



## 102ND GENERAL ASSEMBLY

### State of Illinois

2021 and 2022

HB5477

Introduced 1/31/2022, by Rep. Paul Jacobs

#### SYNOPSIS AS INTRODUCED:

35 ILCS 105/2	from Ch. 120, par. 439.2
35 ILCS 105/3-6	
35 ILCS 105/3-10	
35 ILCS 105/3-55	from Ch. 120, par. 439.3-55
35 ILCS 105/3-85	
35 ILCS 105/9	from Ch. 120, par. 439.9
35 ILCS 110/2	from Ch. 120, par. 439.32
35 ILCS 110/3-10	from Ch. 120, par. 439.33-10
35 ILCS 110/3-70	
35 ILCS 110/9	from Ch. 120, par. 439.39
35 ILCS 115/2	from Ch. 120, par. 439.102
35 ILCS 115/3-10	from Ch. 120, par. 439.103-10
35 ILCS 115/9	from Ch. 120, par. 439.109
35 ILCS 120/1	from Ch. 120, par. 440
35 ILCS 120/2-5	
35 ILCS 120/2-8	
35 ILCS 120/2-10	
35 ILCS 120/2d	from Ch. 120, par. 441d
35 ILCS 120/3	from Ch. 120, par. 442
35 ILCS 120/51	from Ch. 120, par. 4441

Amends the Use Tax Act, the Service Use Tax Act, the Service Occupation Tax Act, and the Retailers' Occupation Tax Act. Provides that the general rate of tax under the Acts is 6% (currently, 6.25%). Effective immediately.

LRB102 25061 HLH 34321 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 2, 3-6, 3-10, 3-55, 3-85, and 9 as follows:

6 (35 ILCS 105/2) (from Ch. 120, par. 439.2)

7 Sec. 2. Definitions.

8 "Use" means the exercise by any person of any right or  
9 power over tangible personal property incident to the  
10 ownership of that property, except that it does not include  
11 the sale of such property in any form as tangible personal  
12 property in the regular course of business to the extent that  
13 such property is not first subjected to a use for which it was  
14 purchased, and does not include the use of such property by its  
15 owner for demonstration purposes: Provided that the property  
16 purchased is deemed to be purchased for the purpose of resale,  
17 despite first being used, to the extent to which it is resold  
18 as an ingredient of an intentionally produced product or  
19 by-product of manufacturing. "Use" does not mean the  
20 demonstration use or interim use of tangible personal property  
21 by a retailer before he sells that tangible personal property.  
22 For watercraft or aircraft, if the period of demonstration use  
23 or interim use by the retailer exceeds 18 months, the retailer

1 shall pay on the retailers' original cost price the tax  
2 imposed by this Act, and no credit for that tax is permitted if  
3 the watercraft or aircraft is subsequently sold by the  
4 retailer. "Use" does not mean the physical incorporation of  
5 tangible personal property, to the extent not first subjected  
6 to a use for which it was purchased, as an ingredient or  
7 constituent, into other tangible personal property (a) which  
8 is sold in the regular course of business or (b) which the  
9 person incorporating such ingredient or constituent therein  
10 has undertaken at the time of such purchase to cause to be  
11 transported in interstate commerce to destinations outside the  
12 State of Illinois: Provided that the property purchased is  
13 deemed to be purchased for the purpose of resale, despite  
14 first being used, to the extent to which it is resold as an  
15 ingredient of an intentionally produced product or by-product  
16 of manufacturing.

17 "Watercraft" means a Class 2, Class 3, or Class 4  
18 watercraft as defined in Section 3-2 of the Boat Registration  
19 and Safety Act, a personal watercraft, or any boat equipped  
20 with an inboard motor.

21 "Purchase at retail" means the acquisition of the  
22 ownership of or title to tangible personal property through a  
23 sale at retail.

24 "Purchaser" means anyone who, through a sale at retail,  
25 acquires the ownership of tangible personal property for a  
26 valuable consideration.

1 "Sale at retail" means any transfer of the ownership of or  
2 title to tangible personal property to a purchaser, for the  
3 purpose of use, and not for the purpose of resale in any form  
4 as tangible personal property to the extent not first  
5 subjected to a use for which it was purchased, for a valuable  
6 consideration: Provided that the property purchased is deemed  
7 to be purchased for the purpose of resale, despite first being  
8 used, to the extent to which it is resold as an ingredient of  
9 an intentionally produced product or by-product of  
10 manufacturing. For this purpose, slag produced as an incident  
11 to manufacturing pig iron or steel and sold is considered to be  
12 an intentionally produced by-product of manufacturing. "Sale  
13 at retail" includes any such transfer made for resale unless  
14 made in compliance with Section 2c of the Retailers'  
15 Occupation Tax Act, as incorporated by reference into Section  
16 12 of this Act. Transactions whereby the possession of the  
17 property is transferred but the seller retains the title as  
18 security for payment of the selling price are sales.

19 "Sale at retail" shall also be construed to include any  
20 Illinois florist's sales transaction in which the purchase  
21 order is received in Illinois by a florist and the sale is for  
22 use or consumption, but the Illinois florist has a florist in  
23 another state deliver the property to the purchaser or the  
24 purchaser's donee in such other state.

25 Nonreusable tangible personal property that is used by  
26 persons engaged in the business of operating a restaurant,

1 cafeteria, or drive-in is a sale for resale when it is  
2 transferred to customers in the ordinary course of business as  
3 part of the sale of food or beverages and is used to deliver,  
4 package, or consume food or beverages, regardless of where  
5 consumption of the food or beverages occurs. Examples of those  
6 items include, but are not limited to nonreusable, paper and  
7 plastic cups, plates, baskets, boxes, sleeves, buckets or  
8 other containers, utensils, straws, placemats, napkins, doggie  
9 bags, and wrapping or packaging materials that are transferred  
10 to customers as part of the sale of food or beverages in the  
11 ordinary course of business.

