



102ND GENERAL ASSEMBLY

State of Illinois

2021 and 2022

HB4819

Introduced 1/27/2022, by Rep. Dagmara Avelar

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 certain food, drugs, and medical appliances that were taxed at the rate of 1% shall be exempt from the taxes under those Acts. Effective immediately.

LRB102 25246 HLH 34519 b

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 and through December 31,
23 2026, menstrual pads, tampons, 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 July 1, 2022, food for human consumption
11 that is to be consumed off the premises where it is sold (other
12 than alcoholic beverages, food consisting of or infused with
13 adult use cannabis, soft drinks, and food that has been
14 prepared for immediate consumption) and prescription and
15 nonprescription medicines, drugs, medical appliances, products
16 classified as Class III medical devices by the United States
17 Food and Drug Administration that are used for cancer
18 treatment pursuant to a prescription, as well as any
19 accessories and components related to those devices,
20 modifications to a motor vehicle for the purpose of rendering
21 it usable by a person with a disability, and insulin, blood
22 sugar testing materials, syringes, and needles used by human
23 diabetics. This item (41) is exempt from the provisions of
24 Section 3-90.

25 (Source: P.A. 101-9, eff. 6-5-19; 101-31, eff. 6-28-19;
26 101-81, eff. 7-12-19; 101-629, eff. 2-5-20; 102-16, eff.

1 6-17-21.)

2 (35 ILCS 105/3-10)

3 Sec. 3-10. Rate of tax. Unless otherwise provided in this
4 Section, the tax imposed by this Act is at the rate of 6.25% of
5 either the selling price or the fair market value, if any, of
6 the tangible personal property. In all cases where property
7 functionally used or consumed is the same as the property that
8 was purchased at retail, then the tax is imposed on the selling
9 price of the property. In all cases where property
10 functionally used or consumed is a by-product or waste product
11 that has been refined, manufactured, or produced from property
12 purchased at retail, then the tax is imposed on the lower of
13 the fair market value, if any, of the specific property so used
14 in this State or on the selling price of the property purchased
15 at retail. For purposes of this Section "fair market value"
16 means the price at which property would change hands between a
17 willing buyer and a willing seller, neither being under any
18 compulsion to buy or sell and both having reasonable knowledge
19 of the relevant facts. The fair market value shall be
20 established by Illinois sales by the taxpayer of the same
21 property as that functionally used or consumed, or if there
22 are no such sales by the taxpayer, then comparable sales or
23 purchases of property of like kind and character in Illinois.

24 Beginning on July 1, 2000 and through December 31, 2000,
25 with respect to motor fuel, as defined in Section 1.1 of the

1 Motor Fuel Tax Law, and gasohol, as defined in Section 3-40 of
2 the Use Tax Act, the tax is imposed at the rate of 1.25%.

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

6 With respect to gasohol, the tax imposed by this Act
7 applies to (i) 70% of the proceeds of sales made on or after
8 January 1, 1990, and before July 1, 2003, (ii) 80% of the
9 proceeds of sales made on or after July 1, 2003 and on or
10 before July 1, 2017, and (iii) 100% of the proceeds of sales
11 made thereafter. If, at any time, however, the tax under this
12 Act on sales of gasohol is imposed at the rate of 1.25%, then
13 the tax imposed by this Act applies to 100% of the proceeds of
14 sales of gasohol made during that time.

15 With respect to majority blended ethanol fuel, the tax
16 imposed by this Act does not apply to the proceeds of sales
17 made on or after July 1, 2003 and on or before December 31,
18 2023 but applies to 100% of the proceeds of sales made
19 thereafter.

20 With respect to biodiesel blends with no less than 1% and
21 no more than 10% biodiesel, the tax imposed by this Act applies
22 to (i) 80% of the proceeds of sales made on or after July 1,
23 2003 and on or before December 31, 2018 and (ii) 100% of the
24 proceeds of sales made thereafter. If, at any time, however,
25 the tax under this Act on sales of biodiesel blends with no
26 less than 1% and no more than 10% biodiesel is imposed at the

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

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

9 Until July 1, 2022, with ~~With~~ respect to food for human
10 consumption that is to be consumed off the premises where it is
11 sold (other than alcoholic beverages, food consisting of or
12 infused with adult use cannabis, soft drinks, and food that
13 has been prepared for immediate consumption) and prescription
14 and nonprescription medicines, drugs, medical appliances,
15 products classified as Class III medical devices by the United
16 States Food and Drug Administration that are used for cancer
17 treatment pursuant to a prescription, as well as any
18 accessories and components related to those devices,
19 modifications to a motor vehicle for the purpose of rendering
20 it usable by a person with a disability, and insulin, blood
21 sugar testing materials, syringes, and needles used by human
22 diabetics, the tax is imposed at the rate of 1%. Beginning on
23 July 1, 2022, items that had been subject to a 1% rate of tax
24 under this paragraph shall be exempt as provided in item (41)
25 of Section 3-5. For the purposes of this Section, until
26 September 1, 2009: the term "soft drinks" means any complete,

1 finished, ready-to-use, non-alcoholic drink, whether
2 carbonated or not, including but not limited to soda water,
3 cola, fruit juice, vegetable juice, carbonated water, and all
4 other preparations commonly known as soft drinks of whatever
5 kind or description that are contained in any closed or sealed
6 bottle, can, carton, or container, regardless of size; but
7 "soft drinks" does not include coffee, tea, non-carbonated
8 water, infant formula, milk or milk products as defined in the
9 Grade A Pasteurized Milk and Milk Products Act, or drinks
10 containing 50% or more natural fruit or vegetable juice.

