



## 101ST GENERAL ASSEMBLY

### State of Illinois

2019 and 2020

HB5100

Introduced 2/18/2020, by Rep. Dave Severin

#### SYNOPSIS AS INTRODUCED:

See Index

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

LRB101 16844 HLH 66243 b

FISCAL NOTE ACT  
MAY APPLY

A BILL FOR

1 AN ACT concerning local government.

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

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

7 (20 ILCS 2505/2505-805 new)

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

10 (a) As used in this Section:

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

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

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

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

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

19           (2) the in-State retailer or serviceman demonstrates  
20 the necessity of the exemption in order to submit the  
21 lowest responsible bid under the guidelines provided under  
22 Division 9 or 10 of Article 8 of the Illinois Municipal  
23 Code, including substantive proof furnished by the  
24 retailer or serviceman to the municipality or the  
25 Department of Revenue; and

26           (3) the in-State retailer provides an itemized

1       estimate of cost to the corporate authorities of the  
2       municipality.

3       Section 10. The Use Tax Act is amended by changing Section  
4       3-5 as follows:

5           (35 ILCS 105/3-5)

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

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

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

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

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

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

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

26 (6) 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,  
4 certified by the purchaser to be used primarily for graphic  
5 arts production, and including machinery and equipment  
6 purchased for lease. Equipment includes chemicals or chemicals  
7 acting as catalysts but only if the chemicals or chemicals  
8 acting as catalysts effect a direct and immediate change upon a  
9 graphic arts product. Beginning on July 1, 2017, graphic arts  
10 machinery and equipment is included in the manufacturing and  
11 assembling machinery and equipment exemption under paragraph  
12 (18).

13 (7) Farm chemicals.

14 (8) 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 (9) Personal property purchased from a teacher-sponsored  
19 student organization affiliated with an elementary or  
20 secondary school located in Illinois.

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

11 (18) Manufacturing and assembling machinery and equipment  
12 used primarily in the process of manufacturing or assembling  
13 tangible personal property for wholesale or retail sale or  
14 lease, whether that sale or lease is made directly by the  
15 manufacturer or by some other person, whether the materials  
16 used in the process are owned by the manufacturer or some other  
17 person, or whether that sale or lease is made apart from or as  
18 an incident to the seller's engaging in the service occupation  
19 of producing machines, tools, dies, jigs, patterns, gauges, or  
20 other similar items of no commercial value on special order for  
21 a particular purchaser. The exemption provided by this  
22 paragraph (18) includes production related tangible personal  
23 property, as defined in Section 3-50, purchased on or after  
24 July 1, 2019. The exemption provided by this paragraph (18)  
25 does not include machinery and equipment used in (i) the  
26 generation of electricity for wholesale or retail sale; (ii)

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

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

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

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

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

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

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

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

20 (24) Beginning with taxable years ending on or after  
21 December 31, 1995 and ending with taxable years ending on or  
22 before December 31, 2004, personal property that is donated for  
23 disaster relief to be used in a State or federally declared  
24 disaster area in Illinois or bordering Illinois by a  
25 manufacturer or retailer that is registered in this State to a  
26 corporation, society, association, foundation, or institution

1 that has been issued a sales tax exemption identification  
2 number by the Department that assists victims of the disaster  
3 who reside within the declared disaster area.

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

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

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

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

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

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

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

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

23 (31) Beginning on August 2, 2001 (the effective date of  
24 Public Act 92-227), computers and communications equipment  
25 utilized for any hospital purpose and equipment used in the  
26 diagnosis, analysis, or treatment of hospital patients



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

22 (32) Beginning on August 2, 2001 (the effective date of  
23 Public Act 92-227), personal property purchased by a lessor who  
24 leases the property, under a lease of one year or longer  
25 executed or in effect at the time the lessor would otherwise be  
26 subject to the tax imposed by this Act, to a governmental body

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

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

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

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

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

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

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

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

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

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

16 (39) Tangible personal property purchased by a purchaser  
17 who is exempt from the tax imposed by this Act by operation of  
18 federal law. This paragraph is exempt from the provisions of  
19 Section 3-90.