12 The purchase, employment and transfer of such tangible  
13 personal property as newsprint and ink for the primary purpose  
14 of conveying news (with or without other information) is not a  
15 purchase, use or sale of tangible personal property.

16 "Selling price" means the consideration for a sale valued  
17 in money whether received in money or otherwise, including  
18 cash, credits, property other than as hereinafter provided,  
19 and services, but, prior to January 1, 2020 and beginning  
20 again on January 1, 2022, not including the value of or credit  
21 given for traded-in tangible personal property where the item  
22 that is traded-in is of like kind and character as that which  
23 is being sold; beginning January 1, 2020 and until January 1,  
24 2022, "selling price" includes the portion of the value of or  
25 credit given for traded-in motor vehicles of the First  
26 Division as defined in Section 1-146 of the Illinois Vehicle

1 Code of like kind and character as that which is being sold  
2 that exceeds \$10,000. "Selling price" shall be determined  
3 without any deduction on account of the cost of the property  
4 sold, the cost of materials used, labor or service cost or any  
5 other expense whatsoever, but does not include interest or  
6 finance charges which appear as separate items on the bill of  
7 sale or sales contract nor charges that are added to prices by  
8 sellers on account of the seller's tax liability under the  
9 Retailers' Occupation Tax Act, or on account of the seller's  
10 duty to collect, from the purchaser, the tax that is imposed by  
11 this Act, or, except as otherwise provided with respect to any  
12 cigarette tax imposed by a home rule unit, on account of the  
13 seller's tax liability under any local occupation tax  
14 administered by the Department, or, except as otherwise  
15 provided with respect to any cigarette tax imposed by a home  
16 rule unit on account of the seller's duty to collect, from the  
17 purchasers, the tax that is imposed under any local use tax  
18 administered by the Department. Effective December 1, 1985,  
19 "selling price" shall include charges that are added to prices  
20 by sellers on account of the seller's tax liability under the  
21 Cigarette Tax Act, on account of the seller's duty to collect,  
22 from the purchaser, the tax imposed under the Cigarette Use  
23 Tax Act, and on account of the seller's duty to collect, from  
24 the purchaser, any cigarette tax imposed by a home rule unit.

25 Notwithstanding any law to the contrary, for any motor  
26 vehicle, as defined in Section 1-146 of the Vehicle Code, that

1 is sold on or after January 1, 2015 for the purpose of leasing  
2 the vehicle for a defined period that is longer than one year  
3 and (1) is a motor vehicle of the second division that: (A) is  
4 a self-contained motor vehicle designed or permanently  
5 converted to provide living quarters for recreational,  
6 camping, or travel use, with direct walk through access to the  
7 living quarters from the driver's seat; (B) is of the van  
8 configuration designed for the transportation of not less than  
9 7 nor more than 16 passengers; or (C) has a gross vehicle  
10 weight rating of 8,000 pounds or less or (2) is a motor vehicle  
11 of the first division, "selling price" or "amount of sale"  
12 means the consideration received by the lessor pursuant to the  
13 lease contract, including amounts due at lease signing and all  
14 monthly or other regular payments charged over the term of the  
15 lease. Also included in the selling price is any amount  
16 received by the lessor from the lessee for the leased vehicle  
17 that is not calculated at the time the lease is executed,  
18 including, but not limited to, excess mileage charges and  
19 charges for excess wear and tear. For sales that occur in  
20 Illinois, with respect to any amount received by the lessor  
21 from the lessee for the leased vehicle that is not calculated  
22 at the time the lease is executed, the lessor who purchased the  
23 motor vehicle does not incur the tax imposed by the Use Tax Act  
24 on those amounts, and the retailer who makes the retail sale of  
25 the motor vehicle to the lessor is not required to collect the  
26 tax imposed by this Act or to pay the tax imposed by the

1 Retailers' Occupation Tax Act on those amounts. However, the  
2 lessor who purchased the motor vehicle assumes the liability  
3 for reporting and paying the tax on those amounts directly to  
4 the Department in the same form (Illinois Retailers'  
5 Occupation Tax, and local retailers' occupation taxes, if  
6 applicable) in which the retailer would have reported and paid  
7 such tax if the retailer had accounted for the tax to the  
8 Department. For amounts received by the lessor from the lessee  
9 that are not calculated at the time the lease is executed, the  
10 lessor must file the return and pay the tax to the Department  
11 by the due date otherwise required by this Act for returns  
12 other than transaction returns. If the retailer is entitled  
13 under this Act to a discount for collecting and remitting the  
14 tax imposed under this Act to the Department with respect to  
15 the sale of the motor vehicle to the lessor, then the right to  
16 the discount provided in this Act shall be transferred to the  
17 lessor with respect to the tax paid by the lessor for any  
18 amount received by the lessor from the lessee for the leased  
19 vehicle that is not calculated at the time the lease is  
20 executed; provided that the discount is only allowed if the  
21 return is timely filed and for amounts timely paid. The  
22 "selling price" of a motor vehicle that is sold on or after  
23 January 1, 2015 for the purpose of leasing for a defined period  
24 of longer than one year shall not be reduced by the value of or  
25 credit given for traded-in tangible personal property owned by  
26 the lessor, nor shall it be reduced by the value of or credit



1 given for traded-in tangible personal property owned by the  
2 lessee, regardless of whether the trade-in value thereof is  
3 assigned by the lessee to the lessor. In the case of a motor  
4 vehicle that is sold for the purpose of leasing for a defined  
5 period of longer than one year, the sale occurs at the time of  
6 the delivery of the vehicle, regardless of the due date of any  
7 lease payments. A lessor who incurs a Retailers' Occupation  
8 Tax liability on the sale of a motor vehicle coming off lease  
9 may not take a credit against that liability for the Use Tax  
10 the lessor paid upon the purchase of the motor vehicle (or for  
11 any tax the lessor paid with respect to any amount received by  
12 the lessor from the lessee for the leased vehicle that was not  
13 calculated at the time the lease was executed) if the selling  
14 price of the motor vehicle at the time of purchase was  
15 calculated using the definition of "selling price" as defined  
16 in this paragraph. Notwithstanding any other provision of this  
17 Act to the contrary, lessors shall file all returns and make  
18 all payments required under this paragraph to the Department  
19 by electronic means in the manner and form as required by the  
20 Department. This paragraph does not apply to leases of motor  
21 vehicles for which, at the time the lease is entered into, the  
22 term of the lease is not a defined period, including leases  
23 with a defined initial period with the option to continue the  
24 lease on a month-to-month or other basis beyond the initial  
25 defined period.

