



102ND GENERAL ASSEMBLY

State of Illinois

2021 and 2022

HB3017

Introduced 2/19/2021, by Rep. Joe Sosnowski

SYNOPSIS AS INTRODUCED:

| | |
|------------------|-------------------------------|
| 35 ILCS 105/3-5 | |
| 35 ILCS 105/3-10 | |
| 35 ILCS 110/3-5 | |
| 35 ILCS 110/3-10 | from Ch. 120, par. 439.33-10 |
| 35 ILCS 115/3-5 | |
| 35 ILCS 115/3-10 | from Ch. 120, par. 439.103-10 |
| 35 ILCS 120/2-5 | |
| 35 ILCS 120/2-10 | |

Amends the Use Tax Act, the Service Use Tax Act, the Service Occupation Tax Act, and the Retailers' Occupation Tax Act. Provides that prescription medicines and drugs are exempt from the tax under the Acts. Effective January 1, 2022.

LRB102 12124 HLH 17461 b

FISCAL NOTE ACT
MAY APPLY

1 AN ACT concerning revenue.

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

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

6 (35 ILCS 105/3-5)

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

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

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

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

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

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

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

1 the car is subject to the Replacement Vehicle Tax.

2 (6) Until July 1, 2003 and beginning again on September 1,
3 2004 through August 30, 2014, graphic arts machinery and
4 equipment, including repair and replacement parts, both new
5 and used, and including that manufactured on special order,
6 certified by the purchaser to be used primarily for graphic
7 arts production, and including machinery and equipment
8 purchased for lease. Equipment includes chemicals or chemicals
9 acting as catalysts but only if the chemicals or chemicals
10 acting as catalysts effect a direct and immediate change upon
11 a graphic arts product. Beginning on July 1, 2017, graphic
12 arts machinery and equipment is included in the manufacturing
13 and assembling machinery and equipment exemption under
14 paragraph (18).

15 (7) Farm chemicals.

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

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

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

26 (11) Farm machinery and equipment, both new and used,

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

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

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

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

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

26 (13) Proceeds of mandatory service charges separately

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

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

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

23 (16) Until July 1, 2023, coal and aggregate exploration,
24 mining, off-highway hauling, processing, maintenance, and
25 reclamation equipment, including replacement parts and
26 equipment, and including equipment purchased for lease, but

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

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

14 (18) Manufacturing and assembling machinery and equipment
15 used primarily in the process of manufacturing or assembling
16 tangible personal property for wholesale or retail sale or
17 lease, whether that sale or lease is made directly by the
18 manufacturer or by some other person, whether the materials
19 used in the process are owned by the manufacturer or some other
20 person, or whether that sale or lease is made apart from or as
21 an incident to the seller's engaging in the service occupation
22 of producing machines, tools, dies, jigs, patterns, gauges, or
23 other similar items of no commercial value on special order
24 for a particular purchaser. The exemption provided by this
25 paragraph (18) includes production related tangible personal
26 property, as defined in Section 3-50, purchased on or after

1 July 1, 2019. The exemption provided by this paragraph (18)
2 does not include machinery and equipment used in (i) the
3 generation of electricity for wholesale or retail sale; (ii)
4 the generation or treatment of natural or artificial gas for
5 wholesale or retail sale that is delivered to customers
6 through pipes, pipelines, or mains; or (iii) the treatment of
7 water for wholesale or retail sale that is delivered to
8 customers through pipes, pipelines, or mains. The provisions
9 of Public Act 98-583 are declaratory of existing law as to the
10 meaning and scope of this exemption. Beginning on July 1,
11 2017, the exemption provided by this paragraph (18) includes,
12 but is not limited to, graphic arts machinery and equipment,
13 as defined in paragraph (6) of this Section.

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

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

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

1 provisions of Section 3-90, and the exemption provided for
2 under this item (21) applies for all periods beginning May 30,
3 1995, but no claim for credit or refund is allowed on or after
4 January 1, 2008 for such taxes paid during the period
5 beginning May 30, 2000 and ending on January 1, 2008.

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

1 for any reason, the lessor is liable to pay that amount to the
2 Department.

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

24 (24) Beginning with taxable years ending on or after
25 December 31, 1995 and ending with taxable years ending on or
26 before December 31, 2004, personal property that is donated

1 for disaster relief to be used in a State or federally declared
2 disaster area in Illinois or bordering Illinois by a
3 manufacturer or retailer that is registered in this State to a
4 corporation, society, association, foundation, or institution
5 that has been issued a sales tax exemption identification
6 number by the Department that assists victims of the disaster
7 who reside within the declared disaster area.

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

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

25 (27) A motor vehicle, as that term is defined in Section
26 1-146 of the Illinois Vehicle Code, that is donated to a

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

18 (28) Beginning January 1, 2000, personal property,
19 including food, purchased through fundraising events for the
20 benefit of a public or private elementary or secondary school,
21 a group of those schools, or one or more school districts if
22 the events are sponsored by an entity recognized by the school
23 district that consists primarily of volunteers and includes
24 parents and teachers of the school children. This paragraph
25 does not apply to fundraising events (i) for the benefit of
26 private home instruction or (ii) for which the fundraising

1 entity purchases the personal property sold at the events from
2 another individual or entity that sold the property for the
3 purpose of resale by the fundraising entity and that profits
4 from the sale to the fundraising entity. This paragraph is
5 exempt from the provisions of Section 3-90.

6 (29) Beginning January 1, 2000 and through December 31,
7 2001, new or used automatic vending machines that prepare and
8 serve hot food and beverages, including coffee, soup, and
9 other items, and replacement parts for these machines.
10 Beginning January 1, 2002 and through June 30, 2003, machines
11 and parts for machines used in commercial, coin-operated
12 amusement and vending business if a use or occupation tax is
13 paid on the gross receipts derived from the use of the
14 commercial, coin-operated amusement and vending machines. This
15 paragraph is exempt from the provisions of Section 3-90.

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

1 in the ID/DD Community Care Act, the MC/DD Act, or the
2 Specialized Mental Health Rehabilitation Act of 2013.

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

1 Section 3-90.

2 (32) Beginning on August 2, 2001 (the effective date of
3 Public Act 92-227), personal property purchased by a lessor
4 who leases the property, under a lease of one year or longer
5 executed or in effect at the time the lessor would otherwise be
6 subject to the tax imposed by this Act, to a governmental body
7 that has been issued an active sales tax exemption
8 identification number by the Department under Section 1g of
9 the Retailers' Occupation Tax Act. If the property is leased
10 in a manner that does not qualify for this exemption or used in
11 any other nonexempt manner, the lessor shall be liable for the
12 tax imposed under this Act or the Service Use Tax Act, as the
13 case may be, based on the fair market value of the property at
14 the time the nonqualifying use occurs. No lessor shall collect
15 or attempt to collect an amount (however designated) that
16 purports to reimburse that lessor for the tax imposed by this
17 Act or the Service Use Tax Act, as the case may be, if the tax
18 has not been paid by the lessor. If a lessor improperly
19 collects any such amount from the lessee, the lessee shall
20 have a legal right to claim a refund of that amount from the
21 lessor. If, however, that amount is not refunded to the lessee
22 for any reason, the lessor is liable to pay that amount to the
23 Department. This paragraph is exempt from the provisions of
24 Section 3-90.

25 (33) On and after July 1, 2003 and through June 30, 2004,
26 the use in this State of motor vehicles of the second division

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

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

25 (35) Beginning January 1, 2010 and continuing through
26 December 31, 2024, materials, parts, equipment, components,

1 and furnishings incorporated into or upon an aircraft as part
2 of the modification, refurbishment, completion, replacement,
3 repair, or maintenance of the aircraft. This exemption
4 includes consumable supplies used in the modification,
5 refurbishment, completion, replacement, repair, and
6 maintenance of aircraft, but excludes any materials, parts,
7 equipment, components, and consumable supplies used in the
8 modification, replacement, repair, and maintenance of aircraft
9 engines or power plants, whether such engines or power plants
10 are installed or uninstalled upon any such aircraft.
11 "Consumable supplies" include, but are not limited to,
12 adhesive, tape, sandpaper, general purpose lubricants,
13 cleaning solution, latex gloves, and protective films. This
14 exemption applies only to the use of qualifying tangible
15 personal property by persons who modify, refurbish, complete,
16 repair, replace, or maintain aircraft and who (i) hold an Air
17 Agency Certificate and are empowered to operate an approved
18 repair station by the Federal Aviation Administration, (ii)
19 have a Class IV Rating, and (iii) conduct operations in
20 accordance with Part 145 of the Federal Aviation Regulations.
21 The exemption does not include aircraft operated by a
22 commercial air carrier providing scheduled passenger air
23 service pursuant to authority issued under Part 121 or Part
24 129 of the Federal Aviation Regulations. The changes made to
25 this paragraph (35) by Public Act 98-534 are declarative of
26 existing law. It is the intent of the General Assembly that the

1 exemption under this paragraph (35) applies continuously from
2 January 1, 2010 through December 31, 2024; however, no claim
3 for credit or refund is allowed for taxes paid as a result of
4 the disallowance of this exemption on or after January 1, 2015
5 and prior to the effective date of this amendatory Act of the
6 101st General Assembly.

