beverage function with

1 respect to which the service charge is imposed.

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

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

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

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

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

1 the exemption provided by this paragraph (18) includes, but is
2 not limited to, graphic arts machinery and equipment, as
3 defined in paragraph (6) of this Section.

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

9 (20) Semen used for artificial insemination of livestock
10 for direct agricultural production.

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

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

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

19 (23) 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 sales tax exemption identification number by
24 the Department under Section 1g of the Retailers' Occupation
25 Tax Act. If the property is leased in a manner that does not
26 qualify for this exemption or used in any other non-exempt

1 manner, the lessor shall be liable for the tax imposed under
2 this Act or the Service Use Tax Act, as the case may be, based
3 on the 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 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.

13 (24) 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 (25) 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 (26) 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 3-90.

13 (27) 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 (28) 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 3-90.

19 (29) 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 3-90.

3 (30) Beginning January 1, 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 (31) Beginning on August 2, 2001 (the effective date of
17 Public Act 92-227), computers and communications equipment
18 utilized for any hospital purpose and equipment used in the
19 diagnosis, analysis, or treatment of hospital patients
20 purchased by a lessor who leases the equipment, under a lease
21 of one year or longer executed or in effect at the time the
22 lessor would otherwise be subject to the tax imposed by this
23 Act, to a hospital that has been issued an active tax exemption
24 identification number by the Department under Section 1g of the
25 Retailers' Occupation Tax Act. If the equipment is leased in a
26 manner that does not qualify for this exemption or is used in

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

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

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

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

1 purposes" means the transportation of persons or property in
2 furtherance of any commercial or industrial enterprise,
3 whether for-hire or not.

4 (34) Beginning January 1, 2008, tangible personal property
5 used in the construction or maintenance of a community water
6 supply, as defined under Section 3.145 of the Environmental
7 Protection Act, that is operated by a not-for-profit
8 corporation that holds a valid water supply permit issued under
9 Title IV of the Environmental Protection Act. This paragraph is
10 exempt from the provisions of Section 3-90.

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

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

12 (36) Tangible personal property purchased by a
13 public-facilities corporation, as described in Section
14 11-65-10 of the Illinois Municipal Code, for purposes of
15 constructing or furnishing a municipal convention hall, but
16 only if the legal title to the municipal convention hall is
17 transferred to the municipality without any further
18 consideration by or on behalf of the municipality at the time
19 of the completion of the municipal convention hall or upon the
20 retirement or redemption of any bonds or other debt instruments
21 issued by the public-facilities corporation in connection with
22 the development of the municipal convention hall. This
23 exemption includes existing public-facilities corporations as
24 provided in Section 11-65-25 of the Illinois Municipal Code.
25 This paragraph is exempt from the provisions of Section 3-90.

26 (37) Beginning January 1, 2017, menstrual pads, tampons,

1 and menstrual cups.

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

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

13 (40) Beginning on January 1, 2020, qualified tangible
14 personal property used in the construction or operation of a
15 data center that has been granted a certificate of exemption by
16 the Department, whether that tangible personal property is
17 purchased by the owner, operator, or tenant of the data center
18 or by a contractor or subcontractor of the owner, operator, or
19 tenant. Data centers that would have qualified for a
20 certificate of exemption prior to January 1, 2020 had this
21 amendatory Act of the 101st General Assembly been in effect,
22 may apply for and obtain an exemption for subsequent purchases
23 of computer equipment or enabling software purchased or leased
24 to upgrade, supplement, or replace computer equipment or
25 enabling software purchased or leased in the original
26 investment that would have qualified.

1 The Department shall grant a certificate of exemption under
2 this item (40) to qualified data centers as defined by
3 subsection (b) of Section 2505-810 of the Department of Revenue
4 Law of the Civil Administrative Code of Illinois.

5 For the purposes of this item (40):

6 "Data center" means a building or a series of buildings
7 rehabilitated or constructed to house working servers in
8 one physical location or multiple sites within the State of
9 Illinois.