26 The phrase "like kind and character" shall be liberally

1 construed (including but not limited to any form of motor  
2 vehicle for any form of motor vehicle, or any kind of farm or  
3 agricultural implement for any other kind of farm or  
4 agricultural implement), while not including a kind of item  
5 which, if sold at retail by that retailer, would be exempt from  
6 retailers' occupation tax and use tax as an isolated or  
7 occasional sale.

8 "Department" means the Department of Revenue.

9 "Person" means any natural individual, firm, partnership,  
10 association, joint stock company, joint adventure, public or  
11 private corporation, limited liability company, or a receiver,  
12 executor, trustee, guardian or other representative appointed  
13 by order of any court.

14 "Retailer" means and includes every person engaged in the  
15 business of making sales at retail as defined in this Section.

16 A person who holds himself or herself out as being engaged  
17 (or who habitually engages) in selling tangible personal  
18 property at retail is a retailer hereunder with respect to  
19 such sales (and not primarily in a service occupation)  
20 notwithstanding the fact that such person designs and produces  
21 such tangible personal property on special order for the  
22 purchaser and in such a way as to render the property of value  
23 only to such purchaser, if such tangible personal property so  
24 produced on special order serves substantially the same  
25 function as stock or standard items of tangible personal  
26 property that are sold at retail.

1           A person whose activities are organized and conducted  
2 primarily as a not-for-profit service enterprise, and who  
3 engages in selling tangible personal property at retail  
4 (whether to the public or merely to members and their guests)  
5 is a retailer with respect to such transactions, excepting  
6 only a person organized and operated exclusively for  
7 charitable, religious or educational purposes either (1), to  
8 the extent of sales by such person to its members, students,  
9 patients or inmates of tangible personal property to be used  
10 primarily for the purposes of such person, or (2), to the  
11 extent of sales by such person of tangible personal property  
12 which is not sold or offered for sale by persons organized for  
13 profit. The selling of school books and school supplies by  
14 schools at retail to students is not "primarily for the  
15 purposes of" the school which does such selling. This  
16 paragraph does not apply to nor subject to taxation occasional  
17 dinners, social or similar activities of a person organized  
18 and operated exclusively for charitable, religious or  
19 educational purposes, whether or not such activities are open  
20 to the public.

21           A person who is the recipient of a grant or contract under  
22 Title VII of the Older Americans Act of 1965 (P.L. 92-258) and  
23 serves meals to participants in the federal Nutrition Program  
24 for the Elderly in return for contributions established in  
25 amount by the individual participant pursuant to a schedule of  
26 suggested fees as provided for in the federal Act is not a

1 retailer under this Act with respect to such transactions.

2 Persons who engage in the business of transferring  
3 tangible personal property upon the redemption of trading  
4 stamps are retailers hereunder when engaged in such business.

5 The isolated or occasional sale of tangible personal  
6 property at retail by a person who does not hold himself out as  
7 being engaged (or who does not habitually engage) in selling  
8 such tangible personal property at retail or a sale through a  
9 bulk vending machine does not make such person a retailer  
10 hereunder. However, any person who is engaged in a business  
11 which is not subject to the tax imposed by the Retailers'  
12 Occupation Tax Act because of involving the sale of or a  
13 contract to sell real estate or a construction contract to  
14 improve real estate, but who, in the course of conducting such  
15 business, transfers tangible personal property to users or  
16 consumers in the finished form in which it was purchased, and  
17 which does not become real estate, under any provision of a  
18 construction contract or real estate sale or real estate sales  
19 agreement entered into with some other person arising out of  
20 or because of such nontaxable business, is a retailer to the  
21 extent of the value of the tangible personal property so  
22 transferred. If, in such transaction, a separate charge is  
23 made for the tangible personal property so transferred, the  
24 value of such property, for the purposes of this Act, is the  
25 amount so separately charged, but not less than the cost of  
26 such property to the transferor; if no separate charge is

1 made, the value of such property, for the purposes of this Act,  
2 is the cost to the transferor of such tangible personal  
3 property.

4 "Retailer maintaining a place of business in this State",  
5 or any like term, means and includes any of the following  
6 retailers:

7 (1) A retailer having or maintaining within this  
8 State, directly or by a subsidiary, an office,  
9 distribution house, sales house, warehouse or other place  
10 of business, or any agent or other representative  
11 operating within this State under the authority of the  
12 retailer or its subsidiary, irrespective of whether such  
13 place of business or agent or other representative is  
14 located here permanently or temporarily, or whether such  
15 retailer or subsidiary is licensed to do business in this  
16 State. However, the ownership of property that is located  
17 at the premises of a printer with which the retailer has  
18 contracted for printing and that consists of the final  
19 printed product, property that becomes a part of the final  
20 printed product, or copy from which the printed product is  
21 produced shall not result in the retailer being deemed to  
22 have or maintain an office, distribution house, sales  
23 house, warehouse, or other place of business within this  
24 State.