20 (40) Qualified tangible personal property used in the  
21 construction or operation of a data center that has been  
22 granted a certificate of exemption by the Department of  
23 Commerce and Economic Opportunity, whether that tangible  
24 personal property is purchased by the owner, operator, or  
25 tenant of the data center or by a contractor or subcontractor  
26 of the owner, operator, or tenant. Data centers that would have

1 qualified for a certificate of exemption prior to January 1,  
2 2020 had Public Act 101-31 ~~this amendatory Act of the 101st~~  
3 ~~General Assembly~~ been in effect, may apply for and obtain an  
4 exemption for subsequent purchases of computer equipment or  
5 enabling software purchased or leased to upgrade, supplement,  
6 or replace computer equipment or enabling software purchased or  
7 leased in the original investment that would have qualified.

8 The Department of Commerce and Economic Opportunity shall  
9 grant a certificate of exemption under this item (40) to  
10 qualified data centers as defined by Section 605-1025 of the  
11 Department of Commerce and Economic Opportunity Law of the  
12 Civil Administrative Code of Illinois.

13 For the purposes of this item (40):

14 "Data center" means a building or a series of buildings  
15 rehabilitated or constructed to house working servers in  
16 one physical location or multiple sites within the State of  
17 Illinois.

18 "Qualified tangible personal property" means:  
19 electrical systems and equipment; climate control and  
20 chilling equipment and systems; mechanical systems and  
21 equipment; monitoring and secure systems; emergency  
22 generators; hardware; computers; servers; data storage  
23 devices; network connectivity equipment; racks; cabinets;  
24 telecommunications cabling infrastructure; raised floor  
25 systems; peripheral components or systems; software;  
26 mechanical, electrical, or plumbing systems; battery

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

19 This item (40) is exempt from the provisions of Section  
20 3-90.

21 (41) Tangible personal property for which a certificate of  
22 exemption has been issued under Section 2505-805 of the  
23 Department of Revenue Law of the Civil Administrative Code of  
24 Illinois. This paragraph is exempt from the provisions of  
25 Section 3-90.

26 (Source: P.A. 100-22, eff. 7-6-17; 100-437, eff. 1-1-18;

1 100-594, eff. 6-29-18; 100-863, eff. 8-14-18; 100-1171, eff.  
2 1-4-19; 101-9, eff. 6-5-19; 101-31, eff. 6-28-19; 101-81, eff.  
3 7-12-19; revised 9-23-19.)

4 Section 15. The Service Use Tax Act is amended by changing  
5 Section 3-5 as follows:

6 (35 ILCS 110/3-5)

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

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

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

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



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

10 (4) 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 (5) Until July 1, 2003 and beginning again on September 1,  
15 2004 through August 30, 2014, graphic arts machinery and  
16 equipment, including repair and replacement parts, both new and  
17 used, and including that manufactured on special order or  
18 purchased for lease, certified by the purchaser to be used  
19 primarily for graphic arts production. Equipment includes  
20 chemicals or chemicals acting as catalysts but only if the  
21 chemicals or chemicals acting as catalysts effect a direct and  
22 immediate change upon a graphic arts product. Beginning on July  
23 1, 2017, graphic arts machinery and equipment is included in  
24 the manufacturing and assembling machinery and equipment  
25 exemption under Section 2 of this Act.

26 (6) Personal property purchased from a teacher-sponsored

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

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

22 Farm machinery and equipment shall include precision  
23 farming equipment that is installed or purchased to be  
24 installed on farm machinery and equipment including, but not  
25 limited to, tractors, harvesters, sprayers, planters, seeders,  
26 or spreaders. Precision farming equipment includes, but is not

1 limited to, soil testing sensors, computers, monitors,  
2 software, global positioning and mapping systems, and other  
3 such equipment.