7 (36) Tangible personal property purchased by a
8 public-facilities corporation, as described in Section
9 11-65-10 of the Illinois Municipal Code, for purposes of
10 constructing or furnishing a municipal convention hall, but
11 only if the legal title to the municipal convention hall is
12 transferred to the municipality without any further
13 consideration by or on behalf of the municipality at the time
14 of the completion of the municipal convention hall or upon the
15 retirement or redemption of any bonds or other debt
16 instruments issued by the public-facilities corporation in
17 connection with the development of the municipal convention
18 hall. This exemption includes existing public-facilities
19 corporations as provided in Section 11-65-25 of the Illinois
20 Municipal Code. This paragraph is exempt from the provisions
21 of Section 3-90.

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

24 (38) Merchandise that is subject to the Rental Purchase
25 Agreement Occupation and Use Tax. The purchaser must certify
26 that the item is purchased to be rented subject to a rental

1 purchase agreement, as defined in the Rental Purchase
2 Agreement Act, and provide proof of registration under the
3 Rental Purchase Agreement Occupation and Use Tax Act. This
4 paragraph is exempt from the provisions of Section 3-90.

5 (39) Tangible personal property purchased by a purchaser
6 who is exempt from the tax imposed by this Act by operation of
7 federal law. This paragraph is exempt from the provisions of
8 Section 3-90.

9 (40) Qualified tangible personal property used in the
10 construction or operation of a data center that has been
11 granted a certificate of exemption by the Department of
12 Commerce and Economic Opportunity, whether that tangible
13 personal property is purchased by the owner, operator, or
14 tenant of the data center or by a contractor or subcontractor
15 of the owner, operator, or tenant. Data centers that would
16 have qualified for a certificate of exemption prior to January
17 1, 2020 had Public Act 101-31 been in effect may apply for and
18 obtain an exemption for subsequent purchases of computer
19 equipment or enabling software purchased or leased to upgrade,
20 supplement, or replace computer equipment or enabling software
21 purchased or leased in the original investment that would have
22 qualified.

23 The Department of Commerce and Economic Opportunity shall
24 grant a certificate of exemption under this item (40) to
25 qualified data centers as defined by Section 605-1025 of the
26 Department of Commerce and Economic Opportunity Law of the

1 Civil Administrative Code of Illinois.

2 For the purposes of this item (40):

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

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

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

8 This item (40) is exempt from the provisions of Section
9 3-90.

10 (41) Beginning January 1, 2022, prescription medicines and
11 drugs. This item (41) is exempt from the provisions of Section
12 3-90.

13 (Source: P.A. 100-22, eff. 7-6-17; 100-437, eff. 1-1-18;
14 100-594, eff. 6-29-18; 100-863, eff. 8-14-18; 100-1171, eff.
15 1-4-19; 101-9, eff. 6-5-19; 101-31, eff. 6-28-19; 101-81, eff.
16 7-12-19; 101-629, eff. 2-5-20.)

17 (35 ILCS 105/3-10)

18 Sec. 3-10. Rate of tax. Unless otherwise provided in this
19 Section, the tax imposed by this Act is at the rate of 6.25% of
20 either the selling price or the fair market value, if any, of
21 the tangible personal property. In all cases where property
22 functionally used or consumed is the same as the property that
23 was purchased at retail, then the tax is imposed on the selling
24 price of the property. In all cases where property
25 functionally used or consumed is a by-product or waste product

1 that has been refined, manufactured, or produced from property
2 purchased at retail, then the tax is imposed on the lower of
3 the fair market value, if any, of the specific property so used
4 in this State or on the selling price of the property purchased
5 at retail. For purposes of this Section "fair market value"
6 means the price at which property would change hands between a
7 willing buyer and a willing seller, neither being under any
8 compulsion to buy or sell and both having reasonable knowledge
9 of the relevant facts. The fair market value shall be
10 established by Illinois sales by the taxpayer of the same
11 property as that functionally used or consumed, or if there
12 are no such sales by the taxpayer, then comparable sales or
13 purchases of property of like kind and character in Illinois.

14 Beginning on July 1, 2000 and through December 31, 2000,
15 with respect to motor fuel, as defined in Section 1.1 of the
16 Motor Fuel Tax Law, and gasohol, as defined in Section 3-40 of
17 the Use Tax Act, the tax is imposed at the rate of 1.25%.

18 Beginning on August 6, 2010 through August 15, 2010, with
19 respect to sales tax holiday items as defined in Section 3-6 of
20 this Act, the tax is imposed at the rate of 1.25%.

21 With respect to gasohol, the tax imposed by this Act
22 applies to (i) 70% of the proceeds of sales made on or after
23 January 1, 1990, and before July 1, 2003, (ii) 80% of the
24 proceeds of sales made on or after July 1, 2003 and on or
25 before July 1, 2017, and (iii) 100% of the proceeds of sales
26 made thereafter. If, at any time, however, the tax under this

1 Act on sales of gasohol is imposed at the rate of 1.25%, then
2 the tax imposed by this Act applies to 100% of the proceeds of
3 sales of gasohol made during that time.

4 With respect to majority blended ethanol fuel, the tax
5 imposed by this Act does not apply to the proceeds of sales
6 made on or after July 1, 2003 and on or before December 31,
7 2023 but applies to 100% of the proceeds of sales made
8 thereafter.

9 With respect to biodiesel blends with no less than 1% and
10 no more than 10% biodiesel, the tax imposed by this Act applies
11 to (i) 80% of the proceeds of sales made on or after July 1,
12 2003 and on or before December 31, 2018 and (ii) 100% of the
13 proceeds of sales made thereafter. If, at any time, however,
14 the tax under this Act on sales of biodiesel blends with no
15 less than 1% and no more than 10% biodiesel is imposed at the
16 rate of 1.25%, then the tax imposed by this Act applies to 100%
17 of the proceeds of sales of biodiesel blends with no less than
18 1% and no more than 10% biodiesel made during that time.

19 With respect to 100% biodiesel and biodiesel blends with
20 more than 10% but no more than 99% biodiesel, the tax imposed
21 by this Act does not apply to the proceeds of sales made on or
22 after July 1, 2003 and on or before December 31, 2023 but
23 applies to 100% of the proceeds of sales made thereafter.

24 With respect to food for human consumption that is to be
25 consumed off the premises where it is sold (other than
26 alcoholic beverages, food consisting of or infused with adult

1 use cannabis, soft drinks, and food that has been prepared for
2 immediate consumption) and ~~prescription~~ and nonprescription
3 medicines, drugs, medical appliances, products classified as
4 Class III medical devices by the United States Food and Drug
5 Administration that are used for cancer treatment pursuant to
6 a prescription, as well as any accessories and components
7 related to those devices, modifications to a motor vehicle for
8 the purpose of rendering it usable by a person with a
9 disability, and ~~insulin~~, urine testing materials, syringes,
10 and needles used by diabetics, for human use, the tax is
11 imposed at the rate of 1%. For the purposes of this Section,
12 until September 1, 2009: the term "soft drinks" means any
13 complete, finished, ready-to-use, non-alcoholic drink, whether
14 carbonated or not, including but not limited to soda water,
15 cola, fruit juice, vegetable juice, carbonated water, and all
16 other preparations commonly known as soft drinks of whatever
17 kind or description that are contained in any closed or sealed
18 bottle, can, carton, or container, regardless of size; but
19 "soft drinks" does not include coffee, tea, non-carbonated
20 water, infant formula, milk or milk products as defined in the
21 Grade A Pasteurized Milk and Milk Products Act, or drinks
22 containing 50% or more natural fruit or vegetable juice.