10 "Qualified tangible personal property" means:
11 electrical systems and equipment; climate control and
12 chilling equipment and systems; mechanical systems and
13 equipment; monitoring and secure systems; emergency
14 generators; hardware; computers; servers; data storage
15 devices; network connectivity equipment; racks; cabinets;
16 telecommunications cabling infrastructure; raised floor
17 systems; peripheral components or systems; software;
18 mechanical, electrical, or plumbing systems; battery
19 systems; cooling systems and towers; temperature control
20 systems; other cabling; and other data center
21 infrastructure equipment and systems necessary to operate
22 qualified tangible personal property, including fixtures;
23 and component parts of any of the foregoing, including
24 installation, maintenance, repair, refurbishment, and
25 replacement of qualified tangible personal property to
26 generate, transform, transmit, distribute, or manage

1 electricity necessary to operate qualified tangible
2 personal property; and all other tangible personal
3 property that is essential to the operations of a computer
4 data center. The term "qualified tangible personal
5 property" also includes building materials physically
6 incorporated in to the qualifying data center. To document
7 the exemption allowed under this Section, the retailer must
8 obtain from the purchaser a copy of the certificate of
9 eligibility issued by the Department.

10 This item (40) is exempt from the provisions of Section
11 3-90.

12 (Source: P.A. 99-180, eff. 7-29-15; 99-855, eff. 8-19-16;
13 100-22, eff. 7-6-17; 100-437, eff. 1-1-18; 100-594, eff.
14 6-29-18; 100-863, eff. 8-14-18; 100-1171, eff. 1-4-19; revised
15 1-8-19.)

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

18 (35 ILCS 110/3-5)

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

21 (1) Personal property purchased from a corporation,
22 society, association, foundation, institution, or
23 organization, other than a limited liability company, that is
24 organized and operated as a not-for-profit service enterprise

1 for the benefit of persons 65 years of age or older if the
2 personal property was not purchased by the enterprise for the
3 purpose of resale by the enterprise.

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

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

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

26 (5) Until July 1, 2003 and beginning again on September 1,

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

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

15 (7) Farm machinery and equipment, both new and used,
16 including that manufactured on special order, certified by the
17 purchaser to be used primarily for production agriculture or
18 State or federal agricultural programs, including individual
19 replacement parts for the machinery and equipment, including
20 machinery and equipment purchased for lease, and including
21 implements of husbandry defined in Section 1-130 of the
22 Illinois Vehicle Code, farm machinery and agricultural
23 chemical and fertilizer spreaders, and nurse wagons required to
24 be registered under Section 3-809 of the Illinois Vehicle Code,
25 but excluding other motor vehicles required to be registered
26 under the Illinois Vehicle Code. Horticultural polyhouses or

1 hoop houses used for propagating, growing, or overwintering
2 plants shall be considered farm machinery and equipment under
3 this item (7). Agricultural chemical tender tanks and dry boxes
4 shall include units sold separately from a motor vehicle
5 required to be licensed and units sold mounted on a motor
6 vehicle required to be licensed if the selling price of the
7 tender is separately stated.

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

16 Farm machinery and equipment also includes computers,
17 sensors, software, and related equipment used primarily in the
18 computer-assisted operation of production agriculture
19 facilities, equipment, and activities such as, but not limited
20 to, the collection, monitoring, and correlation of animal and
21 crop data for the purpose of formulating animal diets and
22 agricultural chemicals. This item (7) is exempt from the
23 provisions of Section 3-75.

24 (8) Until June 30, 2013, fuel and petroleum products sold
25 to or used by an air common carrier, certified by the carrier
26 to be used for consumption, shipment, or storage in the conduct

1 of its business as an air common carrier, for a flight destined
2 for or returning from a location or locations outside the
3 United States without regard to previous or subsequent domestic
4 stopovers.

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

15 (9) Proceeds of mandatory service charges separately
16 stated on customers' bills for the purchase and consumption of
17 food and beverages acquired as an incident to the purchase of a
18 service from a serviceman, to the extent that the proceeds of
19 the service charge are in fact turned over as tips or as a
20 substitute for tips to the employees who participate directly
21 in preparing, serving, hosting or cleaning up the food or
22 beverage function with respect to which the service charge is
23 imposed.

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

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

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

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

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

26 (14) Horses, or interests in horses, registered with and

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

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

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

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

1 refund of that amount from the lessor. If, however, that amount
2 is not refunded to the lessee for any reason, the lessor is
3 liable to pay that amount to the Department.

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

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

26 (19) Beginning July 1, 1999, game or game birds purchased

1 at a "game breeding and hunting preserve area" as that term is
2 used in the Wildlife Code. This paragraph is exempt from the
3 provisions of Section 3-75.