25 (1.1) A retailer having a contract with a person  
26 located in this State under which the person, for a

1 commission or other consideration based upon the sale of  
2 tangible personal property by the retailer, directly or  
3 indirectly refers potential customers to the retailer by  
4 providing to the potential customers a promotional code or  
5 other mechanism that allows the retailer to track  
6 purchases referred by such persons. Examples of mechanisms  
7 that allow the retailer to track purchases referred by  
8 such persons include but are not limited to the use of a  
9 link on the person's Internet website, promotional codes  
10 distributed through the person's hand-delivered or mailed  
11 material, and promotional codes distributed by the person  
12 through radio or other broadcast media. The provisions of  
13 this paragraph (1.1) shall apply only if the cumulative  
14 gross receipts from sales of tangible personal property by  
15 the retailer to customers who are referred to the retailer  
16 by all persons in this State under such contracts exceed  
17 \$10,000 during the preceding 4 quarterly periods ending on  
18 the last day of March, June, September, and December. A  
19 retailer meeting the requirements of this paragraph (1.1)  
20 shall be presumed to be maintaining a place of business in  
21 this State but may rebut this presumption by submitting  
22 proof that the referrals or other activities pursued  
23 within this State by such persons were not sufficient to  
24 meet the nexus standards of the United States Constitution  
25 during the preceding 4 quarterly periods.

26 (1.2) Beginning July 1, 2011, a retailer having a

1 contract with a person located in this State under which:

2 (A) the retailer sells the same or substantially  
3 similar line of products as the person located in this  
4 State and does so using an identical or substantially  
5 similar name, trade name, or trademark as the person  
6 located in this State; and

7 (B) the retailer provides a commission or other  
8 consideration to the person located in this State  
9 based upon the sale of tangible personal property by  
10 the retailer.

11 The provisions of this paragraph (1.2) shall apply  
12 only if the cumulative gross receipts from sales of  
13 tangible personal property by the retailer to customers in  
14 this State under all such contracts exceed \$10,000 during  
15 the preceding 4 quarterly periods ending on the last day  
16 of March, June, September, and December.

17 (2) (Blank).

18 (3) (Blank).

19 (4) (Blank).

20 (5) (Blank).

21 (6) (Blank).

22 (7) (Blank).

23 (8) (Blank).

24 (9) Beginning October 1, 2018, a retailer making sales  
25 of tangible personal property to purchasers in Illinois  
26 from outside of Illinois if:

1           (A) the cumulative gross receipts from sales of  
2           tangible personal property to purchasers in Illinois  
3           are \$100,000 or more; or

4           (B) the retailer enters into 200 or more separate  
5           transactions for the sale of tangible personal  
6           property to purchasers in Illinois.

7           The retailer shall determine on a quarterly basis,  
8           ending on the last day of March, June, September, and  
9           December, whether he or she meets the criteria of either  
10          subparagraph (A) or (B) of this paragraph (9) for the  
11          preceding 12-month period. If the retailer meets the  
12          threshold of either subparagraph (A) or (B) for a 12-month  
13          period, he or she is considered a retailer maintaining a  
14          place of business in this State and is required to collect  
15          and remit the tax imposed under this Act and file returns  
16          for one year. At the end of that one-year period, the  
17          retailer shall determine whether he or she met the  
18          threshold of either subparagraph (A) or (B) during the  
19          preceding 12-month period. If the retailer met the  
20          criteria in either subparagraph (A) or (B) for the  
21          preceding 12-month period, he or she is considered a  
22          retailer maintaining a place of business in this State and  
23          is required to collect and remit the tax imposed under  
24          this Act and file returns for the subsequent year. If at  
25          the end of a one-year period a retailer that was required  
26          to collect and remit the tax imposed under this Act



1 determines that he or she did not meet the threshold in  
2 either subparagraph (A) or (B) during the preceding  
3 12-month period, the retailer shall subsequently determine  
4 on a quarterly basis, ending on the last day of March,  
5 June, September, and December, whether he or she meets the  
6 threshold of either subparagraph (A) or (B) for the  
7 preceding 12-month period.

8 Beginning January 1, 2020, neither the gross receipts  
9 from nor the number of separate transactions for sales of  
10 tangible personal property to purchasers in Illinois that  
11 a retailer makes through a marketplace facilitator and for  
12 which the retailer has received a certification from the  
13 marketplace facilitator pursuant to Section 2d of this Act  
14 shall be included for purposes of determining whether he  
15 or she has met the thresholds of this paragraph (9).

16 (10) Beginning January 1, 2020, a marketplace  
17 facilitator that meets a threshold set forth in subsection  
18 (b) of Section 2d of this Act.

19 "Bulk vending machine" means a vending machine, containing  
20 unsorted confections, nuts, toys, or other items designed  
21 primarily to be used or played with by children which, when a  
22 coin or coins of a denomination not larger than \$0.50 are  
23 inserted, are dispensed in equal portions, at random and  
24 without selection by the customer.

25 "General rate" means (i) 6.25% prior to July 1, 2022 and  
26 (ii) 6% on or after July 1, 2022.

1 (Source: P.A. 101-9, eff. 6-5-19; 101-31, eff. 1-1-20;  
2 101-604, eff. 1-1-20; 102-353, eff. 1-1-22.)

3 (35 ILCS 105/3-6)

4 Sec. 3-6. Sales tax holiday items.

5 (a) The tangible personal property described in this  
6 subsection qualifies for the 1.25% reduced rate of tax for the  
7 period set forth in Section 3-10 of this Act (hereinafter  
8 referred to as the Sales Tax Holiday Period). The reduced rate  
9 on these items shall be administered under the provisions of  
10 subsection (b) of this Section. The following items are  
11 subject to the reduced rate:

12 (1) Clothing items that each have a retail selling  
13 price of less than \$100.

14 "Clothing" means, unless otherwise specified in this  
15 Section, all human wearing apparel suitable for general  
16 use. "Clothing" does not include clothing accessories,  
17 protective equipment, or sport or recreational equipment.  
18 "Clothing" includes, but is not limited to: household and  
19 shop aprons; athletic supporters; bathing suits and caps;  
20 belts and suspenders; boots; coats and jackets; ear muffs;  
21 footlets; gloves and mittens for general use; hats and  
22 caps; hosiery; insoles for shoes; lab coats; neckties;  
23 overshoes; pantyhose; rainwear; rubber pants; sandals;  
24 scarves; shoes and shoelaces; slippers; sneakers; socks  
25 and stockings; steel-toed shoes; underwear; and school

1 uniforms.