23 Notwithstanding any other provisions of this Act,
24 beginning September 1, 2009, "soft drinks" means non-alcoholic
25 beverages that contain natural or artificial sweeteners. "Soft
26 drinks" do not include beverages that contain milk or milk

1 products, soy, rice or similar milk substitutes, or greater
2 than 50% of vegetable or fruit juice by volume.

3 Until August 1, 2009, and notwithstanding any other
4 provisions of this Act, "food for human consumption that is to
5 be consumed off the premises where it is sold" includes all
6 food sold through a vending machine, except soft drinks and
7 food products that are dispensed hot from a vending machine,
8 regardless of the location of the vending machine. Beginning
9 August 1, 2009, and notwithstanding any other provisions of
10 this Act, "food for human consumption that is to be consumed
11 off the premises where it is sold" includes all food sold
12 through a vending machine, except soft drinks, candy, and food
13 products that are dispensed hot from a vending machine,
14 regardless of the location of the vending machine.

15 Notwithstanding any other provisions of this Act,
16 beginning September 1, 2009, "food for human consumption that
17 is to be consumed off the premises where it is sold" does not
18 include candy. For purposes of this Section, "candy" means a
19 preparation of sugar, honey, or other natural or artificial
20 sweeteners in combination with chocolate, fruits, nuts or
21 other ingredients or flavorings in the form of bars, drops, or
22 pieces. "Candy" does not include any preparation that contains
23 flour or requires refrigeration.

24 Notwithstanding any other provisions of this Act,
25 beginning September 1, 2009, "nonprescription medicines and
26 drugs" does not include grooming and hygiene products. For

1 purposes of this Section, "grooming and hygiene products"
2 includes, but is not limited to, soaps and cleaning solutions,
3 shampoo, toothpaste, mouthwash, antiperspirants, and sun tan
4 lotions and screens, unless those products are available by
5 prescription only, regardless of whether the products meet the
6 definition of "over-the-counter-drugs". For the purposes of
7 this paragraph, "over-the-counter-drug" means a drug for human
8 use that contains a label that identifies the product as a drug
9 as required by 21 C.F.R. § 201.66. The "over-the-counter-drug"
10 label includes:

11 (A) A "Drug Facts" panel; or

12 (B) A statement of the "active ingredient(s)" with a
13 list of those ingredients contained in the compound,
14 substance or preparation.

15 Beginning on the effective date of this amendatory Act of
16 the 98th General Assembly, "prescription and nonprescription
17 medicines and drugs" includes medical cannabis purchased from
18 a registered dispensing organization under the Compassionate
19 Use of Medical Cannabis Program Act.

20 As used in this Section, "adult use cannabis" means
21 cannabis subject to tax under the Cannabis Cultivation
22 Privilege Tax Law and the Cannabis Purchaser Excise Tax Law
23 and does not include cannabis subject to tax under the
24 Compassionate Use of Medical Cannabis Program Act.

25 If the property that is purchased at retail from a
26 retailer is acquired outside Illinois and used outside

1 Illinois before being brought to Illinois for use here and is
2 taxable under this Act, the "selling price" on which the tax is
3 computed shall be reduced by an amount that represents a
4 reasonable allowance for depreciation for the period of prior
5 out-of-state use.

6 (Source: P.A. 100-22, eff. 7-6-17; 101-363, eff. 8-9-19;
7 101-593, eff. 12-4-19.)

8 Section 10. The Service Use Tax Act is amended by changing
9 Sections 3-5 and 3-10 as follows:

10 (35 ILCS 110/3-5)

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

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

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

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

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

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

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

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

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

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

26 Farm machinery and equipment shall include precision

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

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

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

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

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

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

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

26 (11) Proceeds from the sale of photoprocessing machinery

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

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

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

19 (14) Horses, or interests in horses, registered with and
20 meeting the requirements of any of the Arabian Horse Club
21 Registry of America, Appaloosa Horse Club, American Quarter
22 Horse Association, United States Trotting Association, or
23 Jockey Club, as appropriate, used for purposes of breeding or
24 racing for prizes. This item (14) is exempt from the
25 provisions of Section 3-75, and the exemption provided for
26 under this item (14) applies for all periods beginning May 30,

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

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

1 reason, the lessor is liable to pay that amount to the
2 Department.

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

23 (17) Beginning with taxable years ending on or after
24 December 31, 1995 and ending with taxable years ending on or
25 before December 31, 2004, personal property that is donated
26 for disaster relief to be used in a State or federally declared

1 disaster area in Illinois or bordering Illinois by a
2 manufacturer or retailer that is registered in this State to a
3 corporation, society, association, foundation, or institution
4 that has been issued a sales tax exemption identification
5 number by the Department that assists victims of the disaster
6 who reside within the declared disaster area.

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

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

24 (20) A motor vehicle, as that term is defined in Section
25 1-146 of the Illinois Vehicle Code, that is donated to a
26 corporation, limited liability company, society, association,

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

17 (21) Beginning January 1, 2000, personal property,
18 including food, purchased through fundraising events for the
19 benefit of a public or private elementary or secondary school,
20 a group of those schools, or one or more school districts if
21 the events are sponsored by an entity recognized by the school
22 district that consists primarily of volunteers and includes
23 parents and teachers of the school children. This paragraph
24 does not apply to fundraising events (i) for the benefit of
25 private home instruction or (ii) for which the fundraising
26 entity purchases the personal property sold at the events from

1 another individual or entity that sold the property for the
2 purpose of resale by the fundraising entity and that profits
3 from the sale to the fundraising entity. This paragraph is
4 exempt from the provisions of Section 3-75.

5 (22) Beginning January 1, 2000 and through December 31,
6 2001, new or used automatic vending machines that prepare and
7 serve hot food and beverages, including coffee, soup, and
8 other items, and replacement parts for these machines.
9 Beginning January 1, 2002 and through June 30, 2003, machines
10 and parts for machines used in commercial, coin-operated
11 amusement and vending business if a use or occupation tax is
12 paid on the gross receipts derived from the use of the
13 commercial, coin-operated amusement and vending machines. This
14 paragraph is exempt from the provisions of Section 3-75.

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

1 Specialized Mental Health Rehabilitation Act of 2013.

2 (24) Beginning on August 2, 2001 (the effective date of
3 Public Act 92-227), computers and communications equipment
4 utilized for any hospital purpose and equipment used in the
5 diagnosis, analysis, or treatment of hospital patients
6 purchased by a lessor who leases the equipment, under a lease
7 of one year or longer executed or in effect at the time the
8 lessor would otherwise be subject to the tax imposed by this
9 Act, to a hospital that has been issued an active tax exemption
10 identification number by the Department under Section 1g of
11 the Retailers' Occupation Tax Act. If the equipment is leased
12 in a manner that does not qualify for this exemption or is used
13 in any other nonexempt manner, the lessor shall be liable for
14 the tax imposed under this Act or the Use Tax Act, as the case
15 may be, based on the fair market value of the property at the
16 time the nonqualifying use occurs. No lessor shall collect or
17 attempt to collect an amount (however designated) that
18 purports to reimburse that lessor for the tax imposed by this
19 Act or the Use Tax Act, as the case may be, if the tax has not
20 been paid by the lessor. If a lessor improperly collects any
21 such amount from the lessee, the lessee shall have a legal
22 right to claim a refund of that amount from the lessor. If,
23 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. This paragraph is exempt from the provisions of
26 Section 3-75.

1 (25) Beginning on August 2, 2001 (the effective date of
2 Public Act 92-227), personal property purchased by a lessor
3 who leases the property, under a lease of one year or longer
4 executed or in effect at the time the lessor would otherwise be
5 subject to the tax imposed by this Act, to a governmental body
6 that has been issued an active tax exemption identification
7 number by the Department under Section 1g of the Retailers'
8 Occupation Tax Act. If the property is leased in a manner that
9 does not qualify for this exemption or is used in any other
10 nonexempt manner, the lessor shall be liable for the tax
11 imposed under this Act or the Use Tax Act, as the case may be,
12 based on the fair market value of the property at the time the
13 nonqualifying use occurs. No lessor shall collect or attempt
14 to collect an amount (however designated) that purports to
15 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
17 by 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
20 amount is not refunded to the lessee for any reason, the lessor
21 is liable to pay that amount to the Department. This paragraph
22 is exempt from the provisions of Section 3-75.

23 (26) Beginning January 1, 2008, tangible personal property
24 used in the construction or maintenance of a community water
25 supply, as defined under Section 3.145 of the Environmental
26 Protection Act, that is operated by a not-for-profit

1 corporation that holds a valid water supply permit issued
2 under Title IV of the Environmental Protection Act. This
3 paragraph is exempt from the provisions of Section 3-75.