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

22 (21) Beginning January 1, 2000, personal property,
23 including food, purchased through fundraising events for the
24 benefit of a public or private elementary or secondary school,
25 a group of those schools, or one or more school districts if
26 the events are sponsored by an entity recognized by the school

1 district that consists primarily of volunteers and includes
2 parents and teachers of the school children. This paragraph
3 does not apply to fundraising events (i) for the benefit of
4 private home instruction or (ii) for which the fundraising
5 entity purchases the personal property sold at the events from
6 another individual or entity that sold the property for the
7 purpose of resale by the fundraising entity and that profits
8 from the sale to the fundraising entity. This paragraph is
9 exempt from the provisions of Section 3-75.

10 (22) Beginning January 1, 2000 and through December 31,
11 2001, new or used automatic vending machines that prepare and
12 serve hot food and beverages, including coffee, soup, and other
13 items, and replacement parts for these machines. Beginning
14 January 1, 2002 and through June 30, 2003, machines and parts
15 for machines used in commercial, coin-operated amusement and
16 vending business if a use or occupation tax is paid on the
17 gross receipts derived from the use of the commercial,
18 coin-operated amusement and vending machines. This paragraph
19 is exempt from the provisions of Section 3-75.

20 (23) Beginning August 23, 2001 and through June 30, 2016,
21 food for human consumption that is to be consumed off the
22 premises where it is sold (other than alcoholic beverages, soft
23 drinks, and food that has been prepared for immediate
24 consumption) and prescription and nonprescription medicines,
25 drugs, medical appliances, and insulin, urine testing
26 materials, syringes, and needles used by diabetics, for human

1 use, when purchased for use by a person receiving medical
2 assistance under Article V of the Illinois Public Aid Code who
3 resides in a licensed long-term care facility, as defined in
4 the Nursing Home Care Act, or in a licensed facility as defined
5 in the ID/DD Community Care Act, the MC/DD Act, or the
6 Specialized Mental Health Rehabilitation Act of 2013.

7 (24) Beginning on August 2, 2001 (the effective date of
8 Public Act 92-227) ~~this amendatory Act of the 92nd General~~
9 ~~Assembly~~, computers and communications equipment utilized for
10 any hospital purpose and equipment used in the diagnosis,
11 analysis, or treatment of hospital patients purchased by a
12 lessor who leases the equipment, under a lease of one year or
13 longer executed or in effect at the time the lessor would
14 otherwise be subject to the tax imposed by this Act, 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. If the equipment is leased in a
18 manner that does not qualify for this exemption or is used in
19 any other nonexempt manner, the lessor shall be liable for the
20 tax imposed under this Act or the Use Tax Act, as the case may
21 be, based on the fair market value of the property at the time
22 the nonqualifying use occurs. No lessor shall collect or
23 attempt to collect an amount (however designated) that purports
24 to reimburse that lessor for the tax imposed by this Act or the
25 Use Tax Act, as the case may be, if the tax has not been paid by
26 the lessor. If a lessor improperly collects any such amount

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

6 (25) Beginning on August 2, 2001 (the effective date of
7 Public Act 92-227) ~~this amendatory Act of the 92nd General~~
8 ~~Assembly~~, personal property purchased by a lessor who leases
9 the property, under a lease of one year or longer executed or
10 in effect at the time the lessor would otherwise be subject to
11 the tax imposed by this Act, to a governmental body that has
12 been issued an active tax exemption identification number by
13 the Department under Section 1g of the Retailers' Occupation
14 Tax Act. If the property is leased in a manner that does not
15 qualify for this exemption or is used in any other nonexempt
16 manner, the lessor shall be liable for the tax imposed under
17 this Act or the Use Tax Act, as the case may be, based on the
18 fair market value of the property at the time the nonqualifying
19 use occurs. No lessor shall collect or attempt to collect an
20 amount (however designated) that purports to reimburse that
21 lessor for the tax imposed by this Act or the Use Tax Act, as
22 the case may be, if the tax has not been paid by the lessor. If
23 a lessor improperly collects any such amount from the lessee,
24 the lessee shall have a legal right to claim a refund of that
25 amount from the lessor. If, however, that amount is not
26 refunded to the lessee for any reason, the lessor is liable to

1 pay that amount to the Department. This paragraph is exempt
2 from the provisions of Section 3-75.

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

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

1 or maintenance of aircraft by persons who (i) hold an Air
2 Agency Certificate and are empowered to operate an approved
3 repair station by the Federal Aviation Administration, (ii)
4 have a Class IV Rating, and (iii) conduct operations in
5 accordance with Part 145 of the Federal Aviation Regulations.
6 The exemption does not include aircraft operated by a
7 commercial air carrier providing scheduled passenger air
8 service pursuant to authority issued under Part 121 or Part 129
9 of the Federal Aviation Regulations. The changes made to this
10 paragraph (27) by Public Act 98-534 are declarative of existing
11 law.