2 "Clothing accessories" means, but is not limited to:  
3 briefcases; cosmetics; hair notions, including, but not  
4 limited to barrettes, hair bows, and hair nets; handbags;  
5 handkerchiefs; jewelry; non-prescription sunglasses;  
6 umbrellas; wallets; watches; and wigs and hair pieces.

7 "Protective equipment" means, but is not limited to:  
8 breathing masks; clean room apparel and equipment; ear and  
9 hearing protectors; face shields; hard hats; helmets;  
10 paint or dust respirators; protective gloves; safety  
11 glasses and goggles; safety belts; tool belts; and  
12 welder's gloves and masks.

13 "Sport or recreational equipment" means, but is not  
14 limited to: ballet and tap shoes; cleated or spiked  
15 athletic shoes; gloves, including, but not limited to,  
16 baseball, bowling, boxing, hockey, and golf gloves;  
17 goggles; hand and elbow guards; life preservers and vests;  
18 mouth guards; roller and ice skates; shin guards; shoulder  
19 pads; ski boots; waders; and wetsuits and fins.

20 (2) School supplies. "School supplies" means, unless  
21 otherwise specified in this Section, items used by a  
22 student in a course of study. The purchase of school  
23 supplies for use by persons other than students for use in  
24 a course of study are not eligible for the reduced rate of  
25 tax. "School supplies" do not include school art supplies;  
26 school instructional materials; cameras; film and memory

1 cards; videocameras, tapes, and videotapes; computers;  
2 cell phones; Personal Digital Assistants (PDAs); handheld  
3 electronic schedulers; and school computer supplies.

4 "School supplies" includes, but is not limited to:  
5 binders; book bags; calculators; cellophane tape;  
6 blackboard chalk; compasses; composition books; crayons;  
7 erasers; expandable, pocket, plastic, and manila folders;  
8 glue, paste, and paste sticks; highlighters; index cards;  
9 index card boxes; legal pads; lunch boxes; markers;  
10 notebooks; paper, including loose leaf ruled notebook  
11 paper, copy paper, graph paper, tracing paper, manila  
12 paper, colored paper, poster board, and construction  
13 paper; pencils; pencil leads; pens; ink and ink refills  
14 for pens; pencil boxes and other school supply boxes;  
15 pencil sharpeners; protractors; rulers; scissors; and  
16 writing tablets.

17 "School art supply" means an item commonly used by a  
18 student in a course of study for artwork and includes only  
19 the following items: clay and glazes; acrylic, tempera,  
20 and oil paint; paintbrushes for artwork; sketch and  
21 drawing pads; and watercolors.

22 "School instructional material" means written material  
23 commonly used by a student in a course of study as a  
24 reference and to learn the subject being taught and  
25 includes only the following items: reference books;  
26 reference maps and globes; textbooks; and workbooks.

1           "School computer supply" means an item commonly used  
2           by a student in a course of study in which a computer is  
3           used and applies only to the following items: flashdrives  
4           and other computer data storage devices; data storage  
5           media, such as diskettes and compact disks; boxes and  
6           cases for disk storage; external ports or drives; computer  
7           cases; computer cables; computer printers; and printer  
8           cartridges, toner, and ink.

9           (b) Administration. Notwithstanding any other provision of  
10          this Act, the reduced rate of tax under Section 3-10 of this  
11          Act for clothing and school supplies shall be administered by  
12          the Department under the provisions of this subsection (b).

13           (1) Bundled sales. Items that qualify for the reduced  
14           rate of tax that are bundled together with items that do  
15           not qualify for the reduced rate of tax and that are sold  
16           for one itemized price will be subject to the reduced rate  
17           of tax only if the value of the items that qualify for the  
18           reduced rate of tax exceeds the value of the items that do  
19           not qualify for the reduced rate of tax.

20           (2) Coupons and discounts. An unreimbursed discount by  
21           the seller reduces the sales price of the property so that  
22           the discounted sales price determines whether the sales  
23           price is within a sales tax holiday price threshold. A  
24           coupon or other reduction in the sales price is treated as  
25           a discount if the seller is not reimbursed for the coupon  
26           or reduction amount by a third party.

1           (3) Splitting of items normally sold together.  
2           Articles that are normally sold as a single unit must  
3           continue to be sold in that manner. Such articles cannot  
4           be priced separately and sold as individual items in order  
5           to obtain the reduced rate of tax. For example, a pair of  
6           shoes cannot have each shoe sold separately so that the  
7           sales price of each shoe is within a sales tax holiday  
8           price threshold.

9           (4) Rain checks. A rain check is a procedure that  
10          allows a customer to purchase an item at a certain price at  
11          a later time because the particular item was out of stock.  
12          Eligible property that customers purchase during the Sales  
13          Tax Holiday Period with the use of a rain check will  
14          qualify for the reduced rate of tax regardless of when the  
15          rain check was issued. Issuance of a rain check during the  
16          Sales Tax Holiday Period will not qualify eligible  
17          property for the reduced rate of tax if the property is  
18          actually purchased after the Sales Tax Holiday Period.

19          (5) Exchanges. The procedure for an exchange in  
20          regards to a sales tax holiday is as follows:

21                 (A) If a customer purchases an item of eligible  
22                 property during the Sales Tax Holiday Period, but  
23                 later exchanges the item for a similar eligible item,  
24                 even if a different size, different color, or other  
25                 feature, no additional tax is due even if the exchange  
26                 is made after the Sales Tax Holiday Period.

1 (B) If a customer purchases an item of eligible  
2 property during the Sales Tax Holiday Period, but  
3 after the Sales Tax Holiday Period has ended, the  
4 customer returns the item and receives credit on the  
5 purchase of a different item, the ~~6.25%~~ general  
6 ~~merchandise sales tax~~ rate is due on the sale of the  
7 newly purchased item.