4 (27) Beginning January 1, 2010 and continuing through
5 December 31, 2024, materials, parts, equipment, components,
6 and furnishings incorporated into or upon an aircraft as part
7 of the modification, refurbishment, completion, replacement,
8 repair, or maintenance of the aircraft. This exemption
9 includes consumable supplies used in the modification,
10 refurbishment, completion, replacement, repair, and
11 maintenance of aircraft, but excludes any materials, parts,
12 equipment, components, and consumable supplies used in the
13 modification, replacement, repair, and maintenance of aircraft
14 engines or power plants, whether such engines or power plants
15 are installed or uninstalled upon any such aircraft.
16 "Consumable supplies" include, but are not limited to,
17 adhesive, tape, sandpaper, general purpose lubricants,
18 cleaning solution, latex gloves, and protective films. This
19 exemption applies only to the use of qualifying tangible
20 personal property transferred incident to the modification,
21 refurbishment, completion, replacement, repair, or maintenance
22 of aircraft by persons who (i) hold an Air Agency Certificate
23 and are empowered to operate an approved repair station by the
24 Federal Aviation Administration, (ii) have a Class IV Rating,
25 and (iii) conduct operations in accordance with Part 145 of
26 the Federal Aviation Regulations. The exemption does not

1 include aircraft operated by a commercial air carrier
2 providing scheduled passenger air service pursuant to
3 authority issued under Part 121 or Part 129 of the Federal
4 Aviation Regulations. The changes made to this paragraph (27)
5 by Public Act 98-534 are declarative of existing law. It is the
6 intent of the General Assembly that the exemption under this
7 paragraph (27) applies continuously from January 1, 2010
8 through December 31, 2024; however, no claim for credit or
9 refund is allowed for taxes paid as a result of the
10 disallowance of this exemption on or after January 1, 2015 and
11 prior to the effective date of this amendatory Act of the 101st
12 General Assembly.

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

1 of Section 3-75.

2 (29) Beginning January 1, 2017, menstrual pads, tampons,
3 and menstrual cups.

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

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

22 The Department of Commerce and Economic Opportunity shall
23 grant a certificate of exemption under this item (31) to
24 qualified data centers as defined by Section 605-1025 of the
25 Department of Commerce and Economic Opportunity Law of the
26 Civil Administrative Code of Illinois.

1 For the purposes of this item (31):

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

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

1 property" also includes building materials physically
2 incorporated in to the qualifying data center. To document
3 the exemption allowed under this Section, the retailer
4 must obtain from the purchaser a copy of the certificate
5 of eligibility issued by the Department of Commerce and
6 Economic Opportunity.

7 This item (31) is exempt from the provisions of Section
8 3-75.

9 (32) Beginning January 1, 2022, prescription medicines and
10 drugs. This item (32) is exempt from the provisions of Section
11 3-75.

12 (Source: P.A. 100-22, eff. 7-6-17; 100-594, eff. 6-29-18;
13 100-1171, eff. 1-4-19; 101-31, eff. 6-28-19; 101-81, eff.
14 7-12-19; 101-629, eff. 2-5-20.)

15 (35 ILCS 110/3-10) (from Ch. 120, par. 439.33-10)

16 Sec. 3-10. Rate of tax. Unless otherwise provided in this
17 Section, the tax imposed by this Act is at the rate of 6.25% of
18 the selling price of tangible personal property transferred as
19 an incident to the sale of service, but, for the purpose of
20 computing this tax, in no event shall the selling price be less
21 than the cost price of the property to the serviceman.

22 Beginning on July 1, 2000 and through December 31, 2000,
23 with respect to motor fuel, as defined in Section 1.1 of the
24 Motor Fuel Tax Law, and gasohol, as defined in Section 3-40 of
25 the Use Tax Act, the tax is imposed at the rate of 1.25%.

1 With respect to gasohol, as defined in the Use Tax Act, the
2 tax imposed by this Act applies to (i) 70% of the selling price
3 of property transferred as an incident to the sale of service
4 on or after January 1, 1990, and before July 1, 2003, (ii) 80%
5 of the selling price of property transferred as an incident to
6 the sale of service on or after July 1, 2003 and on or before
7 July 1, 2017, and (iii) 100% of the selling price thereafter.
8 If, at any time, however, the tax under this Act on sales of
9 gasohol, as defined in the Use Tax Act, is imposed at the rate
10 of 1.25%, then the tax imposed by this Act applies to 100% of
11 the proceeds of sales of gasohol made during that time.

12 With respect to majority blended ethanol fuel, as defined
13 in the Use Tax Act, the tax imposed by this Act does not apply
14 to the selling price of property transferred as an incident to
15 the sale of service on or after July 1, 2003 and on or before
16 December 31, 2023 but applies to 100% of the selling price
17 thereafter.

18 With respect to biodiesel blends, as defined in the Use
19 Tax Act, with no less than 1% and no more than 10% biodiesel,
20 the tax imposed by this Act applies to (i) 80% of the selling
21 price of property transferred as an incident to the sale of
22 service on or after July 1, 2003 and on or before December 31,
23 2018 and (ii) 100% of the proceeds of the selling price
24 thereafter. If, at any time, however, the tax under this Act on
25 sales of biodiesel blends, as defined in the Use Tax Act, with
26 no less than 1% and no more than 10% biodiesel is imposed at

1 the rate of 1.25%, then the tax imposed by this Act applies to
2 100% of the proceeds of sales of biodiesel blends with no less
3 than 1% and no more than 10% biodiesel made during that time.

4 With respect to 100% biodiesel, as defined in the Use Tax
5 Act, and biodiesel blends, as defined in the Use Tax Act, with
6 more than 10% but no more than 99% biodiesel, the tax imposed
7 by this Act does not apply to the proceeds of the selling price
8 of property transferred as an incident to the sale of service
9 on or after July 1, 2003 and on or before December 31, 2023 but
10 applies to 100% of the selling price thereafter.

11 At the election of any registered serviceman made for each
12 fiscal year, sales of service in which the aggregate annual
13 cost price of tangible personal property transferred as an
14 incident to the sales of service is less than 35%, or 75% in
15 the case of servicemen transferring prescription drugs or
16 servicemen engaged in graphic arts production, of the
17 aggregate annual total gross receipts from all sales of
18 service, the tax imposed by this Act shall be based on the
19 serviceman's cost price of the tangible personal property
20 transferred as an incident to the sale of those services.

21 The tax shall be imposed at the rate of 1% on food prepared
22 for immediate consumption and transferred incident to a sale
23 of service subject to this Act or the Service Occupation Tax
24 Act by an entity licensed under the Hospital Licensing Act,
25 the Nursing Home Care Act, the ID/DD Community Care Act, the
26 MC/DD Act, the Specialized Mental Health Rehabilitation Act of

1 2013, or the Child Care Act of 1969. The tax shall also be
2 imposed at the rate of 1% on food for human consumption that is
3 to be consumed off the premises where it is sold (other than
4 alcoholic beverages, food consisting of or infused with adult
5 use cannabis, soft drinks, and food that has been prepared for
6 immediate consumption and is not otherwise included in this
7 paragraph) and ~~prescription~~ and nonprescription medicines,
8 drugs, medical appliances, products classified as Class III
9 medical devices by the United States Food and Drug
10 Administration that are used for cancer treatment pursuant to
11 a prescription, as well as any accessories and components
12 related to those devices, modifications to a motor vehicle for
13 the purpose of rendering it usable by a person with a
14 disability, and ~~insulin~~, urine testing materials, syringes,
15 and needles used by diabetics, for human use. For the purposes
16 of this Section, until September 1, 2009: the term "soft
17 drinks" means any complete, finished, ready-to-use,
18 non-alcoholic drink, whether carbonated or not, including but
19 not limited to soda water, cola, fruit juice, vegetable juice,
20 carbonated water, and all other preparations commonly known as
21 soft drinks of whatever kind or description that are contained
22 in any closed or sealed bottle, can, carton, or container,
23 regardless of size; but "soft drinks" does not include coffee,
24 tea, non-carbonated water, infant formula, milk or milk
25 products as defined in the Grade A Pasteurized Milk and Milk
26 Products Act, or drinks containing 50% or more natural fruit

1 or vegetable juice.