4 Farm machinery and equipment also includes computers,  
5 sensors, software, and related equipment used primarily in the  
6 computer-assisted operation of production agriculture  
7 facilities, equipment, and activities such as, but not limited  
8 to, the collection, monitoring, and correlation of animal and  
9 crop data for the purpose of formulating animal diets and  
10 agricultural chemicals. This item (7) is exempt from the  
11 provisions of Section 3-75.

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

19 Beginning July 1, 2013, fuel and petroleum products sold to  
20 or used by an air carrier, certified by the carrier to be used  
21 for consumption, shipment, or storage in the conduct of its  
22 business as an air common carrier, for a flight that (i) is  
23 engaged in foreign trade or is engaged in trade between the  
24 United States and any of its possessions and (ii) transports at  
25 least one individual or package for hire from the city of  
26 origination to the city of final destination on the same

1 aircraft, without regard to a change in the flight number of  
2 that aircraft.

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

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

21 (11) Proceeds from the sale of photoprocessing machinery  
22 and equipment, including repair and replacement parts, both new  
23 and used, including that manufactured on special order,  
24 certified by the purchaser to be used primarily for  
25 photoprocessing, and including photoprocessing machinery and  
26 equipment purchased for lease.

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

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

14           (14) Horses, or interests in horses, registered with and  
15 meeting the requirements of any of the Arabian Horse Club  
16 Registry of America, Appaloosa Horse Club, American Quarter  
17 Horse Association, United States Trotting Association, or  
18 Jockey Club, as appropriate, used for purposes of breeding or  
19 racing for prizes. This item (14) is exempt from the provisions  
20 of Section 3-75, and the exemption provided for under this item  
21 (14) applies for all periods beginning May 30, 1995, but no  
22 claim for credit or refund is allowed on or after January 1,  
23 2008 (the effective date of Public Act 95-88) for such taxes  
24 paid during the period beginning May 30, 2000 and ending on  
25 January 1, 2008 (the effective date of Public Act 95-88).

26           (15) Computers and communications equipment utilized for

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

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

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

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

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

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

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

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



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

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

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

1 for machines used in commercial, coin-operated amusement and  
2 vending business if a use or occupation tax is paid on the  
3 gross receipts derived from the use of the commercial,  
4 coin-operated amusement and vending machines. This paragraph  
5 is exempt from the provisions of Section 3-75.

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

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

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

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

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

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

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

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

22 (28) Tangible personal property purchased by a  
23 public-facilities corporation, as described in Section  
24 11-65-10 of the Illinois Municipal Code, for purposes of  
25 constructing or furnishing a municipal convention hall, but  
26 only if the legal title to the municipal convention hall is

1 transferred to the municipality without any further  
2 consideration by or on behalf of the municipality at the time  
3 of the completion of the municipal convention hall or upon the  
4 retirement or redemption of any bonds or other debt instruments  
5 issued by the public-facilities corporation in connection with  
6 the development of the municipal convention hall. This  
7 exemption includes existing public-facilities corporations as  
8 provided in Section 11-65-25 of the Illinois Municipal Code.  
9 This paragraph is exempt from the provisions of Section 3-75.

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

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

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

1 or leased to upgrade, supplement, or replace computer equipment  
2 or enabling software purchased or leased in the original  
3 investment that would have qualified.

4 The Department of Commerce and Economic Opportunity shall  
5 grant a certificate of exemption under this item (31) to  
6 qualified data centers as defined by Section 605-1025 of the  
7 Department of Commerce and Economic Opportunity Law of the  
8 Civil Administrative Code of Illinois.

9 For the purposes of this item (31):

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

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

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

15 This item (31) is exempt from the provisions of Section  
16 3-75.

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

22 (Source: P.A. 100-22, eff. 7-6-17; 100-594, eff. 6-29-18;  
23 100-1171, eff. 1-4-19; 101-31, eff. 6-28-19; 101-81, eff.  
24 7-12-19.)