8 (C) If a customer purchases an item of eligible  
9 property before the Sales Tax Holiday Period, but  
10 during the Sales Tax Holiday Period the customer  
11 returns the item and receives credit on the purchase  
12 of a different item of eligible property, the reduced  
13 rate of tax is due on the sale of the new item if the  
14 new item is purchased during the Sales Tax Holiday  
15 Period.

16 (6) Delivery charges. Delivery charges, including  
17 shipping, handling and service charges, are part of the  
18 sales price of eligible property.

19 (7) Order date and back orders. For the purpose of a  
20 sales tax holiday, eligible property qualifies for the  
21 reduced rate of tax if: (i) the item is both delivered to  
22 and paid for by the customer during the Sales Tax Holiday  
23 Period or (ii) the customer orders and pays for the item  
24 and the seller accepts the order during the Sales Tax  
25 Holiday Period for immediate shipment, even if delivery is  
26 made after the Sales Tax Holiday Period. The seller

1 accepts an order when the seller has taken action to fill  
2 the order for immediate shipment. Actions to fill an order  
3 include placement of an "in date" stamp on an order or  
4 assignment of an "order number" to an order within the  
5 Sales Tax Holiday Period. An order is for immediate  
6 shipment when the customer does not request delayed  
7 shipment. An order is for immediate shipment  
8 notwithstanding that the shipment may be delayed because  
9 of a backlog of orders or because stock is currently  
10 unavailable to, or on back order by, the seller.

11 (8) Returns. For a 60-day period immediately after the  
12 Sales Tax Holiday Period, if a customer returns an item  
13 that would qualify for the reduced rate of tax, credit for  
14 or refund of sales tax shall be given only at the reduced  
15 rate unless the customer provides a receipt or invoice  
16 that shows tax was paid at the ~~6.25%~~ general ~~merchandise~~  
17 rate, or the seller has sufficient documentation to show  
18 that tax was paid at the ~~6.25%~~ general ~~merchandise~~ rate on  
19 the specific item. This 60-day period is set solely for  
20 the purpose of designating a time period during which the  
21 customer must provide documentation that shows that the  
22 appropriate sales tax rate was paid on returned  
23 merchandise. The 60-day period is not intended to change a  
24 seller's policy on the time period during which the seller  
25 will accept returns.

26 (c) The Department may implement the provisions of this



1 Section through the use of emergency rules, along with  
2 permanent rules filed concurrently with such emergency rules,  
3 in accordance with the provisions of Section 5-45 of the  
4 Illinois Administrative Procedure Act. For purposes of the  
5 Illinois Administrative Procedure Act, the adoption of rules  
6 to implement the provisions of this Section shall be deemed an  
7 emergency and necessary for the public interest, safety, and  
8 welfare.

9 (Source: P.A. 96-1012, eff. 7-7-10.)

10 (35 ILCS 105/3-10)

11 Sec. 3-10. Rate of tax. Unless otherwise provided in this  
12 Section, the tax under ~~imposed by~~ this Act is imposed at the  
13 general rate on ~~of 6.25% of~~ either the selling price or the  
14 fair market value, if any, of the tangible personal property.  
15 In all cases where property functionally used or consumed is  
16 the same as the property that was purchased at retail, then the  
17 tax is imposed on the selling price of the property. In all  
18 cases where property functionally used or consumed is a  
19 by-product or waste product that has been refined,  
20 manufactured, or produced from property purchased at retail,  
21 then the tax is imposed on the lower of the fair market value,  
22 if any, of the specific property so used in this State or on  
23 the selling price of the property purchased at retail. For  
24 purposes of this Section "fair market value" means the price  
25 at which property would change hands between a willing buyer

1 and a willing seller, neither being under any compulsion to  
2 buy or sell and both having reasonable knowledge of the  
3 relevant facts. The fair market value shall be established by  
4 Illinois sales by the taxpayer of the same property as that  
5 functionally used or consumed, or if there are no such sales by  
6 the taxpayer, then comparable sales or purchases of property  
7 of like kind and character in Illinois.

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

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

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

24 With respect to majority blended ethanol fuel, the tax  
25 imposed by this Act does not apply to the proceeds of sales  
26 made on or after July 1, 2003 and on or before December 31,

1 2023 but applies to 100% of the proceeds of sales made  
2 thereafter.

3 With respect to biodiesel blends with no less than 1% and  
4 no more than 10% biodiesel, the tax imposed by this Act applies  
5 to (i) 80% of the proceeds of sales made on or after July 1,  
6 2003 and on or before December 31, 2018 and (ii) 100% of the  
7 proceeds of sales made thereafter. If, at any time, however,  
8 the tax under this Act on sales of biodiesel blends with no  
9 less than 1% and no more than 10% biodiesel is imposed at the  
10 rate of 1.25%, then the tax imposed by this Act applies to 100%  
11 of the proceeds of sales of biodiesel blends with no less than  
12 1% and no more than 10% biodiesel made during that time.

13 With respect to 100% biodiesel and biodiesel blends 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 sales made on or  
16 after July 1, 2003 and on or before December 31, 2023 but  
17 applies to 100% of the proceeds of sales made thereafter.

18 With respect to food for human consumption that is to be  
19 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 prescription and nonprescription  
23 medicines, drugs, medical appliances, products classified as  
24 Class III medical devices by the United States Food and Drug  
25 Administration that are used for cancer treatment pursuant to  
26 a prescription, as well as any accessories and components

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

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

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

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

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

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

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

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

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

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

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

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

26 (Source: P.A. 101-363, eff. 8-9-19; 101-593, eff. 12-4-19;

1 102-4, eff. 4-27-21.)