2 Notwithstanding any other provisions of this Act,
3 beginning September 1, 2009, "soft drinks" means non-alcoholic
4 beverages that contain natural or artificial sweeteners. "Soft
5 drinks" do not include beverages that contain milk or milk
6 products, soy, rice or similar milk substitutes, or greater
7 than 50% of vegetable or fruit juice by volume.

8 Until August 1, 2009, and notwithstanding any other
9 provisions of this Act, "food for human consumption that is to
10 be consumed off the premises where it is sold" includes all
11 food sold through a vending machine, except soft drinks and
12 food products that are dispensed hot from a vending machine,
13 regardless of the location of the vending machine. Beginning
14 August 1, 2009, and notwithstanding any other provisions of
15 this Act, "food for human consumption that is to be consumed
16 off the premises where it is sold" includes all food sold
17 through a vending machine, except soft drinks, candy, and food
18 products that are dispensed hot from a vending machine,
19 regardless of the location of the vending machine.

20 Notwithstanding any other provisions of this Act,
21 beginning September 1, 2009, "food for human consumption that
22 is to be consumed off the premises where it is sold" does not
23 include candy. For purposes of this Section, "candy" means a
24 preparation of sugar, honey, or other natural or artificial
25 sweeteners in combination with chocolate, fruits, nuts or
26 other ingredients or flavorings in the form of bars, drops, or

1 pieces. "Candy" does not include any preparation that contains
2 flour or requires refrigeration.

3 Notwithstanding any other provisions of this Act,
4 beginning September 1, 2009, "nonprescription medicines and
5 drugs" does not include grooming and hygiene products. For
6 purposes of this Section, "grooming and hygiene products"
7 includes, but is not limited to, soaps and cleaning solutions,
8 shampoo, toothpaste, mouthwash, antiperspirants, and sun tan
9 lotions and screens, unless those products are available by
10 prescription only, regardless of whether the products meet the
11 definition of "over-the-counter-drugs". For the purposes of
12 this paragraph, "over-the-counter-drug" means a drug for human
13 use that contains a label that identifies the product as a drug
14 as required by 21 C.F.R. § 201.66. The "over-the-counter-drug"
15 label includes:

- 16 (A) A "Drug Facts" panel; or
17 (B) A statement of the "active ingredient(s)" with a
18 list of those ingredients contained in the compound,
19 substance or preparation.

20 Beginning on January 1, 2014 (the effective date of Public
21 Act 98-122), "prescription and nonprescription medicines and
22 drugs" includes medical cannabis purchased from a registered
23 dispensing organization under the Compassionate Use of Medical
24 Cannabis Program Act.

25 As used in this Section, "adult use cannabis" means
26 cannabis subject to tax under the Cannabis Cultivation

1 Privilege Tax Law and the Cannabis Purchaser Excise Tax Law
2 and does not include cannabis subject to tax under the
3 Compassionate Use of Medical Cannabis Program Act.

4 If the property that is acquired from a serviceman is
5 acquired outside Illinois and used outside Illinois before
6 being brought to Illinois for use here and is taxable under
7 this Act, the "selling price" on which the tax is computed
8 shall be reduced by an amount that represents a reasonable
9 allowance for depreciation for the period of prior
10 out-of-state use.

11 (Source: P.A. 100-22, eff. 7-6-17; 101-363, eff. 8-9-19;
12 101-593, eff. 12-4-19.)

13 Section 15. The Service Occupation Tax Act is amended by
14 changing Sections 3-5 and 3-10 as follows:

15 (35 ILCS 115/3-5)

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

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

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

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

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

23 (5) Until July 1, 2003 and beginning again on September 1,
24 2004 through August 30, 2014, graphic arts machinery and
25 equipment, including repair and replacement parts, both new
26 and used, and including that manufactured on special order or

1 purchased for lease, certified by the purchaser to be used
2 primarily for graphic arts production. Equipment includes
3 chemicals or chemicals acting as catalysts but only if the
4 chemicals or chemicals acting as catalysts effect a direct and
5 immediate change upon a graphic arts product. Beginning on
6 July 1, 2017, graphic arts machinery and equipment is included
7 in the manufacturing and assembling machinery and equipment
8 exemption under Section 2 of this Act.

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

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

1 tanks and dry boxes shall include units sold separately from a
2 motor vehicle required to be licensed and units sold mounted
3 on a motor vehicle required to be licensed if the selling price
4 of the tender is separately stated.

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

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

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

1 domestic stopovers.

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

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

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

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

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

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

20 (13) Beginning January 1, 1992 and through June 30, 2016,
21 food for human consumption that is to be consumed off the
22 premises where it is sold (other than alcoholic beverages,
23 soft drinks and food that has been prepared for immediate
24 consumption) and prescription and non-prescription medicines,
25 drugs, medical appliances, and insulin, urine testing
26 materials, syringes, and needles used by diabetics, for human

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

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

9 (15) Horses, or interests in horses, registered with and
10 meeting the requirements of any of the Arabian Horse Club
11 Registry of America, Appaloosa Horse Club, American Quarter
12 Horse Association, United States Trotting Association, or
13 Jockey Club, as appropriate, used for purposes of breeding or
14 racing for prizes. This item (15) is exempt from the
15 provisions of Section 3-55, and the exemption provided for
16 under this item (15) applies for all periods beginning May 30,
17 1995, but no claim for credit or refund is allowed on or after
18 January 1, 2008 (the effective date of Public Act 95-88) for
19 such taxes paid during the period beginning May 30, 2000 and
20 ending on January 1, 2008 (the effective date of Public Act
21 95-88).

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

1 hospital that has been issued an active tax exemption
2 identification number by the Department under Section 1g of
3 the Retailers' Occupation Tax Act.

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

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

20 (19) Beginning with taxable years ending on or after
21 December 31, 1995 and ending with taxable years ending on or
22 before December 31, 2004, personal property that is used in
23 the performance of infrastructure repairs in this State,
24 including but not limited to municipal roads and streets,
25 access roads, bridges, sidewalks, waste disposal systems,
26 water and sewer line extensions, water distribution and

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

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

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

1 individuals to follow a trade or to pursue a manual,
2 technical, mechanical, industrial, business, or commercial
3 occupation.

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

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

1 paragraph is exempt from the provisions of Section 3-55.

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

12 (25) Beginning on August 2, 2001 (the effective date of
13 Public Act 92-227), personal property sold to a lessor who
14 leases the property, under a lease of one year or longer
15 executed or in effect at the time of the purchase, to a
16 governmental body that has been issued an active tax exemption
17 identification number by the Department under Section 1g of
18 the Retailers' Occupation Tax Act. This paragraph is exempt
19 from the provisions of Section 3-55.

20 (26) Beginning on January 1, 2002 and through June 30,
21 2016, tangible personal property purchased from an Illinois
22 retailer by a taxpayer engaged in centralized purchasing
23 activities in Illinois who will, upon receipt of the property
24 in Illinois, temporarily store the property in Illinois (i)
25 for the purpose of subsequently transporting it outside this
26 State for use or consumption thereafter solely outside this

1 State or (ii) for the purpose of being processed, fabricated,
2 or manufactured into, attached to, or incorporated into other
3 tangible personal property to be transported outside this
4 State and thereafter used or consumed solely outside this
5 State. The Director of Revenue shall, pursuant to rules
6 adopted in accordance with the Illinois Administrative
7 Procedure Act, issue a permit to any taxpayer in good standing
8 with the Department who is eligible for the exemption under
9 this paragraph (26). The permit issued under this paragraph
10 (26) shall authorize the holder, to the extent and in the
11 manner specified in the rules adopted under this Act, to
12 purchase tangible personal property from a retailer exempt
13 from the taxes imposed by this Act. Taxpayers shall maintain
14 all necessary books and records to substantiate the use and
15 consumption of all such tangible personal property outside of
16 the State of Illinois.

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

24 (28) Tangible personal property sold to a
25 public-facilities corporation, as described in Section
26 11-65-10 of the Illinois Municipal Code, for purposes of

1 constructing or furnishing a municipal convention hall, but
2 only if the legal title to the municipal convention hall is
3 transferred to the municipality without any further
4 consideration by or on behalf of the municipality at the time
5 of the completion of the municipal convention hall or upon the
6 retirement or redemption of any bonds or other debt
7 instruments issued by the public-facilities corporation in
8 connection with the development of the municipal convention
9 hall. This exemption includes existing public-facilities
10 corporations as provided in Section 11-65-25 of the Illinois
11 Municipal Code. This paragraph is exempt from the provisions
12 of Section 3-55.