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

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

1 products that are dispensed hot from a vending machine,
2 regardless of the location of the vending machine.

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

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

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

26 (B) A statement of the "active ingredient(s)" with a

1 list of those ingredients contained in the compound,
2 substance or preparation.

3 Beginning on the effective date of this amendatory Act of
4 the 98th General Assembly, "prescription and nonprescription
5 medicines and drugs" includes medical cannabis purchased from
6 a registered dispensing organization under the Compassionate
7 Use of Medical Cannabis Program Act.

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

13 If the property that is purchased at retail from a
14 retailer is acquired outside Illinois and used outside
15 Illinois before being brought to Illinois for use here and is
16 taxable under this Act, the "selling price" on which the tax is
17 computed shall be reduced by an amount that represents a
18 reasonable allowance for depreciation for the period of prior
19 out-of-state use.

20 (Source: P.A. 101-363, eff. 8-9-19; 101-593, eff. 12-4-19;
21 102-4, eff. 4-27-21.)

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

24 (35 ILCS 110/3-5)

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

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

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

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

1 by the Department.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 modification, replacement, repair, and maintenance of aircraft
2 engines or power plants, whether such engines or power plants
3 are installed or uninstalled upon any such aircraft.
4 "Consumable supplies" include, but are not limited to,
5 adhesive, tape, sandpaper, general purpose lubricants,
6 cleaning solution, latex gloves, and protective films. This
7 exemption applies only to the use of qualifying tangible
8 personal property transferred incident to the modification,
9 refurbishment, completion, replacement, repair, or maintenance
10 of aircraft by persons who (i) hold an Air Agency Certificate
11 and are empowered to operate an approved repair station by the
12 Federal Aviation Administration, (ii) have a Class IV Rating,
13 and (iii) conduct operations in accordance with Part 145 of
14 the Federal Aviation Regulations. The exemption does not
15 include aircraft operated by a commercial air carrier
16 providing scheduled passenger air service pursuant to
17 authority issued under Part 121 or Part 129 of the Federal
18 Aviation Regulations. The changes made to this paragraph (27)
19 by Public Act 98-534 are declarative of existing law. It is the
20 intent of the General Assembly that the exemption under this
21 paragraph (27) applies continuously from January 1, 2010
22 through December 31, 2024; however, no claim for credit or
23 refund is allowed for taxes paid as a result of the
24 disallowance of this exemption on or after January 1, 2015 and
25 prior to the effective date of this amendatory Act of the 101st
26 General Assembly.

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

16 (29) Beginning January 1, 2017 and through December 31,
17 2026, menstrual pads, tampons, and menstrual cups.

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

22 (31) Qualified tangible personal property used in the
23 construction or operation of a data center that has been
24 granted a certificate of exemption by the Department of
25 Commerce and Economic Opportunity, whether that tangible
26 personal property is purchased by the owner, operator, or

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

10 The Department of Commerce and Economic Opportunity shall
11 grant a certificate of exemption under this item (31) to
12 qualified data centers as defined by Section 605-1025 of the
13 Department of Commerce and Economic Opportunity Law of the
14 Civil Administrative Code of Illinois.

15 For the purposes of this item (31):

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

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

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

21 This item (31) is exempt from the provisions of Section
22 3-75.

23 (32) Beginning July 1, 2022, food prepared for immediate
24 consumption and transferred incident to a sale of service
25 subject to this Act or the Service Occupation Tax Act by an
26 entity licensed under the Hospital Licensing Act, the Nursing

1 Home Care Act, the Assisted Living and Shared Housing Act, the
2 ID/DD Community Care Act, the MC/DD Act, the Specialized
3 Mental Health Rehabilitation Act of 2013, or the Child Care
4 Act of 1969, or an entity that holds a permit issued pursuant
5 to the Life Care Facilities Act; food for human consumption
6 that is to be consumed off the premises where it is sold (other
7 than alcoholic beverages, food consisting of or infused with
8 adult use cannabis, soft drinks, and food that has been
9 prepared for immediate consumption and is not otherwise
10 included in this paragraph); and prescription and
11 nonprescription medicines, drugs, medical appliances, products
12 classified as Class III medical devices by the United States
13 Food and Drug Administration that are used for cancer
14 treatment pursuant to a prescription, as well as any
15 accessories and components related to those devices,
16 modifications to a motor vehicle for the purpose of rendering
17 it usable by a person with a disability, and insulin, blood
18 sugar testing materials, syringes, and needles used by human
19 diabetics. This item (32) is exempt from the provisions of
20 Section 3-75.

21 (Source: P.A. 101-31, eff. 6-28-19; 101-81, eff. 7-12-19;
22 101-629, eff. 2-5-20; 102-16, eff. 6-17-21.)

23 (35 ILCS 110/3-10) (from Ch. 120, par. 439.33-10)

24 Sec. 3-10. Rate of tax. Unless otherwise provided in this
25 Section, the tax imposed by this Act is at the rate of 6.25% of

1 the selling price of tangible personal property transferred as
2 an incident to the sale of service, but, for the purpose of
3 computing this tax, in no event shall the selling price be less
4 than the cost price of the property to the serviceman.

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

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

20 With respect to majority blended ethanol fuel, as defined
21 in the Use Tax Act, the tax imposed by this Act does not apply
22 to the selling price of property transferred as an incident to
23 the sale of service on or after July 1, 2003 and on or before
24 December 31, 2023 but applies to 100% of the selling price
25 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 selling
3 price of property transferred as an incident to the sale of
4 service on or after July 1, 2003 and on or before December 31,
5 2018 and (ii) 100% of the proceeds of the selling price
6 thereafter. If, at any time, however, the tax under this Act on
7 sales of biodiesel blends, as defined in the Use Tax Act, with
8 no less than 1% and no more than 10% biodiesel is imposed at
9 the rate of 1.25%, then the tax imposed by this Act applies to
10 100% of the proceeds of sales of biodiesel blends with no less
11 than 1% and no more than 10% biodiesel made during that time.