12 (28) Tangible personal property purchased by a
13 public-facilities corporation, as described in Section
14 11-65-10 of the Illinois Municipal Code, for purposes of
15 constructing or furnishing a municipal convention hall, but
16 only if the legal title to the municipal convention hall is
17 transferred to the municipality without any further
18 consideration by or on behalf of the municipality at the time
19 of the completion of the municipal convention hall or upon the
20 retirement or redemption of any bonds or other debt instruments
21 issued by the public-facilities corporation in connection with
22 the development of the municipal convention hall. This
23 exemption includes existing public-facilities corporations as
24 provided in Section 11-65-25 of the Illinois Municipal Code.
25 This paragraph is exempt from the provisions of Section 3-75.

26 (29) Beginning January 1, 2017, menstrual pads, tampons,

1 and menstrual cups.

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

6 (31) Beginning on January 1, 2020, qualified tangible
7 personal property used in the construction or operation of a
8 data center that has been granted a certificate of exemption by
9 the Department, whether that tangible personal property is
10 purchased by the owner, operator, or tenant of the data center
11 or by a contractor or subcontractor of the owner, operator, or
12 tenant. Data centers that would have qualified for a
13 certificate of exemption prior to January 1, 2020 had this
14 amendatory Act of the 101st General Assembly been in effect,
15 may apply for and obtain an exemption for subsequent purchases
16 of computer equipment or enabling software purchased or leased
17 to upgrade, supplement, or replace computer equipment or
18 enabling software purchased or leased in the original
19 investment that would have qualified.

20 The Department shall grant a certificate of exemption under
21 this item (31) to qualified data centers as defined by
22 subsection (b) of Section 2505-810 of the Department of Revenue
23 Law of the Civil Administrative Code of Illinois.

24 For the purposes of this item (31):

25 "Data center" means a building or a series of buildings
26 rehabilitated or constructed to house working servers in

1 one physical location or multiple sites within the State of
2 Illinois.

3 "Qualified tangible personal property" means:
4 electrical systems and equipment; climate control and
5 chilling equipment and systems; mechanical systems and
6 equipment; monitoring and secure systems; emergency
7 generators; hardware; computers; servers; data storage
8 devices; network connectivity equipment; racks; cabinets;
9 telecommunications cabling infrastructure; raised floor
10 systems; peripheral components or systems; software;
11 mechanical, electrical, or plumbing systems; battery
12 systems; cooling systems and towers; temperature control
13 systems; other cabling; and other data center
14 infrastructure equipment and systems necessary to operate
15 qualified tangible personal property, including fixtures;
16 and component parts of any of the foregoing, including
17 installation, maintenance, repair, refurbishment, and
18 replacement of qualified tangible personal property to
19 generate, transform, transmit, distribute, or manage
20 electricity necessary to operate qualified tangible
21 personal property; and all other tangible personal
22 property that is essential to the operations of a computer
23 data center. The term "qualified tangible personal
24 property" also includes building materials physically
25 incorporated in to the qualifying data center. To document
26 the exemption allowed under this Section, the retailer must

1 obtain from the purchaser a copy of the certificate of
2 eligibility issued by the Department.

3 This item (31) is exempt from the provisions of Section
4 3-75.

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

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

10 (35 ILCS 115/3-5)

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

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

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

23 (3) Personal property purchased by any not-for-profit arts
24 or cultural organization that establishes, by proof required by

1 the Department by rule, that it has received an exemption under
2 Section 501(c)(3) of the Internal Revenue Code and that is
3 organized and operated primarily for the presentation or
4 support of arts or cultural programming, activities, or
5 services. These organizations include, but are not limited to,
6 music and dramatic arts organizations such as symphony
7 orchestras and theatrical groups, arts and cultural service
8 organizations, local arts councils, visual arts organizations,
9 and media arts organizations. On and after July 1, 2001 (the
10 effective date of Public Act 92-35) ~~this amendatory Act of the~~
11 ~~92nd General Assembly~~, however, an entity otherwise eligible
12 for this exemption shall not make tax-free purchases unless it
13 has an active identification number issued by the Department.