13 (29) Beginning January 1, 2010 and continuing through
14 December 31, 2024, materials, parts, equipment, components,
15 and furnishings incorporated into or upon an aircraft as part
16 of the modification, refurbishment, completion, replacement,
17 repair, or maintenance of the aircraft. This exemption
18 includes consumable supplies used in the modification,
19 refurbishment, completion, replacement, repair, and
20 maintenance of aircraft, but excludes any materials, parts,
21 equipment, components, and consumable supplies used in the
22 modification, replacement, repair, and maintenance of aircraft
23 engines or power plants, whether such engines or power plants
24 are installed or uninstalled upon any such aircraft.
25 "Consumable supplies" include, but are not limited to,
26 adhesive, tape, sandpaper, general purpose lubricants,

1 cleaning solution, latex gloves, and protective films. This
2 exemption applies only to the transfer of qualifying tangible
3 personal property incident to the modification, refurbishment,
4 completion, replacement, repair, or maintenance of an aircraft
5 by persons who (i) hold an Air Agency Certificate and are
6 empowered to operate an approved repair station by the Federal
7 Aviation Administration, (ii) have a Class IV Rating, and
8 (iii) conduct operations in accordance with Part 145 of the
9 Federal Aviation Regulations. The exemption does not include
10 aircraft operated by a commercial air carrier providing
11 scheduled passenger air service pursuant to authority issued
12 under Part 121 or Part 129 of the Federal Aviation
13 Regulations. The changes made to this paragraph (29) by Public
14 Act 98-534 are declarative of existing law. It is the intent of
15 the General Assembly that the exemption under this paragraph
16 (29) applies continuously from January 1, 2010 through
17 December 31, 2024; however, no claim for credit or refund is
18 allowed for taxes paid as a result of the disallowance of this
19 exemption on or after January 1, 2015 and prior to the
20 effective date of this amendatory Act of the 101st General
21 Assembly.

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
8 have qualified for a certificate of exemption prior to January
9 1, 2020 had this amendatory Act of the 101st General Assembly
10 been in effect, may apply for and obtain an exemption for
11 subsequent purchases of computer equipment or enabling
12 software purchased or leased to upgrade, supplement, or
13 replace computer equipment or enabling software purchased or
14 leased in the original 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
22 buildings rehabilitated or constructed to house working
23 servers in one physical location or multiple sites within
24 the State of 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
23 must obtain from the purchaser a copy of the certificate
24 of 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) Beginning January 1, 2022, prescription medicines and
3 drugs. This item (33) is exempt from the provisions of Section
4 3-55.

5 (Source: P.A. 100-22, eff. 7-6-17; 100-594, eff. 6-29-18;
6 100-1171, eff. 1-4-19; 101-31, eff. 6-28-19; 101-81, eff.
7 7-12-19; 101-629, eff. 2-5-20.)

8 (35 ILCS 115/3-10) (from Ch. 120, par. 439.103-10)

9 Sec. 3-10. Rate of tax. Unless otherwise provided in this
10 Section, the tax imposed by this Act is at the rate of 6.25% of
11 the "selling price", as defined in Section 2 of the Service Use
12 Tax Act, of the tangible personal property. For the purpose of
13 computing this tax, in no event shall the "selling price" be
14 less than the cost price to the serviceman of the tangible
15 personal property transferred. The selling price of each item
16 of tangible personal property transferred as an incident of a
17 sale of service may be shown as a distinct and separate item on
18 the serviceman's billing to the service customer. If the
19 selling price is not so shown, the selling price of the
20 tangible personal property is deemed to be 50% of the
21 serviceman's entire billing to the service customer. When,
22 however, a serviceman contracts to design, develop, and
23 produce special order machinery or equipment, the tax imposed
24 by this Act shall be based on the serviceman's cost price of
25 the tangible personal property transferred incident to the

1 completion of the contract.

2 Beginning on July 1, 2000 and through December 31, 2000,
3 with respect to motor fuel, as defined in Section 1.1 of the
4 Motor Fuel Tax Law, and gasohol, as defined in Section 3-40 of
5 the Use Tax Act, the tax is imposed at the rate of 1.25%.

6 With respect to gasohol, as defined in the Use Tax Act, the
7 tax imposed by this Act shall apply to (i) 70% of the cost
8 price of property transferred as an incident to the sale of
9 service on or after January 1, 1990, and before July 1, 2003,
10 (ii) 80% of the selling price of property transferred as an
11 incident to the sale of service on or after July 1, 2003 and on
12 or before July 1, 2017, and (iii) 100% of the cost price
13 thereafter. If, at any time, however, the tax under this Act on
14 sales of gasohol, as defined in the Use Tax Act, is imposed at
15 the rate of 1.25%, then the tax imposed by this Act applies to
16 100% of the proceeds of sales of gasohol made during that time.

17 With respect to majority blended ethanol fuel, as defined
18 in the Use Tax Act, the tax imposed by this Act does not apply
19 to the selling price of property transferred as an incident to
20 the sale of service on or after July 1, 2003 and on or before
21 December 31, 2023 but applies to 100% of the selling price
22 thereafter.

23 With respect to biodiesel blends, as defined in the Use
24 Tax Act, with no less than 1% and no more than 10% biodiesel,
25 the tax imposed by this Act applies to (i) 80% of the selling
26 price of property transferred as an incident to the sale of

1 service on or after July 1, 2003 and on or before December 31,
2 2018 and (ii) 100% of the proceeds of the selling price
3 thereafter. If, at any time, however, the tax under this Act on
4 sales of biodiesel blends, as defined in the Use Tax Act, with
5 no less than 1% and no more than 10% biodiesel is imposed at
6 the rate of 1.25%, then the tax imposed by this Act applies to
7 100% of the proceeds of sales of biodiesel blends with no less
8 than 1% and no more than 10% biodiesel made during that time.

9 With respect to 100% biodiesel, as defined in the Use Tax
10 Act, and biodiesel blends, as defined in the Use Tax Act, with
11 more than 10% but no more than 99% biodiesel material, the tax
12 imposed by this Act does not apply to the proceeds of the
13 selling price of property transferred as an incident to the
14 sale of service on or after July 1, 2003 and on or before
15 December 31, 2023 but applies to 100% of the selling price
16 thereafter.

17 At the election of any registered serviceman made for each
18 fiscal year, sales of service in which the aggregate annual
19 cost price of tangible personal property transferred as an
20 incident to the sales of service is less than 35%, or 75% in
21 the case of servicemen transferring prescription drugs or
22 servicemen engaged in graphic arts production, of the
23 aggregate annual total gross receipts from all sales of
24 service, the tax imposed by this Act shall be based on the
25 serviceman's cost price of the tangible personal property
26 transferred incident to the sale of those services.

1 The tax shall be imposed at the rate of 1% on food prepared
2 for immediate consumption and transferred incident to a sale
3 of service subject to this Act or the Service Occupation Tax
4 Act by an entity licensed under the Hospital Licensing Act,
5 the Nursing Home Care Act, the ID/DD Community Care Act, the
6 MC/DD Act, the Specialized Mental Health Rehabilitation Act of
7 2013, or the Child Care Act of 1969. The tax shall also be
8 imposed at the rate of 1% on food for human consumption that is
9 to be consumed off the premises where it is sold (other than
10 alcoholic beverages, food consisting of or infused with adult
11 use cannabis, soft drinks, and food that has been prepared for
12 immediate consumption and is not otherwise included in this
13 paragraph) and ~~prescription~~ and nonprescription medicines,
14 drugs, medical appliances, products classified as Class III
15 medical devices by the United States Food and Drug
16 Administration that are used for cancer treatment pursuant to
17 a prescription, as well as any accessories and components
18 related to those devices, modifications to a motor vehicle for
19 the purpose of rendering it usable by a person with a
20 disability, and ~~insulin~~, urine testing materials, syringes,
21 and needles used by diabetics, for human use. For the purposes
22 of this Section, until September 1, 2009: the term "soft
23 drinks" means any complete, finished, ready-to-use,
24 non-alcoholic drink, whether carbonated or not, including but
25 not limited to soda water, cola, fruit juice, vegetable juice,
26 carbonated water, and all other preparations commonly known as

1 soft drinks of whatever kind or description that are contained
2 in any closed or sealed can, carton, or container, regardless
3 of size; but "soft drinks" does not include coffee, tea,
4 non-carbonated water, infant formula, milk or milk products as
5 defined in the Grade A Pasteurized Milk and Milk Products Act,
6 or drinks containing 50% or more natural fruit or vegetable
7 juice.