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

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

1 serviceman's cost price of the tangible personal property
2 transferred as an incident to the sale of those services.

3 Until July 1, 2022, the ~~The~~ tax shall be imposed at the
4 rate of 1% on food prepared for immediate consumption and
5 transferred incident to a sale of service subject to this Act
6 or the Service Occupation Tax Act by an entity licensed under
7 the Hospital Licensing Act, the Nursing Home Care Act, the
8 Assisted Living and Shared Housing Act, the ID/DD Community
9 Care Act, the MC/DD Act, the Specialized Mental Health
10 Rehabilitation Act of 2013, or the Child Care Act of 1969, or
11 an entity that holds a permit issued pursuant to the Life Care
12 Facilities Act. Until July 1, 2022, the ~~The~~ tax shall also be
13 imposed at the rate of 1% on food for human consumption that is
14 to be consumed off the premises where it is sold (other than
15 alcoholic beverages, food consisting of or infused with adult
16 use cannabis, soft drinks, and food that has been prepared for
17 immediate consumption and is not otherwise included in this
18 paragraph) and prescription and nonprescription medicines,
19 drugs, medical appliances, products classified as Class III
20 medical devices by the United States Food and Drug
21 Administration that are used for cancer treatment pursuant to
22 a prescription, as well as any accessories and components
23 related to those devices, modifications to a motor vehicle for
24 the purpose of rendering it usable by a person with a
25 disability, and insulin, blood sugar testing materials,
26 syringes, and needles used by human diabetics. Beginning on

1 July 1, 2022, items that had been subject to a 1% rate of tax
2 under this paragraph shall be exempt as provided in item (32)
3 of Section 3-5. For the purposes of this Section, until
4 September 1, 2009: the term "soft drinks" means any complete,
5 finished, ready-to-use, non-alcoholic drink, whether
6 carbonated or not, including but not limited to soda water,
7 cola, fruit juice, vegetable juice, carbonated water, and all
8 other preparations commonly known as soft drinks of whatever
9 kind or description that are contained in any closed or sealed
10 bottle, can, carton, or container, regardless of size; but
11 "soft drinks" does not include coffee, tea, non-carbonated
12 water, infant formula, milk or milk products as defined in the
13 Grade A Pasteurized Milk and Milk Products Act, or drinks
14 containing 50% or more natural fruit or vegetable juice.

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

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

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

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

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

1 as required by 21 C.F.R. § 201.66. The "over-the-counter-drug"
2 label includes:

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

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

7 Beginning on January 1, 2014 (the effective date of Public
8 Act 98-122), "prescription and nonprescription medicines and
9 drugs" includes medical cannabis purchased from a registered
10 dispensing organization under the Compassionate Use of Medical
11 Cannabis Program Act.

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

17 If the property that is acquired from a serviceman is
18 acquired outside Illinois and used outside Illinois before
19 being brought to Illinois for use here and is taxable under
20 this Act, the "selling price" on which the tax is computed
21 shall be reduced by an amount that represents a reasonable
22 allowance for depreciation for the period of prior
23 out-of-state use.

24 (Source: P.A. 101-363, eff. 8-9-19; 101-593, eff. 12-4-19;
25 102-4, eff. 4-27-21; 102-16, eff. 6-17-21.)

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

3 (35 ILCS 115/3-5)

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

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

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

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

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

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

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

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

25 (7) Farm machinery and equipment, both new and used,
26 including that manufactured on special order, certified by the

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

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

26 Farm machinery and equipment also includes computers,

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

8 (8) Until June 30, 2013, fuel and petroleum products sold
9 to or used by an air common 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 flight
12 destined for or returning from a location or locations outside
13 the United States without regard to previous or subsequent
14 domestic stopovers.

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

25 (9) Proceeds of mandatory service charges separately
26 stated on customers' bills for the purchase and consumption of

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

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

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

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

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

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

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

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

1 racing for prizes. This item (15) is exempt from the
2 provisions of Section 3-55, and the exemption provided for
3 under this item (15) applies for all periods beginning May 30,
4 1995, but no claim for credit or refund is allowed on or after
5 January 1, 2008 (the effective date of Public Act 95-88) for
6 such taxes paid during the period beginning May 30, 2000 and
7 ending on January 1, 2008 (the effective date of Public Act
8 95-88).

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

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

23 (18) Beginning with taxable years ending on or after
24 December 31, 1995 and ending with taxable years ending on or
25 before December 31, 2004, personal property that is 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 (19) 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 (20) Beginning July 1, 1999, game or game birds sold at a
21 "game breeding and hunting preserve area" as that term is used
22 in the Wildlife Code. This paragraph is exempt from the
23 provisions of Section 3-55.

24 (21) 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 (22) 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 3-55.

5 (23) 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 3-55.