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

18 (5) Until July 1, 2003 and beginning again on September 1,
19 2004 through August 30, 2014, graphic arts machinery and
20 equipment, including repair and replacement parts, both new and
21 used, and including that manufactured on special order or
22 purchased for lease, certified by the purchaser to be used
23 primarily for graphic arts production. Equipment includes
24 chemicals or chemicals acting as catalysts but only if the
25 chemicals or chemicals acting as catalysts effect a direct and
26 immediate change upon a graphic arts product. Beginning on July

1 1, 2017, graphic arts machinery and equipment is included in
2 the manufacturing and assembling machinery and equipment
3 exemption under Section 2 of this Act.

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

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

26 Farm machinery and equipment shall include precision

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

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

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

23 Beginning July 1, 2013, fuel and petroleum products sold to
24 or used by an air carrier, certified by the carrier to be used
25 for consumption, shipment, or storage in the conduct of its
26 business as an air common carrier, for a flight that (i) is

1 engaged in foreign trade or is engaged in trade between the
2 United States and any of its possessions and (ii) transports at
3 least one individual or package for hire from the city of
4 origination to the city of final destination on the same
5 aircraft, without regard to a change in the flight number of
6 that aircraft.

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

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

24 (11) Photoprocessing machinery and equipment, including
25 repair and replacement parts, both new and used, including that
26 manufactured on special order, certified by the purchaser to be

1 used primarily for photoprocessing, and including
2 photoprocessing machinery and equipment purchased for lease.

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

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

1 (14) Semen used for artificial insemination of livestock
2 for direct agricultural production.

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

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

23 (17) Personal property sold to a lessor who leases the
24 property, under a lease of one year or longer executed or in
25 effect at the time of the purchase, to a governmental body that
26 has been issued an active tax exemption identification number

1 by the Department under Section 1g of the Retailers' Occupation
2 Tax Act.

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

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

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

1 in the Wildlife Code. This paragraph is exempt from the
2 provisions of Section 3-55.

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

21 (22) Beginning January 1, 2000, personal property,
22 including food, purchased through fundraising events for the
23 benefit of a public or private elementary or secondary school,
24 a group of those schools, or one or more school districts if
25 the events are sponsored by an entity recognized by the school
26 district that consists primarily of volunteers and includes

1 parents and teachers of the school children. This paragraph
2 does not apply to fundraising events (i) for the benefit of
3 private home instruction or (ii) for which the fundraising
4 entity purchases the personal property sold at the events from
5 another individual or entity that sold the property for the
6 purpose of resale by the fundraising entity and that profits
7 from the sale to the fundraising entity. This paragraph is
8 exempt from the provisions of Section 3-55.

9 (23) Beginning January 1, 2000 and through December 31,
10 2001, new or used automatic vending machines that prepare and
11 serve hot food and beverages, including coffee, soup, and other
12 items, and replacement parts for these machines. Beginning
13 January 1, 2002 and through June 30, 2003, machines and parts
14 for machines used in commercial, coin-operated amusement and
15 vending business if a use or occupation tax is paid on the
16 gross receipts derived from the use of the commercial,
17 coin-operated amusement and vending machines. This paragraph
18 is exempt from the provisions of Section 3-55.

19 (24) Beginning on August 2, 2001 (the effective date of
20 Public Act 92-227) ~~this amendatory Act of the 92nd General~~
21 ~~Assembly~~, computers and communications equipment utilized for
22 any hospital purpose and equipment used in the diagnosis,
23 analysis, or treatment of hospital patients sold to a lessor
24 who leases the equipment, under a lease of one year or longer
25 executed or in effect at the time of the purchase, to a
26 hospital that has been issued an active tax exemption

1 identification number by the Department under Section 1g of the
2 Retailers' Occupation Tax Act. This paragraph is exempt from
3 the provisions of Section 3-55.

4 (25) Beginning on August 2, 2001 (the effective date of
5 Public Act 92-227) ~~this amendatory Act of the 92nd General~~
6 ~~Assembly~~, personal property sold to a lessor who leases the
7 property, under a lease of one year or longer executed or in
8 effect at the time of the purchase, to a governmental body that
9 has been issued an active tax exemption identification number
10 by the Department under Section 1g of the Retailers' Occupation
11 Tax Act. This paragraph is exempt from the provisions of
12 Section 3-55.