8 Notwithstanding any other provisions of this Act,
9 beginning September 1, 2009, "soft drinks" means non-alcoholic
10 beverages that contain natural or artificial sweeteners. "Soft
11 drinks" do not include beverages that contain milk or milk
12 products, soy, rice or similar milk substitutes, or greater
13 than 50% of vegetable or fruit juice by volume.

14 Until August 1, 2009, and notwithstanding any other
15 provisions of this Act, "food for human consumption that is to
16 be consumed off the premises where it is sold" includes all
17 food sold through a vending machine, except soft drinks and
18 food products that are dispensed hot from a vending machine,
19 regardless of the location of the vending machine. Beginning
20 August 1, 2009, and notwithstanding any other provisions of
21 this Act, "food for human consumption that is to be consumed
22 off the premises where it is sold" includes all food sold
23 through a vending machine, except soft drinks, candy, and food
24 products that are dispensed hot from a vending machine,
25 regardless of the location of the vending machine.

26 Notwithstanding any other provisions of this Act,

1 beginning September 1, 2009, "food for human consumption that
2 is to be consumed off the premises where it is sold" does not
3 include candy. For purposes of this Section, "candy" means a
4 preparation of sugar, honey, or other natural or artificial
5 sweeteners in combination with chocolate, fruits, nuts or
6 other ingredients or flavorings in the form of bars, drops, or
7 pieces. "Candy" does not include any preparation that contains
8 flour or requires refrigeration.

9 Notwithstanding any other provisions of this Act,
10 beginning September 1, 2009, "nonprescription medicines and
11 drugs" does not include grooming and hygiene products. For
12 purposes of this Section, "grooming and hygiene products"
13 includes, but is not limited to, soaps and cleaning solutions,
14 shampoo, toothpaste, mouthwash, antiperspirants, and sun tan
15 lotions and screens, unless those products are available by
16 prescription only, regardless of whether the products meet the
17 definition of "over-the-counter-drugs". For the purposes of
18 this paragraph, "over-the-counter-drug" means a drug for human
19 use that contains a label that identifies the product as a drug
20 as required by 21 C.F.R. § 201.66. The "over-the-counter-drug"
21 label includes:

22 (A) A "Drug Facts" panel; or

23 (B) A statement of the "active ingredient(s)" with a
24 list of those ingredients contained in the compound,
25 substance or preparation.

26 Beginning on January 1, 2014 (the effective date of Public

1 Act 98-122), "prescription and nonprescription medicines and
2 drugs" includes medical cannabis purchased from a registered
3 dispensing organization under the Compassionate Use of Medical
4 Cannabis Program Act.

5 As used in this Section, "adult use cannabis" means
6 cannabis subject to tax under the Cannabis Cultivation
7 Privilege Tax Law and the Cannabis Purchaser Excise Tax Law
8 and does not include cannabis subject to tax under the
9 Compassionate Use of Medical Cannabis Program Act.

10 (Source: P.A. 100-22, eff. 7-6-17; 101-363, eff. 8-9-19;
11 101-593, eff. 12-4-19.)

12 Section 20. The Retailers' Occupation Tax Act is amended
13 by changing Sections 2-5 and 2-10 as follows:

14 (35 ILCS 120/2-5)

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

18 (1) Farm chemicals.

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

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

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

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

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

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

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

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

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

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

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

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

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

1 an active identification number issued by the Department.

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

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

24 (12) (Blank).

25 (12-5) On and after July 1, 2003 and through June 30,
26 2004, motor vehicles of the second division with a gross

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 vessel while it is afloat upon that bordering river.

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

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

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

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

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

1 of the maintenance record entry, and completion of the
2 test flight and ground test for inspection, as
3 required by 14 C.F.R. 91.407;

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

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

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

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

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

1 this State.

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

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

6 (27) Horses, or interests in horses, registered with
7 and meeting the requirements of any of the Arabian Horse
8 Club Registry of America, Appaloosa Horse Club, American
9 Quarter Horse Association, United States Trotting
10 Association, or Jockey Club, as appropriate, used for
11 purposes of breeding or racing for prizes. This item (27)
12 is exempt from the provisions of Section 2-70, and the
13 exemption provided for under this item (27) applies for
14 all periods beginning May 30, 1995, but no claim for
15 credit or refund is allowed on or after January 1, 2008
16 (the effective date of Public Act 95-88) for such taxes
17 paid during the period beginning May 30, 2000 and ending
18 on January 1, 2008 (the effective date of Public Act
19 95-88).

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

1 Section 1g of this Act.

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

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

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

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

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

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

1 individuals to follow a trade or to pursue a manual,
2 technical, mechanical, industrial, business, or commercial
3 occupation.

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

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

1 derived from the use of the commercial, coin-operated
2 amusement and vending machines. This paragraph is exempt
3 from the provisions of Section 2-70.

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

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

1 of Section 2-70.

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

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

1 manner specified in the rules adopted under this Act, to
2 purchase tangible personal property from a retailer exempt
3 from the taxes imposed by this Act. Taxpayers shall
4 maintain all necessary books and records to substantiate
5 the use and consumption of all such tangible personal
6 property outside of the State of Illinois.

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

15 (40) Beginning January 1, 2010 and continuing through
16 December 31, 2024, materials, parts, equipment,
17 components, and furnishings incorporated into or upon an
18 aircraft as part of the modification, refurbishment,
19 completion, replacement, repair, or maintenance of the
20 aircraft. This exemption includes consumable supplies used
21 in the modification, refurbishment, completion,
22 replacement, repair, and maintenance of aircraft, but
23 excludes any materials, parts, equipment, components, and
24 consumable supplies used in the modification, replacement,
25 repair, and maintenance of aircraft engines or power
26 plants, whether such engines or power plants are installed

1 or uninstalled upon any such aircraft. "Consumable
2 supplies" include, but are not limited to, adhesive, tape,
3 sandpaper, general purpose lubricants, cleaning solution,
4 latex gloves, and protective films. This exemption applies
5 only to the sale of qualifying tangible personal property
6 to persons who modify, refurbish, complete, replace, or
7 maintain an aircraft and who (i) hold an Air Agency
8 Certificate and are empowered to operate an approved
9 repair station by the Federal Aviation Administration,
10 (ii) have a Class IV Rating, and (iii) conduct operations
11 in accordance with Part 145 of the Federal Aviation
12 Regulations. The exemption does not include aircraft
13 operated by a commercial air carrier providing scheduled
14 passenger air service pursuant to authority issued under
15 Part 121 or Part 129 of the Federal Aviation Regulations.
16 The changes made to this paragraph (40) by Public Act
17 98-534 are declarative of existing law. It is the intent
18 of the General Assembly that the exemption under this
19 paragraph (40) applies continuously from January 1, 2010
20 through December 31, 2024; however, no claim for credit or
21 refund is allowed for taxes paid as a result of the
22 disallowance of this exemption on or after January 1, 2015
23 and prior to the effective date of this amendatory Act of
24 the 101st General Assembly.

25 (41) Tangible personal property sold to a
26 public-facilities corporation, as described in Section

1 11-65-10 of the Illinois Municipal Code, for purposes of
2 constructing or furnishing a municipal convention hall,
3 but only if the legal title to the municipal convention
4 hall is transferred to the municipality without any
5 further consideration by or on behalf of the municipality
6 at the time of the completion of the municipal convention
7 hall or upon the retirement or redemption of any bonds or
8 other debt instruments issued by the public-facilities
9 corporation in connection with the development of the
10 municipal convention hall. This exemption includes
11 existing public-facilities corporations as provided in
12 Section 11-65-25 of the Illinois Municipal Code. This
13 paragraph is exempt from the provisions of Section 2-70.

14 (42) Beginning January 1, 2017, menstrual pads,
15 tampons, and menstrual cups.

16 (43) Merchandise that is subject to the Rental
17 Purchase Agreement Occupation and Use Tax. The purchaser
18 must certify that the item is purchased to be rented
19 subject to a rental purchase agreement, as defined in the
20 Rental Purchase Agreement Act, and provide proof of
21 registration under the Rental Purchase Agreement
22 Occupation and Use Tax Act. This paragraph is exempt from
23 the provisions of Section 2-70.

24 (44) Qualified tangible personal property used in the
25 construction or operation of a data center that has been
26 granted a certificate of exemption by the Department of

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

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

19 For the purposes of this item (44):

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

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

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

26 This item (44) is exempt from the provisions of

1 Section 2-70.

2 (45) Beginning January 1, 2022, prescription medicines
3 and drugs. This item (45) is exempt from the provisions of
4 Section 2-70.