25 Section 20. The Service Occupation Tax Act is amended by



1 changing Section 3-5 as follows:

2 (35 ILCS 115/3-5)

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

5 (1) Personal property sold by a corporation, society,  
6 association, foundation, institution, or organization, other  
7 than a limited liability company, that is organized and  
8 operated as a not-for-profit service enterprise for the benefit  
9 of persons 65 years of age or older if the personal property  
10 was not purchased by the enterprise for the purpose of resale  
11 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 any not-for-profit arts  
16 or 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) Legal tender, currency, medallions, or gold or silver  
6 coinage issued by the State of Illinois, the government of the  
7 United States of America, or the government of any foreign  
8 country, and bullion.

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

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

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

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

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

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

1 computer-assisted operation of production agriculture  
2 facilities, equipment, and activities such as, but not limited  
3 to, the collection, monitoring, and correlation of animal and  
4 crop data for the purpose of formulating animal diets and  
5 agricultural chemicals. This item (7) is exempt from the  
6 provisions of Section 3-55.

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

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

24 (9) Proceeds of mandatory service charges separately  
25 stated on customers' bills for the purchase and consumption of  
26 food and beverages, to the extent that the proceeds of the

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

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

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

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

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

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

18 (14) Semen used for artificial insemination of livestock  
19 for direct agricultural production.

20 (15) Horses, or interests in horses, registered with and  
21 meeting the requirements of any of the Arabian Horse Club  
22 Registry of America, Appaloosa Horse Club, American Quarter  
23 Horse Association, United States Trotting Association, or  
24 Jockey Club, as appropriate, used for purposes of breeding or  
25 racing for prizes. This item (15) is exempt from the provisions  
26 of Section 3-55, and the exemption provided for under this item

1 (15) applies for all periods beginning May 30, 1995, but no  
2 claim for credit or refund is allowed on or after January 1,  
3 2008 (the effective date of Public Act 95-88) for such taxes  
4 paid during the period beginning May 30, 2000 and ending on  
5 January 1, 2008 (the effective date of Public Act 95-88).

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

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

20 (18) Beginning with taxable years ending on or after  
21 December 31, 1995 and ending with taxable years ending on or  
22 before December 31, 2004, personal property that is donated for  
23 disaster relief to be used in a State or federally declared  
24 disaster area in Illinois or bordering Illinois by a  
25 manufacturer or retailer that is registered in this State to a  
26 corporation, society, association, foundation, or institution

1 that has been issued a sales tax exemption identification  
2 number by the Department that assists victims of the disaster  
3 who reside within the declared disaster area.

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

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

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



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

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

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

1 2001, new or used automatic vending machines that prepare and  
2 serve hot food and beverages, including coffee, soup, and other  
3 items, and replacement parts for these machines. Beginning  
4 January 1, 2002 and through June 30, 2003, machines and parts  
5 for machines used in commercial, coin-operated amusement and  
6 vending business if a use or occupation tax is paid on the  
7 gross receipts derived from the use of the commercial,  
8 coin-operated amusement and vending machines. This paragraph  
9 is exempt from the provisions of Section 3-55.

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

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

1 the provisions of Section 3-55.

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

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

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

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

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

1 materials, parts, equipment, components, and consumable  
2 supplies used in the modification, replacement, repair, and  
3 maintenance of aircraft engines or power plants, whether such  
4 engines or power plants are installed or uninstalled upon any  
5 such aircraft. "Consumable supplies" include, but are not  
6 limited to, adhesive, tape, sandpaper, general purpose  
7 lubricants, cleaning solution, latex gloves, and protective  
8 films. This exemption applies only to the transfer of  
9 qualifying tangible personal property incident to the  
10 modification, refurbishment, completion, replacement, repair,  
11 or maintenance of an aircraft by persons who (i) hold an Air  
12 Agency Certificate and are empowered to operate an approved  
13 repair station by the Federal Aviation Administration, (ii)  
14 have a Class IV Rating, and (iii) conduct operations in  
15 accordance with Part 145 of the Federal Aviation Regulations.  
16 The exemption does not include aircraft operated by a  
17 commercial air carrier providing scheduled passenger air  
18 service pursuant to authority issued under Part 121 or Part 129  
19 of the Federal Aviation Regulations. The changes made to this  
20 paragraph (29) by Public Act 98-534 are declarative of existing  
21 law.