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

25 (25) Beginning on August 2, 2001 (the effective date of
26 Public Act 92-227), personal property sold to a lessor who

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

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

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

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

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

26 (29) Beginning January 1, 2010 and continuing through

1 December 31, 2024, materials, parts, equipment, components,
2 and furnishings incorporated into or upon an aircraft as part
3 of the modification, refurbishment, completion, replacement,
4 repair, or maintenance of the aircraft. This exemption
5 includes consumable supplies used in the modification,
6 refurbishment, completion, replacement, repair, and
7 maintenance of aircraft, but excludes any materials, parts,
8 equipment, components, and consumable supplies used in the
9 modification, replacement, repair, and maintenance of aircraft
10 engines or power plants, whether such engines or power plants
11 are installed or uninstalled upon any such aircraft.
12 "Consumable supplies" include, but are not limited to,
13 adhesive, tape, sandpaper, general purpose lubricants,
14 cleaning solution, latex gloves, and protective films. This
15 exemption applies only to the transfer of qualifying tangible
16 personal property incident to the modification, refurbishment,
17 completion, replacement, repair, or maintenance of an aircraft
18 by persons who (i) hold an Air Agency Certificate and are
19 empowered to operate an approved repair station by the Federal
20 Aviation Administration, (ii) have a Class IV Rating, and
21 (iii) conduct operations in accordance with Part 145 of the
22 Federal Aviation Regulations. The exemption does not include
23 aircraft operated by a commercial air carrier providing
24 scheduled passenger air service pursuant to authority issued
25 under Part 121 or Part 129 of the Federal Aviation
26 Regulations. The changes made to this paragraph (29) by Public

1 Act 98-534 are declarative of existing law. It is the intent of
2 the General Assembly that the exemption under this paragraph
3 (29) applies continuously from January 1, 2010 through
4 December 31, 2024; however, no claim for credit or refund is
5 allowed for taxes paid as a result of the disallowance of this
6 exemption on or after January 1, 2015 and prior to the
7 effective date of this amendatory Act of the 101st General
8 Assembly.

9 (30) Beginning January 1, 2017 and through December 31,
10 2026, menstrual pads, tampons, and menstrual cups.

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

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

1 leased in the original investment that would have qualified.

2 The Department of Commerce and Economic Opportunity shall
3 grant a certificate of exemption under this item (32) to
4 qualified data centers as defined by Section 605-1025 of the
5 Department of Commerce and Economic Opportunity Law of the
6 Civil Administrative Code of Illinois.

7 For the purposes of this item (32):

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

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

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

13 This item (32) is exempt from the provisions of Section
14 3-55.

15 (33) Beginning July 1, 2022, food prepared for immediate
16 consumption and transferred incident to a sale of service
17 subject to this Act or the Service Occupation Tax Act by an
18 entity licensed under the Hospital Licensing Act, the Nursing
19 Home Care Act, the Assisted Living and Shared Housing Act, the
20 ID/DD Community Care Act, the MC/DD Act, the Specialized
21 Mental Health Rehabilitation Act of 2013, or the Child Care
22 Act of 1969, or an entity that holds a permit issued pursuant
23 to the Life Care Facilities Act; food for human consumption
24 that is to be consumed off the premises where it is sold (other
25 than alcoholic beverages, food consisting of or infused with
26 adult use cannabis, soft drinks, and food that has been

1 prepared for immediate consumption and is not otherwise
2 included in this paragraph); and prescription and
3 nonprescription medicines, drugs, medical appliances, products
4 classified as Class III medical devices by the United States
5 Food and Drug Administration that are used for cancer
6 treatment pursuant to a prescription, as well as any
7 accessories and components related to those devices,
8 modifications to a motor vehicle for the purpose of rendering
9 it usable by a person with a disability, and insulin, blood
10 sugar testing materials, syringes, and needles used by human
11 diabetics. This item (33) is exempt from the provisions of
12 Section 3-55.

13 (Source: P.A. 101-31, eff. 6-28-19; 101-81, eff. 7-12-19;
14 101-629, eff. 2-5-20; 102-16, eff. 6-17-21.)

15 (35 ILCS 115/3-10) (from Ch. 120, par. 439.103-10)

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", as defined in Section 2 of the Service Use
19 Tax Act, of the tangible personal property. For the purpose of
20 computing this tax, in no event shall the "selling price" be
21 less than the cost price to the serviceman of the tangible
22 personal property transferred. The selling price of each item
23 of tangible personal property transferred as an incident of a
24 sale of service may be shown as a distinct and separate item on
25 the serviceman's billing to the service customer. If the

1 selling price is not so shown, the selling price of the
2 tangible personal property is deemed to be 50% of the
3 serviceman's entire billing to the service customer. When,
4 however, a serviceman contracts to design, develop, and
5 produce special order machinery or equipment, the tax imposed
6 by this Act shall be based on the serviceman's cost price of
7 the tangible personal property transferred incident to the
8 completion of the contract.

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

13 With respect to gasohol, as defined in the Use Tax Act, the
14 tax imposed by this Act shall apply to (i) 70% of the cost
15 price of property transferred as an incident to the sale of
16 service on or after January 1, 1990, and before July 1, 2003,
17 (ii) 80% of the selling price of property transferred as an
18 incident to the sale of service on or after July 1, 2003 and on
19 or before July 1, 2017, and (iii) 100% of the cost price
20 thereafter. If, at any time, however, the tax under this Act on
21 sales of gasohol, as defined in the Use Tax Act, is imposed at
22 the rate of 1.25%, then the tax imposed by this Act applies to
23 100% of the proceeds of sales of gasohol made during that time.

24 With respect to majority blended ethanol fuel, as defined
25 in the Use Tax Act, the tax imposed by this Act does not apply
26 to the selling price of property transferred as an incident to

1 the sale of service on or after July 1, 2003 and on or before
2 December 31, 2023 but applies to 100% of the selling price
3 thereafter.