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

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

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

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

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

5 (29) Beginning January 1, 2010, materials, parts,
6 equipment, components, and furnishings incorporated into or
7 upon an aircraft as part of the modification, refurbishment,
8 completion, replacement, repair, or maintenance of the
9 aircraft. This exemption includes consumable supplies used in
10 the modification, refurbishment, completion, replacement,
11 repair, and maintenance of aircraft, but excludes any
12 materials, parts, equipment, components, and consumable
13 supplies used in the modification, replacement, repair, and
14 maintenance of aircraft engines or power plants, whether such
15 engines or power plants are installed or uninstalled upon any
16 such aircraft. "Consumable supplies" include, but are not
17 limited to, adhesive, tape, sandpaper, general purpose
18 lubricants, cleaning solution, latex gloves, and protective
19 films. This exemption applies only to the transfer of
20 qualifying tangible personal property incident to the
21 modification, refurbishment, completion, replacement, repair,
22 or maintenance of an aircraft by persons who (i) hold an Air
23 Agency Certificate and are empowered to operate an approved
24 repair station by the Federal Aviation Administration, (ii)
25 have a Class IV Rating, and (iii) conduct operations in
26 accordance with Part 145 of the Federal Aviation Regulations.

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

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

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

12 (32) Beginning on January 1, 2020, qualified tangible
13 personal property used in the construction or operation of a
14 data center that has been granted a certificate of exemption by
15 the Department, whether that tangible personal property is
16 purchased by the owner, operator, or tenant of the data center
17 or by a contractor or subcontractor of the owner, operator, or
18 tenant. Data centers that would have qualified for a
19 certificate of exemption prior to January 1, 2020 had this
20 amendatory Act of the 101st General Assembly been in effect,
21 may apply for and obtain an exemption for subsequent purchases
22 of computer equipment or enabling software purchased or leased
23 to upgrade, supplement, or replace computer equipment or
24 enabling software purchased or leased in the original
25 investment that would have qualified.

26 The Department shall grant a certificate of exemption under

1 this item (32) to qualified data centers as defined by
2 subsection (b) of Section 2505-810 of the Department of Revenue
3 Law of the Civil Administrative Code of Illinois.

4 For the purposes of this item (32):

5 "Data center" means a building or a series of buildings
6 rehabilitated or constructed to house working servers in
7 one physical location or multiple sites within the State of
8 Illinois.

9 "Qualified tangible personal property" means:
10 electrical systems and equipment; climate control and
11 chilling equipment and systems; mechanical systems and
12 equipment; monitoring and secure systems; emergency
13 generators; hardware; computers; servers; data storage
14 devices; network connectivity equipment; racks; cabinets;
15 telecommunications cabling infrastructure; raised floor
16 systems; peripheral components or systems; software;
17 mechanical, electrical, or plumbing systems; battery
18 systems; cooling systems and towers; temperature control
19 systems; other cabling; and other data center
20 infrastructure equipment and systems necessary to operate
21 qualified tangible personal property, including fixtures;
22 and component parts of any of the foregoing, including
23 installation, maintenance, repair, refurbishment, and
24 replacement of qualified tangible personal property to
25 generate, transform, transmit, distribute, or manage
26 electricity necessary to operate qualified tangible

1 personal property; and all other tangible personal
2 property that is essential to the operations of a computer
3 data center. The term "qualified tangible personal
4 property" also includes building materials physically
5 incorporated in to the qualifying data center. To document
6 the exemption allowed under this Section, the retailer must
7 obtain from the purchaser a copy of the certificate of
8 eligibility issued by the Department.

9 This item (32) is exempt from the provisions of Section
10 3-55.

11 (Source: P.A. 99-180, eff. 7-29-15; 99-855, eff. 8-19-16;
12 100-22, eff. 7-6-17; 100-594, eff. 6-29-18; 100-1171, eff.
13 1-4-19; revised 1-8-19.)

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

16 (35 ILCS 120/2-5)

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

20 (1) Farm chemicals.

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

1 including individual replacement parts for the machinery
2 and equipment, including machinery and equipment purchased
3 for lease, and including implements of husbandry defined in
4 Section 1-130 of the Illinois Vehicle Code, farm machinery
5 and agricultural chemical and fertilizer spreaders, and
6 nurse wagons required to be registered under Section 3-809
7 of the Illinois Vehicle Code, but excluding other motor
8 vehicles required to be registered under the Illinois
9 Vehicle Code. Horticultural polyhouses or hoop houses used
10 for propagating, growing, or overwintering plants shall be
11 considered farm machinery and equipment under this item
12 (2). Agricultural chemical tender tanks and dry boxes shall
13 include units sold separately from a motor vehicle required
14 to be licensed and units sold mounted on a motor vehicle
15 required to be licensed, if the selling price of the tender
16 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
20 not limited to, tractors, harvesters, sprayers, planters,
21 seeders, or spreaders. Precision farming equipment
22 includes, but is not limited to, soil testing sensors,
23 computers, monitors, software, global positioning and
24 mapping systems, and other such equipment.