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

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

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

15           The Department of Commerce and Economic Opportunity shall  
16 grant a certificate of exemption under this item (32) to  
17 qualified data centers as defined by Section 605-1025 of the  
18 Department of Commerce and Economic Opportunity Law of the  
19 Civil Administrative Code of Illinois.

20           For the purposes of this item (32):

21           "Data center" means a building or a series of buildings  
22 rehabilitated or constructed to house working servers in  
23 one physical location or multiple sites within the State of  
24 Illinois.

25           "Qualified tangible personal property" means:  
26 electrical systems and equipment; climate control and

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

26 This item (32) is exempt from the provisions of Section

1 3-55.

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

7 (Source: P.A. 100-22, eff. 7-6-17; 100-594, eff. 6-29-18;  
8 100-1171, eff. 1-4-19; 101-31, eff. 6-28-19; 101-81, eff.  
9 7-12-19.)

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

12 (35 ILCS 120/2-5)

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

16 (1) Farm chemicals.

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



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

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

1           diets and agricultural chemicals. This item (2) is exempt  
2           from the provisions of Section 2-70.

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

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

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

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

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

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

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

25           (10) Personal property sold by a corporation, society,  
26 association, foundation, institution, or organization,

1 other than a limited liability company, that is organized  
2 and operated as a not-for-profit service enterprise for the  
3 benefit of persons 65 years of age or older if the personal  
4 property was not purchased by the enterprise for the  
5 purpose of resale by the enterprise.

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

21 (12) (Blank).

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

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

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

24                 (14) Machinery and equipment that will be used by the  
25                 purchaser, or a lessee of the purchaser, primarily in the  
26                 process of manufacturing or assembling tangible personal

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

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

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

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

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

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

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

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

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

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

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



1 flight destined for or returning from a location or  
2 locations outside the United States without regard to  
3 previous or subsequent domestic stopovers.

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

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

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

24 (25) Except as provided in item (25-5) of this Section,  
25 a motor vehicle sold in this State to a nonresident even  
26 though the motor vehicle is delivered to the nonresident in

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

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

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

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

18 (1) the aircraft leaves this State within 15 days  
19 after the later of either the issuance of the final  
20 billing for the sale of the aircraft, or the authorized  
21 approval for return to service, completion of the  
22 maintenance record entry, and completion of the test  
23 flight and ground test for inspection, as required by  
24 14 C.F.R. 91.407;

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

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

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

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

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

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

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

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

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

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

1           this Act.

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

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

26          (32) Beginning July 1, 1999, game or game birds sold at

1 a "game breeding and hunting preserve area" as that term is  
2 used in the Wildlife Code. This paragraph is exempt from  
3 the provisions of Section 2-70.

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

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

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

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

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



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

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

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

1 exempt from the provisions of Section 2-70.

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

26 (39) Beginning January 1, 2008, tangible personal

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

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

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

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

26 (42) Beginning January 1, 2017, menstrual pads,

1 tampons, and menstrual cups.

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

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

25 The Department of Commerce and Economic Opportunity  
26 shall grant a certificate of exemption under this item (44)

1 to qualified data centers as defined by Section 605-1025 of  
2 the Department of Commerce and Economic Opportunity Law of  
3 the Civil Administrative Code of Illinois.