4 With respect to biodiesel blends, as defined in the Use
5 Tax Act, with no less than 1% and no more than 10% biodiesel,
6 the tax imposed by this Act applies to (i) 80% of the selling
7 price of property transferred as an incident to the sale of
8 service on or after July 1, 2003 and on or before December 31,
9 2018 and (ii) 100% of the proceeds of the selling price
10 thereafter. If, at any time, however, the tax under this Act on
11 sales of biodiesel blends, as defined in the Use Tax Act, with
12 no less than 1% and no more than 10% biodiesel is imposed at
13 the rate of 1.25%, then the tax imposed by this Act applies to
14 100% of the proceeds of sales of biodiesel blends with no less
15 than 1% and no more than 10% biodiesel made during that time.

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

24 At the election of any registered serviceman made for each
25 fiscal year, sales of service in which the aggregate annual
26 cost price of tangible personal property transferred as an

1 incident to the sales of service is less than 35%, or 75% in
2 the case of servicemen transferring prescription drugs or
3 servicemen engaged in graphic arts production, of the
4 aggregate annual total gross receipts from all sales of
5 service, the tax imposed by this Act shall be based on the
6 serviceman's cost price of the tangible personal property
7 transferred incident to the sale of those services.

8 Until July 1, 2022, the ~~The~~ tax shall be imposed at the
9 rate of 1% on food prepared for immediate consumption and
10 transferred incident to a sale of service subject to this Act
11 or the Service Occupation Tax Act by an entity licensed under
12 the Hospital Licensing Act, the Nursing Home Care Act, the
13 Assisted Living and Shared Housing Act, the ID/DD Community
14 Care Act, the MC/DD Act, the Specialized Mental Health
15 Rehabilitation Act of 2013, or the Child Care Act of 1969, or
16 an entity that holds a permit issued pursuant to the Life Care
17 Facilities Act. Until July 1, 2022 the ~~The~~ tax shall also be
18 imposed at the rate of 1% on food for human consumption that is
19 to be consumed off the premises where it is sold (other than
20 alcoholic beverages, food consisting of or infused with adult
21 use cannabis, soft drinks, and food that has been prepared for
22 immediate consumption and is not otherwise included in this
23 paragraph) and prescription and nonprescription medicines,
24 drugs, medical appliances, products classified as Class III
25 medical devices by the United States Food and Drug
26 Administration that are used for cancer treatment pursuant to

1 a prescription, as well as any accessories and components
2 related to those devices, modifications to a motor vehicle for
3 the purpose of rendering it usable by a person with a
4 disability, and insulin, blood sugar testing materials,
5 syringes, and needles used by human diabetics. Beginning on
6 July 1, 2022, items that had been subject to a 1% rate of tax
7 under this paragraph shall be exempt as provided in item (33)
8 of Section 3-5. For the purposes of this Section, until
9 September 1, 2009: the term "soft drinks" means any complete,
10 finished, ready-to-use, non-alcoholic drink, whether
11 carbonated or not, including but not limited to soda water,
12 cola, fruit juice, vegetable juice, carbonated water, and all
13 other preparations commonly known as soft drinks of whatever
14 kind or description that are contained in any closed or sealed
15 can, carton, or container, regardless of size; but "soft
16 drinks" does not include coffee, tea, non-carbonated water,
17 infant formula, milk or milk products as defined in the Grade A
18 Pasteurized Milk and Milk Products Act, or drinks containing
19 50% or more natural fruit or vegetable juice.

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

26 Until August 1, 2009, and notwithstanding any other

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

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

21 Notwithstanding any other provisions of this Act,
22 beginning September 1, 2009, "nonprescription medicines and
23 drugs" does not include grooming and hygiene products. For
24 purposes of this Section, "grooming and hygiene products"
25 includes, but is not limited to, soaps and cleaning solutions,
26 shampoo, toothpaste, mouthwash, antiperspirants, and sun tan

1 lotions and screens, unless those products are available by
2 prescription only, regardless of whether the products meet the
3 definition of "over-the-counter-drugs". For the purposes of
4 this paragraph, "over-the-counter-drug" means a drug for human
5 use that contains a label that identifies the product as a drug
6 as required by 21 C.F.R. § 201.66. The "over-the-counter-drug"
7 label includes:

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

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

12 Beginning on January 1, 2014 (the effective date of Public
13 Act 98-122), "prescription and nonprescription medicines and
14 drugs" includes medical cannabis purchased from a registered
15 dispensing organization under the Compassionate Use of Medical
16 Cannabis Program Act.

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

22 (Source: P.A. 101-363, eff. 8-9-19; 101-593, eff. 12-4-19;
23 102-4, eff. 4-27-21; 102-16, eff. 6-17-21.)

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

1 (35 ILCS 120/2-5)

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

5 (1) Farm chemicals.

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

1 stated.

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

10 Farm machinery and equipment also includes computers,
11 sensors, software, and related equipment used primarily in
12 the computer-assisted operation of production agriculture
13 facilities, equipment, and activities such as, but not
14 limited to, the collection, monitoring, and correlation of
15 animal and crop data for the purpose of formulating animal
16 diets and agricultural chemicals. This item (2) is exempt
17 from the provisions of Section 2-70.

18 (3) Until July 1, 2003, distillation machinery and
19 equipment, sold as a unit or kit, assembled or installed
20 by the retailer, certified by the user to be used only for
21 the production of ethyl alcohol that will be used for
22 consumption as motor fuel or as a component of motor fuel
23 for the personal use of the user, and not subject to sale
24 or resale.

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

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

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

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

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

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

25 (9) Personal property sold to a not-for-profit arts or
26 cultural organization that establishes, by proof required

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

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

21 (11) Personal property sold to a governmental body, to
22 a corporation, society, association, foundation, or
23 institution organized and operated exclusively for
24 charitable, religious, or educational purposes, or to a
25 not-for-profit corporation, society, association,
26 foundation, institution, or organization that has no

1 compensated officers or employees and that is organized
2 and operated primarily for the recreation of persons 55
3 years of age or older. A limited liability company may
4 qualify for the exemption under this paragraph only if the
5 limited liability company is organized and operated
6 exclusively for educational purposes. On and after July 1,
7 1987, however, no entity otherwise eligible for this
8 exemption shall make tax-free purchases unless it has an
9 active identification number issued by the Department.