2 (35 ILCS 105/3-55) (from Ch. 120, par. 439.3-55)

3 Sec. 3-55. Multistate exemption. To prevent actual or  
4 likely multistate taxation, the tax imposed by this Act does  
5 not apply to the use of tangible personal property in this  
6 State under the following circumstances:

7 (a) The use, in this State, of tangible personal property  
8 acquired outside this State by a nonresident individual and  
9 brought into this State by the individual for his or her own  
10 use while temporarily within this State or while passing  
11 through this State.

12 (b) (Blank).

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

22 (d) The use, in this State, of tangible personal property  
23 that is acquired outside this State and caused to be brought  
24 into this State by a person who has already paid a tax in  
25 another State in respect to the sale, purchase, or use of that

1 property, to the extent of the amount of the tax properly due  
2 and paid in the other State.

3 (e) The temporary storage, in this State, of tangible  
4 personal property that is acquired outside this State and  
5 that, after being brought into this State and stored here  
6 temporarily, is used solely outside this State or is  
7 physically attached to or incorporated into other tangible  
8 personal property that is used solely outside this State, or  
9 is altered by converting, fabricating, manufacturing,  
10 printing, processing, or shaping, and, as altered, is used  
11 solely outside this State.

12 (f) The temporary storage in this State of building  
13 materials and fixtures that are acquired either in this State  
14 or outside this State by an Illinois registered combination  
15 retailer and construction contractor, and that the purchaser  
16 thereafter uses outside this State by incorporating that  
17 property into real estate located outside this State.

18 (g) The use or purchase of tangible personal property by a  
19 common carrier by rail or motor that receives the physical  
20 possession of the property in Illinois, and that transports  
21 the property, or shares with another common carrier in the  
22 transportation of the property, out of Illinois on a standard  
23 uniform bill of lading showing the seller of the property as  
24 the shipper or consignor of the property to a destination  
25 outside Illinois, for use outside Illinois.

26 (h) Except as provided in subsection (h-1), the use, in



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

12 (h-1) The exemption under subsection (h) does not apply if  
13 the state in which the motor vehicle will be titled does not  
14 allow a reciprocal exemption for the use in that state of a  
15 motor vehicle sold and delivered in that state to an Illinois  
16 resident but titled in Illinois. The tax collected under this  
17 Act on the sale of a motor vehicle in this State to a resident  
18 of another state that does not allow a reciprocal exemption  
19 shall be imposed at a rate equal to the state's rate of tax on  
20 taxable property in the state in which the purchaser is a  
21 resident, except that the tax shall not exceed the tax that  
22 would otherwise be imposed under this Act. At the time of the  
23 sale, the purchaser shall execute a statement, signed under  
24 penalty of perjury, of his or her intent to title the vehicle  
25 in the state in which the purchaser is a resident within 30  
26 days after the sale and of the fact of the payment to the State

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

15 (h-2) The following exemptions apply with respect to  
16 certain aircraft:

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

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

1 required by 14 C.F.R. 91.407;

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

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

14 (2) Beginning on July 1, 2007, no tax is imposed under  
15 this Act on the use of an aircraft, as defined in Section 3  
16 of the Illinois Aeronautics Act, that is temporarily  
17 located in this State for the purpose of a prepurchase  
18 evaluation if all of the following conditions are met:

19 (A) the aircraft is not based or registered in  
20 this State after the prepurchase evaluation; and

21 (B) the purchaser provides the Department with a  
22 signed and dated certification, on a form prescribed  
23 by the Department, certifying that the requirements of  
24 this item (2) are met. The certificate must also  
25 include the name and address of the purchaser, the  
26 address of the location where the aircraft is to be

1 titled or registered, the address of the primary  
2 physical location of the aircraft, and other  
3 information that the Department may reasonably  
4 require.

5 (3) Beginning on July 1, 2007, no tax is imposed under  
6 this Act on the use of an aircraft, as defined in Section 3  
7 of the Illinois Aeronautics Act, that is temporarily  
8 located in this State for the purpose of a post-sale  
9 customization if all of the following conditions are met:

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

15 (B) the aircraft is not based or registered in  
16 this State either before or after the post-sale  
17 customization; and

18 (C) the purchaser provides the Department with a  
19 signed and dated certification, on a form prescribed  
20 by the Department, certifying that the requirements of  
21 this item (3) are met. The certificate must also  
22 include the name and address of the purchaser, the  
23 address of the location where the aircraft is to be  
24 titled or registered, the address of the primary  
25 physical location of the aircraft, and other  
26 information that the Department may reasonably

1           require.

2           If tax becomes due under this subsection (h-2) because of  
3 the purchaser's use of the aircraft in this State, the  
4 purchaser shall file a return with the Department and pay the  
5 tax on the fair market value of the aircraft. This return and  
6 payment of the tax must be made no later than 30 days after the  
7 aircraft is used in a taxable manner in this State. The tax is  
8 based on the fair market value of the aircraft on the date that  
9 it is first used in a taxable manner in this State.

10          For purposes of this subsection (h-2):

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

15          "Post-sale customization" means any improvement,  
16 maintenance, or repair that is performed on an aircraft  
17 following a transfer of ownership of the aircraft.

18          "Prepurchase evaluation" means an examination of an  
19 aircraft to provide a potential purchaser with information  
20 relevant to the potential purchase.

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

25          This subsection (h-2) is exempt from the provisions of  
26 Section 3-90.

1           (i) Beginning July 1, 1999, the use, in this State, of fuel  
2 acquired outside this State and brought into this State in the  
3 fuel supply tanks of locomotives engaged in freight hauling  
4 and passenger service for interstate commerce. This subsection  
5 is exempt from the provisions of Section 3-90.

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

1 consumption of all such tangible personal property outside of  
2 the State of Illinois.

3 (Source: P.A. 100-321, eff. 8-24-17.)