5 (Source: P.A. 100-22, eff. 7-6-17; 100-321, eff. 8-24-17;
6 100-437, eff. 1-1-18; 100-594, eff. 6-29-18; 100-863, eff.
7 8-14-18; 100-1171, eff. 1-4-19; 101-31, eff. 6-28-19; 101-81,
8 eff. 7-12-19; 101-629, eff. 2-5-20.)

9 (35 ILCS 120/2-10)

10 Sec. 2-10. Rate of tax. Unless otherwise provided in this
11 Section, the tax imposed by this Act is at the rate of 6.25% of
12 gross receipts from sales of tangible personal property made
13 in the course of business.

14 Beginning on July 1, 2000 and through December 31, 2000,
15 with respect to motor fuel, as defined in Section 1.1 of the
16 Motor Fuel Tax Law, and gasohol, as defined in Section 3-40 of
17 the Use Tax Act, the tax is imposed at the rate of 1.25%.

18 Beginning on August 6, 2010 through August 15, 2010, with
19 respect to sales tax holiday items as defined in Section 2-8 of
20 this Act, the tax is imposed at the rate of 1.25%.

21 Within 14 days after the effective date of this amendatory
22 Act of the 91st General Assembly, each retailer of motor fuel
23 and gasohol shall cause the following notice to be posted in a
24 prominently visible place on each retail dispensing device
25 that is used to dispense motor fuel or gasohol in the State of

1 Illinois: "As of July 1, 2000, the State of Illinois has
2 eliminated the State's share of sales tax on motor fuel and
3 gasohol through December 31, 2000. The price on this pump
4 should reflect the elimination of the tax." The notice shall
5 be printed in bold print on a sign that is no smaller than 4
6 inches by 8 inches. The sign shall be clearly visible to
7 customers. Any retailer who fails to post or maintain a
8 required sign through December 31, 2000 is guilty of a petty
9 offense for which the fine shall be \$500 per day per each
10 retail premises where a violation occurs.

11 With respect to gasohol, as defined in the Use Tax Act, the
12 tax imposed by this Act applies to (i) 70% of the proceeds of
13 sales made on or after January 1, 1990, and before July 1,
14 2003, (ii) 80% of the proceeds of sales made on or after July
15 1, 2003 and on or before July 1, 2017, and (iii) 100% of the
16 proceeds of sales made thereafter. If, at any time, however,
17 the tax under this Act on sales of gasohol, as defined in the
18 Use Tax Act, is imposed at the rate of 1.25%, then the tax
19 imposed by this Act applies to 100% of the proceeds of sales of
20 gasohol made during that time.

21 With respect to majority blended ethanol fuel, as defined
22 in the Use Tax Act, the tax imposed by this Act does not apply
23 to the proceeds of sales made on or after July 1, 2003 and on
24 or before December 31, 2023 but applies to 100% of the proceeds
25 of sales made thereafter.

26 With respect to biodiesel blends, as defined in the Use

1 Tax Act, with no less than 1% and no more than 10% biodiesel,
2 the tax imposed by this Act applies to (i) 80% of the proceeds
3 of sales made on or after July 1, 2003 and on or before
4 December 31, 2018 and (ii) 100% of the proceeds of sales made
5 thereafter. If, at any time, however, the tax under this Act on
6 sales of biodiesel blends, as defined in the Use Tax Act, with
7 no less than 1% and no more than 10% biodiesel is imposed at
8 the rate of 1.25%, then the tax imposed by this Act applies to
9 100% of the proceeds of sales of biodiesel blends with no less
10 than 1% and no more than 10% biodiesel made during that time.

11 With respect to 100% biodiesel, as defined in the Use Tax
12 Act, and biodiesel blends, as defined in the Use Tax Act, with
13 more than 10% but no more than 99% biodiesel, the tax imposed
14 by this Act does not apply to the proceeds of sales made on or
15 after July 1, 2003 and on or before December 31, 2023 but
16 applies to 100% of the proceeds of sales made thereafter.

17 With respect to food for human consumption that is to be
18 consumed off the premises where it is sold (other than
19 alcoholic beverages, food consisting of or infused with adult
20 use cannabis, soft drinks, and food that has been prepared for
21 immediate consumption) and ~~prescription and~~ nonprescription
22 medicines, drugs, medical appliances, products classified as
23 Class III medical devices by the United States Food and Drug
24 Administration that are used for cancer treatment pursuant to
25 a prescription, as well as any accessories and components
26 related to those devices, modifications to a motor vehicle for

1 the purpose of rendering it usable by a person with a
2 disability, and ~~insulin~~, urine testing materials, syringes,
3 and needles used by diabetics, for human use, the tax is
4 imposed at the rate of 1%. For the purposes of this Section,
5 until September 1, 2009: the term "soft drinks" means any
6 complete, finished, ready-to-use, non-alcoholic drink, whether
7 carbonated or not, including but not limited to soda water,
8 cola, fruit juice, vegetable juice, carbonated water, and all
9 other preparations commonly known as soft drinks of whatever
10 kind or description that are contained in any closed or sealed
11 bottle, can, carton, or container, regardless of size; but
12 "soft drinks" does not include coffee, tea, non-carbonated
13 water, infant formula, milk or milk products as defined in the
14 Grade A Pasteurized Milk and Milk Products Act, or drinks
15 containing 50% or more natural fruit or vegetable juice.

16 Notwithstanding any other provisions of this Act,
17 beginning September 1, 2009, "soft drinks" means non-alcoholic
18 beverages that contain natural or artificial sweeteners. "Soft
19 drinks" do not include beverages that contain milk or milk
20 products, soy, rice or similar milk substitutes, or greater
21 than 50% of vegetable or fruit juice by volume.

22 Until August 1, 2009, and notwithstanding any other
23 provisions of this Act, "food for human consumption that is to
24 be consumed off the premises where it is sold" includes all
25 food sold through a vending machine, except soft drinks and
26 food products that are dispensed hot from a vending machine,

1 regardless of the location of the vending machine. Beginning
2 August 1, 2009, and notwithstanding any other provisions of
3 this Act, "food for human consumption that is to be consumed
4 off the premises where it is sold" includes all food sold
5 through a vending machine, except soft drinks, candy, and food
6 products that are dispensed hot from a vending machine,
7 regardless of the location of the vending machine.

8 Notwithstanding any other provisions of this Act,
9 beginning September 1, 2009, "food for human consumption that
10 is to be consumed off the premises where it is sold" does not
11 include candy. For purposes of this Section, "candy" means a
12 preparation of sugar, honey, or other natural or artificial
13 sweeteners in combination with chocolate, fruits, nuts or
14 other ingredients or flavorings in the form of bars, drops, or
15 pieces. "Candy" does not include any preparation that contains
16 flour or requires refrigeration.

17 Notwithstanding any other provisions of this Act,
18 beginning September 1, 2009, "nonprescription medicines and
19 drugs" does not include grooming and hygiene products. For
20 purposes of this Section, "grooming and hygiene products"
21 includes, but is not limited to, soaps and cleaning solutions,
22 shampoo, toothpaste, mouthwash, antiperspirants, and sun tan
23 lotions and screens, unless those products are available by
24 prescription only, regardless of whether the products meet the
25 definition of "over-the-counter-drugs". For the purposes of
26 this paragraph, "over-the-counter-drug" means a drug for human

1 use that contains a label that identifies the product as a drug
2 as required by 21 C.F.R. § 201.66. The "over-the-counter-drug"
3 label includes:

4 (A) A "Drug Facts" panel; or

5 (B) A statement of the "active ingredient(s)" with a
6 list of those ingredients contained in the compound,
7 substance or preparation.

8 Beginning on the effective date of this amendatory Act of
9 the 98th General Assembly, "prescription and nonprescription
10 medicines and drugs" includes medical cannabis purchased from
11 a registered dispensing organization under the Compassionate
12 Use of Medical Cannabis Program Act.

13 As used in this Section, "adult use cannabis" means
14 cannabis subject to tax under the Cannabis Cultivation
15 Privilege Tax Law and the Cannabis Purchaser Excise Tax Law
16 and does not include cannabis subject to tax under the
17 Compassionate Use of Medical Cannabis Program Act.

18 (Source: P.A. 100-22, eff. 7-6-17; 101-363, eff. 8-9-19;
19 101-593, eff. 12-4-19.)

20 Section 99. Effective date. This Act takes effect January
21 1, 2022.