10 (12) (Blank).

11 (12-5) On and after July 1, 2003 and through June 30,
12 2004, motor vehicles of the second division with a gross
13 vehicle weight in excess of 8,000 pounds that are subject
14 to the commercial distribution fee imposed under Section
15 3-815.1 of the Illinois Vehicle Code. Beginning on July 1,
16 2004 and through June 30, 2005, the use in this State of
17 motor vehicles of the second division: (i) with a gross
18 vehicle weight rating in excess of 8,000 pounds; (ii) that
19 are subject to the commercial distribution fee imposed
20 under Section 3-815.1 of the Illinois Vehicle Code; and
21 (iii) that are primarily used for commercial purposes.
22 Through June 30, 2005, this exemption applies to repair
23 and replacement parts added after the initial purchase of
24 such a motor vehicle if that motor vehicle is used in a
25 manner that would qualify for the rolling stock exemption
26 otherwise provided for in this Act. For purposes of this

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

5 (13) Proceeds from sales to owners, lessors, or
6 shippers of tangible personal property that is utilized by
7 interstate carriers for hire for use as rolling stock
8 moving in interstate commerce and equipment operated by a
9 telecommunications provider, licensed as a common carrier
10 by the Federal Communications Commission, which is
11 permanently installed in or affixed to aircraft moving in
12 interstate commerce.

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

1 electricity for wholesale or retail sale; (ii) the
2 generation or treatment of natural or artificial gas for
3 wholesale or retail sale that is delivered to customers
4 through pipes, pipelines, or mains; or (iii) the treatment
5 of water for wholesale or retail sale that is delivered to
6 customers through pipes, pipelines, or mains. The
7 provisions of Public Act 98-583 are declaratory of
8 existing law as to the meaning and scope of this
9 exemption. Beginning on July 1, 2017, the exemption
10 provided by this paragraph (14) includes, but is not
11 limited to, graphic arts machinery and equipment, as
12 defined in paragraph (4) of this Section.

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

21 (16) Tangible personal property sold to a purchaser if
22 the purchaser is exempt from use tax by operation of
23 federal law. This paragraph is exempt from the provisions
24 of Section 2-70.

25 (17) Tangible personal property sold to a common
26 carrier by rail or motor that receives the physical

1 possession of the property in Illinois and that transports
2 the property, or shares with another common carrier in the
3 transportation of the property, out of Illinois on a
4 standard uniform bill of lading showing the seller of the
5 property as the shipper or consignor of the property to a
6 destination outside Illinois, for use outside Illinois.

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

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

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

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

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

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

1 package for hire from the city of origination to the city
2 of final destination on the same aircraft, without regard
3 to a change in the flight number of that aircraft.

4 (23) A transaction in which the purchase order is
5 received by a florist who is located outside Illinois, but
6 who has a florist located in Illinois deliver the property
7 to the purchaser or the purchaser's donee in Illinois.

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

14 (25) Except as provided in item (25-5) of this
15 Section, a motor vehicle sold in this State to a
16 nonresident even though the motor vehicle is delivered to
17 the nonresident in this State, if the motor vehicle is not
18 to be titled in this State, and if a drive-away permit is
19 issued to the motor vehicle as provided in Section 3-603
20 of the Illinois Vehicle Code or if the nonresident
21 purchaser has vehicle registration plates to transfer to
22 the motor vehicle upon returning to his or her home state.
23 The issuance of the drive-away permit or having the
24 out-of-state registration plates to be transferred is
25 prima facie evidence that the motor vehicle will not be
26 titled in this State.

1 (25-5) The exemption under item (25) does not apply if
2 the state in which the motor vehicle will be titled does
3 not allow a reciprocal exemption for a motor vehicle sold
4 and delivered in that state to an Illinois resident but
5 titled in Illinois. The tax collected under this Act on
6 the sale of a motor vehicle in this State to a resident of
7 another state that does not allow a reciprocal exemption
8 shall be imposed at a rate equal to the state's rate of tax
9 on taxable property in the state in which the purchaser is
10 a resident, except that the tax shall not exceed the tax
11 that would otherwise be imposed under this Act. At the
12 time of the sale, the purchaser shall execute a statement,
13 signed under penalty of perjury, of his or her intent to
14 title the vehicle in the state in which the purchaser is a
15 resident within 30 days after the sale and of the fact of
16 the payment to the State of Illinois of tax in an amount
17 equivalent to the state's rate of tax on taxable property
18 in his or her state of residence and shall submit the
19 statement to the appropriate tax collection agency in his
20 or her state of residence. In addition, the retailer must
21 retain a signed copy of the statement in his or her
22 records. Nothing in this item shall be construed to
23 require the removal of the vehicle from this state
24 following the filing of an intent to title the vehicle in
25 the purchaser's state of residence if the purchaser titles
26 the vehicle in his or her state of residence within 30 days

1 after the date of sale. The tax collected under this Act in
2 accordance with this item (25-5) shall be proportionately
3 distributed as if the tax were collected at the 6.25%
4 general rate imposed under this Act.