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

1 the computer-assisted operation of production agriculture
2 facilities, equipment, and activities such as, but not
3 limited to, the collection, monitoring, and correlation of
4 animal and crop data for the purpose of formulating animal
5 diets and agricultural chemicals. This item (2) is exempt
6 from the provisions of Section 2-70.

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

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

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

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

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

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

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

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

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

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

25 (12) (Blank).

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

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

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

1 interstate commerce.

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

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

9 (16) Tangible personal property sold to a purchaser if
10 the purchaser is exempt from use tax by operation of
11 federal law. This paragraph is exempt from the provisions
12 of Section 2-70.

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

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

25 (19) Until July 1, 2003, oil field exploration,
26 drilling, and production equipment, including (i) rigs and

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

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

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

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

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

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

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

1 vessel while it is afloat upon that bordering river.

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

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

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

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

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

1 flight and ground test for inspection, as required by
2 14 C.F.R. 91.407;

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

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

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

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

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

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

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

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

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

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

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

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

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

1 Illinois or bordering Illinois when such repairs are
2 initiated on facilities located in the declared disaster
3 area within 6 months after the disaster.

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

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

1 occupation.

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

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

1 provisions of Section 2-70.

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

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

25 (37) Beginning August 2, 2001, personal property sold
26 to a lessor who leases the property, under a lease of one

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

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

1 records to substantiate the use and consumption of all such
2 tangible personal property outside of the State of
3 Illinois.

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

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

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

15 (41) Tangible personal property sold to 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,
19 but only if the legal title to the municipal convention
20 hall is transferred to the municipality without any further
21 consideration by or on behalf of the municipality at the
22 time of the completion of the municipal convention hall or
23 upon the retirement or redemption of any bonds or other
24 debt instruments issued by the public-facilities
25 corporation in connection with the development of the
26 municipal convention hall. This exemption includes

1 existing public-facilities corporations as provided in
2 Section 11-65-25 of the Illinois Municipal Code. This
3 paragraph is exempt from the provisions of Section 2-70.

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

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

14 (44) Beginning on January 1, 2020, qualified tangible
15 personal property used in the construction or operation of
16 a data center that has been granted a certificate of
17 exemption by the Department, whether that tangible
18 personal property is purchased by the owner, operator, or
19 tenant of the data center or by a contractor or
20 subcontractor of the owner, operator, or tenant. Data
21 centers that would have qualified for a certificate of
22 exemption prior to January 1, 2020 had this amendatory Act
23 of the 101st General Assembly been in effect, may apply for
24 and obtain an exemption for subsequent purchases of
25 computer equipment or enabling software purchased or
26 leased to upgrade, supplement, or replace computer

1 equipment or enabling software purchased or leased in the
2 original investment that would have qualified.

3 The Department shall grant a certificate of exemption
4 under this item (44) to qualified data centers as defined
5 by subsection (b) of Section 2505-810 of the Department of
6 Revenue Law of the Civil Administrative Code of Illinois.

7 For the purposes of this item (44):

8 "Data center" means a building or a series of
9 buildings rehabilitated or constructed to house
10 working servers in one physical location or multiple
11 sites within the State of Illinois.

12 "Qualified tangible personal property" means:
13 electrical systems and equipment; climate control and
14 chilling equipment and systems; mechanical systems and
15 equipment; monitoring and secure systems; emergency
16 generators; hardware; computers; servers; data storage
17 devices; network connectivity equipment; racks;
18 cabinets; telecommunications cabling infrastructure;
19 raised floor systems; peripheral components or
20 systems; software; mechanical, electrical, or plumbing
21 systems; battery systems; cooling systems and towers;
22 temperature control systems; other cabling; and other
23 data center infrastructure equipment and systems
24 necessary to operate qualified tangible personal
25 property, including fixtures; and component parts of
26 any of the foregoing, including installation,

1 maintenance, repair, refurbishment, and replacement of
2 qualified tangible personal property to generate,
3 transform, transmit, distribute, or manage electricity
4 necessary to operate qualified tangible personal
5 property; and all other tangible personal property
6 that is essential to the operations of a computer data
7 center. The term "qualified tangible personal
8 property" also includes building materials physically
9 incorporated in to the qualifying data center. To
10 document the exemption allowed under this Section, the
11 retailer must obtain from the purchaser a copy of the
12 certificate of eligibility issued by the Department.
13 This item (44) is exempt from the provisions of Section
14 2-70.