4 For the purposes of this item (44):

5 "Data center" means a building or a series of  
6 buildings rehabilitated or constructed to house  
7 working servers in one physical location or multiple  
8 sites within the State of 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;  
15 cabinets; telecommunications cabling infrastructure;  
16 raised floor systems; peripheral components or  
17 systems; software; mechanical, electrical, or plumbing  
18 systems; battery systems; cooling systems and towers;  
19 temperature control systems; other cabling; and other  
20 data center infrastructure equipment and systems  
21 necessary to operate qualified tangible personal  
22 property, including fixtures; and component parts of  
23 any of the foregoing, including installation,  
24 maintenance, repair, refurbishment, and replacement of  
25 qualified tangible personal property to generate,  
26 transform, transmit, distribute, or manage electricity

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

11 This item (44) is exempt from the provisions of Section  
12 2-70.

13 (45) Tangible personal property for which a  
14 certificate of exemption has been issued under Section  
15 2505-805 of the Department of Revenue Law of the Civil  
16 Administrative Code of Illinois. This paragraph is exempt  
17 from the provisions of Section 2-70.

18 (Source: P.A. 100-22, eff. 7-6-17; 100-321, eff. 8-24-17;  
19 100-437, eff. 1-1-18; 100-594, eff. 6-29-18; 100-863, eff.  
20 8-14-18; 100-1171, eff. 1-4-19; 101-31, eff. 6-28-19; 101-81,  
21 eff. 7-12-19.)

22 Section 30. The Counties Code is amended by adding Section  
23 5-1186 as follows:

24 (55 ILCS 5/5-1186 new)

1       Sec. 5-1186. Exemption for materials, equipment, or  
2 supplies of a bid. Tangible personal property for which a  
3 certificate of exemption has been issued under Section 2505-805  
4 of the Department of Revenue Law of the Civil Administrative  
5 Code of Illinois is exempt from any use or occupation tax  
6 imposed by a county under this Code.

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

9       (65 ILCS 5/8-1-19 new)

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

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

18       (70 ILCS 200/245-13 new)

19       Sec. 245-13. Exemption for materials, equipment, or  
20 supplies of a bid. Tangible personal property for which a  
21 certificate of exemption has been issued under Section 2505-805  
22 of the Department of Revenue Law of the Civil Administrative



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

3 Section 45. The Metropolitan Pier and Exposition Authority  
4 Act is amended by adding Section 13.4 as follows:

5 (70 ILCS 210/13.4 new)

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

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

14 (70 ILCS 750/27 new)

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

21 Section 55. The Metro-East Park and Recreation District Act

1 is amended by adding Section 32 as follows:

2 (70 ILCS 1605/32 new)

3 Sec. 32. Exemption for materials, equipment, or supplies of  
4 a bid. Tangible personal property for which a certificate of  
5 exemption has been issued under Section 2505-805 of the  
6 Department of Revenue Law of the Civil Administrative Code of  
7 Illinois is exempt from any use or occupation tax imposed under  
8 this Act.

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

11 (70 ILCS 3610/5.7 new)

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

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

20 (70 ILCS 3615/4.17 new)

21 Sec. 4.17. Exemption for materials, equipment, or supplies

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

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

8 (70 ILCS 3720/4.5 new)

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

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

1 INDEX

2 Statutes amended in order of appearance

- 3 20 ILCS 2505/2505-805 new
- 4 35 ILCS 105/3-5
- 5 35 ILCS 110/3-5
- 6 35 ILCS 115/3-5
- 7 35 ILCS 120/2-5
- 8 55 ILCS 5/5-1186 new
- 9 65 ILCS 5/8-1-19 new
- 10 70 ILCS 200/245-13 new
- 11 70 ILCS 210/13.4 new
- 12 70 ILCS 750/27 new
- 13 70 ILCS 1605/32 new
- 14 70 ILCS 3610/5.7 new
- 15 70 ILCS 3615/4.17 new
- 16 70 ILCS 3720/4.5 new