5 (25-7) Beginning on July 1, 2007, no tax is imposed
6 under this Act on the sale of an aircraft, as defined in
7 Section 3 of the Illinois Aeronautics Act, if all of the
8 following conditions are met:

9 (1) the aircraft leaves this State within 15 days
10 after the later of either the issuance of the final
11 billing for the sale of the aircraft, or the
12 authorized approval for return to service, completion
13 of the maintenance record entry, and completion of the
14 test flight and ground test for inspection, as
15 required by 14 C.F.R. 91.407;

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

18 (3) the seller retains in his or her books and
19 records and provides to the Department a signed and
20 dated certification from the purchaser, on a form
21 prescribed by the Department, certifying that the
22 requirements of this item (25-7) are met. The
23 certificate must also include the name and address of
24 the purchaser, the address of the location where the
25 aircraft is to be titled or registered, the address of
26 the primary physical location of the aircraft, and

1 other information that the Department may reasonably
2 require.

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

4 "Based in this State" means hangared, stored, or
5 otherwise used, excluding post-sale customizations as
6 defined in this Section, for 10 or more days in each
7 12-month period immediately following the date of the sale
8 of the aircraft.

9 "Registered in this State" means an aircraft
10 registered with the Department of Transportation,
11 Aeronautics Division, or titled or registered with the
12 Federal Aviation Administration to an address located in
13 this State.

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

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

18 (27) Horses, or interests in horses, registered with
19 and meeting the requirements of any of the Arabian Horse
20 Club Registry of America, Appaloosa Horse Club, American
21 Quarter Horse Association, United States Trotting
22 Association, or Jockey Club, as appropriate, used for
23 purposes of breeding or racing for prizes. This item (27)
24 is exempt from the provisions of Section 2-70, and the
25 exemption provided for under this item (27) applies for
26 all periods beginning May 30, 1995, but no claim for

1 credit or refund is allowed on or after January 1, 2008
2 (the effective date of Public Act 95-88) for such taxes
3 paid during the period beginning May 30, 2000 and ending
4 on January 1, 2008 (the effective date of Public Act
5 95-88).

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

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

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

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

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

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

22 (33) A motor vehicle, as that term is defined in
23 Section 1-146 of the Illinois Vehicle Code, that is
24 donated to a corporation, limited liability company,
25 society, association, foundation, or institution that is
26 determined by the Department to be organized and operated

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

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

1 another individual or entity that sold the property for
2 the purpose of resale by the fundraising entity and that
3 profits from the sale to the fundraising entity. This
4 paragraph is exempt from the provisions of Section 2-70.

5 (35) Beginning January 1, 2000 and through December
6 31, 2001, new or used automatic vending machines that
7 prepare and serve hot food and beverages, including
8 coffee, soup, and other items, and replacement parts for
9 these machines. Beginning January 1, 2002 and through June
10 30, 2003, machines and parts for machines used in
11 commercial, coin-operated amusement and vending business
12 if a use or occupation tax is paid on the gross receipts
13 derived from the use of the commercial, coin-operated
14 amusement and vending machines. This paragraph is exempt
15 from the provisions of Section 2-70.

16 (35-5) Beginning August 23, 2001 and through June 30,
17 2016, food for human consumption that is to be consumed
18 off the premises where it is sold (other than alcoholic
19 beverages, soft drinks, and food that has been prepared
20 for immediate consumption) and prescription and
21 nonprescription medicines, drugs, medical appliances, and
22 insulin, urine testing materials, syringes, and needles
23 used by diabetics, for human use, when purchased for use
24 by a person receiving medical assistance under Article V
25 of the Illinois Public Aid Code who resides in a licensed
26 long-term care facility, as defined in the Nursing Home

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

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

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

21 (38) Beginning on January 1, 2002 and through June 30,
22 2016, tangible personal property purchased from an
23 Illinois retailer by a taxpayer engaged in centralized
24 purchasing activities in Illinois who will, upon receipt
25 of the property in Illinois, temporarily store the
26 property in Illinois (i) for the purpose of subsequently

1 transporting it outside this State for use or consumption
2 thereafter solely outside this State or (ii) for the
3 purpose of being processed, fabricated, or manufactured
4 into, attached to, or incorporated into other tangible
5 personal property to be transported outside this State and
6 thereafter used or consumed solely outside this State. The
7 Director of Revenue shall, pursuant to rules adopted in
8 accordance with the Illinois Administrative Procedure Act,
9 issue a permit to any taxpayer in good standing with the
10 Department who is eligible for the exemption under this
11 paragraph (38). The permit issued under this paragraph
12 (38) shall authorize the holder, to the extent and in the
13 manner specified in the rules adopted under this Act, to
14 purchase tangible personal property from a retailer exempt
15 from the taxes imposed by this Act. Taxpayers shall
16 maintain all necessary books and records to substantiate
17 the use and consumption of all such tangible personal
18 property outside of the State of Illinois.

19 (39) Beginning January 1, 2008, tangible personal
20 property used in the construction or maintenance of a
21 community water supply, as defined under Section 3.145 of
22 the Environmental Protection Act, that is operated by a
23 not-for-profit corporation that holds a valid water supply
24 permit issued under Title IV of the Environmental
25 Protection Act. This paragraph is exempt from the
26 provisions of Section 2-70.

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

1 Part 121 or Part 129 of the Federal Aviation Regulations.
2 The changes made to this paragraph (40) by Public Act
3 98-534 are declarative of existing law. It is the intent
4 of the General Assembly that the exemption under this
5 paragraph (40) applies continuously from January 1, 2010
6 through December 31, 2024; however, no claim for credit or
7 refund is allowed for taxes paid as a result of the
8 disallowance of this exemption on or after January 1, 2015
9 and prior to the effective date of this amendatory Act of
10 the 101st General Assembly.

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

26 (42) Beginning January 1, 2017 and through December

1 31, 2026, menstrual pads, tampons, and menstrual cups.