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

19 Section 25. The Electricity Excise Tax Law is amended by
20 changing Section 2-4 as follows:

21 (35 ILCS 640/2-4)

22 Sec. 2-4. Tax imposed.

23 (a) Except as provided in subsection (b), a tax is imposed
24 on the privilege of using in this State electricity purchased

1 for use or consumption and not for resale, other than by
2 municipal corporations owning and operating a local
3 transportation system for public service, at the following
4 rates per kilowatt-hour delivered to the purchaser:

5 (i) For the first 2000 kilowatt-hours used or consumed
6 in a month: 0.330 cents per kilowatt-hour;

7 (ii) For the next 48,000 kilowatt-hours used or
8 consumed in a month: 0.319 cents per kilowatt-hour;

9 (iii) For the next 50,000 kilowatt-hours used or
10 consumed in a month: 0.303 cents per kilowatt-hour;

11 (iv) For the next 400,000 kilowatt-hours used or
12 consumed in a month: 0.297 cents per kilowatt-hour;

13 (v) For the next 500,000 kilowatt-hours used or
14 consumed in a month: 0.286 cents per kilowatt-hour;

15 (vi) For the next 2,000,000 kilowatt-hours used or
16 consumed in a month: 0.270 cents per kilowatt-hour;

17 (vii) For the next 2,000,000 kilowatt-hours used or
18 consumed in a month: 0.254 cents per kilowatt-hour;

19 (viii) For the next 5,000,000 kilowatt-hours used or
20 consumed in a month: 0.233 cents per kilowatt-hour;

21 (ix) For the next 10,000,000 kilowatt-hours used or
22 consumed in a month: 0.207 cents per kilowatt-hour;

23 (x) For all electricity in excess of 20,000,000
24 kilowatt-hours used or consumed in a month: 0.202 cents per
25 kilowatt-hour.

26 Provided, that in lieu of the foregoing rates, the tax is

1 imposed on a self-assessing purchaser at the rate of 5.1% of
2 the self-assessing purchaser's purchase price for all
3 electricity distributed, supplied, furnished, sold,
4 transmitted and delivered to the self-assessing purchaser in a
5 month.

6 (b) A tax is imposed on the privilege of using in this
7 State electricity purchased from a municipal system or electric
8 cooperative, as defined in Article XVII of the Public Utilities
9 Act, which has not made an election as permitted by either
10 Section 17-200 or Section 17-300 of such Act, at the lesser of
11 0.32 cents per kilowatt hour of all electricity distributed,
12 supplied, furnished, sold, transmitted, and delivered by such
13 municipal system or electric cooperative to the purchaser or 5%
14 of each such purchaser's purchase price for all electricity
15 distributed, supplied, furnished, sold, transmitted, and
16 delivered by such municipal system or electric cooperative to
17 the purchaser, whichever is the lower rate as applied to each
18 purchaser in each billing period.

19 (c) The tax imposed by this Section 2-4 is not imposed with
20 respect to any use of electricity by business enterprises
21 certified under Section 9-222.1 or 9-222.1A of the Public
22 Utilities Act, as amended, to the extent of such exemption and
23 during the time specified by the Department of Commerce and
24 Economic Opportunity; or with respect to any transaction in
25 interstate commerce, or otherwise, to the extent to which such
26 transaction may not, under the Constitution and statutes of the

1 United States, be made the subject of taxation by this State.

2 (d) Beginning January 1, 2020, a business enterprise that
3 is certified as a qualified data center, as defined by
4 subsection (b) of the Data Center Investment Act, by the
5 Department of Revenue is exempt from the tax imposed under this
6 Section. The Department shall adopt rules to carry out the
7 provisions of this subsection including procedures for
8 applying for the exemption. The Department of Revenue shall
9 notify the public utility of the exemption status of the
10 business enterprise. The exemption shall take effect upon
11 certification of the qualifying data center.

12 (Source: P.A. 94-793, eff. 5-19-06.)

13 Section 99. Effective date. This Act takes effect upon
14 becoming law.