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

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

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

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

5 For the purposes of this item (44):

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

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

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

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

14 (45) Beginning January 1, 2020 and through December
15 31, 2020, sales of tangible personal property made by a
16 marketplace seller over a marketplace for which tax is due
17 under this Act but for which use tax has been collected and
18 remitted to the Department by a marketplace facilitator
19 under Section 2d of the Use Tax Act are exempt from tax
20 under this Act. A marketplace seller claiming this
21 exemption shall maintain books and records demonstrating
22 that the use tax on such sales has been collected and
23 remitted by a marketplace facilitator. Marketplace sellers
24 that have properly remitted tax under this Act on such
25 sales may file a claim for credit as provided in Section 6
26 of this Act. No claim is allowed, however, for such taxes

1 for which a credit or refund has been issued to the
2 marketplace facilitator under the Use Tax Act, or for
3 which the marketplace facilitator has filed a claim for
4 credit or refund under the Use Tax Act.

5 (46) Beginning July 1, 2022, food for human
6 consumption that is to be consumed off the premises where
7 it is sold (other than alcoholic beverages, food
8 consisting of or infused with adult use cannabis, soft
9 drinks, and food that has been prepared for immediate
10 consumption) and prescription and nonprescription
11 medicines, drugs, medical appliances, products classified
12 as Class III medical devices by the United States Food and
13 Drug Administration that are used for cancer treatment
14 pursuant to a prescription, as well as any accessories and
15 components related to those devices, modifications to a
16 motor vehicle for the purpose of rendering it usable by a
17 person with a disability, and insulin, blood sugar testing
18 materials, syringes, and needles used by human diabetics.
19 This item (46) is exempt from the provisions of Section
20 2-70.

21 (Source: P.A. 101-31, eff. 6-28-19; 101-81, eff. 7-12-19;
22 101-629, eff. 2-5-20; 102-16, eff. 6-17-21; 102-634, eff.
23 8-27-21; revised 11-9-21.)

24 (35 ILCS 120/2-10)

25 Sec. 2-10. Rate of tax. Unless otherwise provided in this

1 Section, the tax imposed by this Act is at the rate of 6.25% of
2 gross receipts from sales of tangible personal property made
3 in the course of business.

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

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

11 Within 14 days after the effective date of this amendatory
12 Act of the 91st General Assembly, each retailer of motor fuel
13 and gasohol shall cause the following notice to be posted in a
14 prominently visible place on each retail dispensing device
15 that is used to dispense motor fuel or gasohol in the State of
16 Illinois: "As of July 1, 2000, the State of Illinois has
17 eliminated the State's share of sales tax on motor fuel and
18 gasohol through December 31, 2000. The price on this pump
19 should reflect the elimination of the tax." The notice shall
20 be printed in bold print on a sign that is no smaller than 4
21 inches by 8 inches. The sign shall be clearly visible to
22 customers. Any retailer who fails to post or maintain a
23 required sign through December 31, 2000 is guilty of a petty
24 offense for which the fine shall be \$500 per day per each
25 retail premises where a violation occurs.

26 With respect to gasohol, as defined in the Use Tax Act, the

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

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

15 With respect to biodiesel blends, as defined in the Use
16 Tax Act, with no less than 1% and no more than 10% biodiesel,
17 the tax imposed by this Act applies to (i) 80% of the proceeds
18 of sales made on or after July 1, 2003 and on or before
19 December 31, 2018 and (ii) 100% of the proceeds of sales made
20 thereafter. If, at any time, however, the tax under this Act on
21 sales of biodiesel blends, as defined in the Use Tax Act, with
22 no less than 1% and no more than 10% biodiesel is imposed at
23 the rate of 1.25%, then the tax imposed by this Act applies to
24 100% of the proceeds of sales of biodiesel blends with no less
25 than 1% and no more than 10% biodiesel made during that time.

26 With respect to 100% biodiesel, as defined in the Use Tax

1 Act, and biodiesel blends, as defined in the Use Tax Act, with
2 more than 10% but no more than 99% biodiesel, the tax imposed
3 by this Act does not apply to the proceeds of sales made on or
4 after July 1, 2003 and on or before December 31, 2023 but
5 applies to 100% of the proceeds of sales made thereafter.

6 Until July 1, 2022, with ~~With~~ respect to food for human
7 consumption that is to be consumed off the premises where it is
8 sold (other than alcoholic beverages, food consisting of or
9 infused with adult use cannabis, soft drinks, and food that
10 has been prepared for immediate consumption) and prescription
11 and nonprescription medicines, drugs, medical appliances,
12 products classified as Class III medical devices by the United
13 States Food and Drug Administration that are used for cancer
14 treatment pursuant to a prescription, as well as any
15 accessories and components related to those devices,
16 modifications to a motor vehicle for the purpose of rendering
17 it usable by a person with a disability, and insulin, blood
18 sugar testing materials, syringes, and needles used by human
19 diabetics, the tax is imposed at the rate of 1%. Beginning on
20 July 1, 2022, items that had been subject to a 1% rate of tax
21 under this paragraph shall be exempt as provided in item (46)
22 of Section 2-5. For the purposes of this Section, until
23 September 1, 2009: the term "soft drinks" means any complete,
24 finished, ready-to-use, non-alcoholic drink, whether
25 carbonated or not, including but not limited to soda water,
26 cola, fruit juice, vegetable juice, carbonated water, and all

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

1 the 98th General Assembly, "prescription and nonprescription
2 medicines and drugs" includes medical cannabis purchased from
3 a registered dispensing organization under the Compassionate
4 Use of Medical 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. 101-363, eff. 8-9-19; 101-593, eff. 12-4-19;
11 102-4, eff. 4-27-21.)

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