4 (35 ILCS 105/3-85)

5 Sec. 3-85. Manufacturer's Purchase Credit. For purchases  
6 of machinery and equipment made on and after January 1, 1995  
7 through June 30, 2003, and on and after September 1, 2004  
8 through August 30, 2014, a purchaser of manufacturing  
9 machinery and equipment that qualifies for the exemption  
10 provided by paragraph (18) of Section 3-5 of this Act earns a  
11 credit in an amount equal to a fixed percentage of the tax  
12 which would have been incurred under this Act on those  
13 purchases. For purchases of graphic arts machinery and  
14 equipment made on or after July 1, 1996 and through June 30,  
15 2003, and on and after September 1, 2004 through August 30,  
16 2014, a purchaser of graphic arts machinery and equipment that  
17 qualifies for the exemption provided by paragraph (6) of  
18 Section 3-5 of this Act earns a credit in an amount equal to a  
19 fixed percentage of the tax that would have been incurred  
20 under this Act on those purchases. The credit earned for  
21 purchases of manufacturing machinery and equipment or graphic  
22 arts machinery and equipment shall be referred to as the  
23 Manufacturer's Purchase Credit. A graphic arts producer is a  
24 person engaged in graphic arts production as defined in  
25 Section 2-30 of the Retailers' Occupation Tax Act. Beginning

1 July 1, 1996, all references in this Section to manufacturers  
2 or manufacturing shall also be deemed to refer to graphic arts  
3 producers or graphic arts production.

4 The amount of credit shall be a percentage of the tax that  
5 would have been incurred on the purchase of manufacturing  
6 machinery and equipment or graphic arts machinery and  
7 equipment if the exemptions provided by paragraph (6) or  
8 paragraph (18) of Section 3-5 of this Act had not been  
9 applicable. The percentage shall be as follows:

10 (1) 15% for purchases made on or before June 30, 1995.

11 (2) 25% for purchases made after June 30, 1995, and on  
12 or before June 30, 1996.

13 (3) 40% for purchases made after June 30, 1996, and on  
14 or before June 30, 1997.

15 (4) 50% for purchases made on or after July 1, 1997.

16 (a) Manufacturer's Purchase Credit earned prior to July 1,  
17 2003. This subsection (a) applies to Manufacturer's Purchase  
18 Credit earned prior to July 1, 2003. A purchaser of production  
19 related tangible personal property desiring to use the  
20 Manufacturer's Purchase Credit shall certify to the seller  
21 prior to October 1, 2003 that the purchaser is satisfying all  
22 or part of the liability under the Use Tax Act or the Service  
23 Use Tax Act that is due on the purchase of the production  
24 related tangible personal property by use of Manufacturer's  
25 Purchase Credit. The Manufacturer's Purchase Credit  
26 certification must be dated and shall include the name and



1 address of the purchaser, the purchaser's registration number,  
2 if registered, the credit being applied, and a statement that  
3 the State Use Tax or Service Use Tax liability is being  
4 satisfied with the manufacturer's or graphic arts producer's  
5 accumulated purchase credit. Certification may be incorporated  
6 into the manufacturer's or graphic arts producer's purchase  
7 order. Manufacturer's Purchase Credit certification provided  
8 by the manufacturer or graphic arts producer prior to October  
9 1, 2003 may be used to satisfy the retailer's or serviceman's  
10 liability under the Retailers' Occupation Tax Act or Service  
11 Occupation Tax Act for the credit claimed, not to exceed the  
12 general rate percentage ~~6.25%~~ of the receipts subject to tax  
13 from a qualifying purchase, but only if the retailer or  
14 serviceman reports the Manufacturer's Purchase Credit claimed  
15 as required by the Department. A Manufacturer's Purchase  
16 Credit reported on any original or amended return filed under  
17 this Act after October 20, 2003 shall be disallowed. The  
18 Manufacturer's Purchase Credit earned by purchase of exempt  
19 manufacturing machinery and equipment or graphic arts  
20 machinery and equipment is a non-transferable credit. A  
21 manufacturer or graphic arts producer that enters into a  
22 contract involving the installation of tangible personal  
23 property into real estate within a manufacturing or graphic  
24 arts production facility may, prior to October 1, 2003,  
25 authorize a construction contractor to utilize credit  
26 accumulated by the manufacturer or graphic arts producer to

1 purchase the tangible personal property. A manufacturer or  
2 graphic arts producer intending to use accumulated credit to  
3 purchase such tangible personal property shall execute a  
4 written contract authorizing the contractor to utilize a  
5 specified dollar amount of credit. The contractor shall  
6 furnish, prior to October 1, 2003, the supplier with the  
7 manufacturer's or graphic arts producer's name, registration  
8 or resale number, and a statement that a specific amount of the  
9 Use Tax or Service Use Tax liability, not to exceed the general  
10 rate percentage ~~6.25%~~ of the selling price, is being satisfied  
11 with the credit. The manufacturer or graphic arts producer  
12 shall remain liable to timely report all information required  
13 by the annual Report of Manufacturer's Purchase Credit Used  
14 for all credit utilized by a construction contractor.

15 No Manufacturer's Purchase Credit earned prior to July 1,  
16 2003 may be used after October 1, 2003. The Manufacturer's  
17 Purchase Credit may be used to satisfy liability under the Use  
18 Tax Act or the Service Use Tax Act due on the purchase of  
19 production related tangible personal property (including  
20 purchases by a manufacturer, by a graphic arts producer, or by  
21 a lessor who rents or leases the use of the property to a  
22 manufacturer or graphic arts producer) that does not otherwise  
23 qualify for the manufacturing machinery and equipment  
24 exemption or the graphic arts machinery and equipment  
25 exemption. "Production related tangible personal property"  
26 means (i) all tangible personal property used or consumed by

1 the purchaser in a manufacturing facility in which a  
2 manufacturing process described in Section 2-45 of the  
3 Retailers' Occupation Tax Act takes place, including tangible  
4 personal property purchased for incorporation into real estate  
5 within a manufacturing facility and including, but not limited  
6 to, tangible personal property used or consumed in activities  
7 such as preproduction material handling, receiving, quality  
8 control, inventory control, storage, staging, and packaging  
9 for shipping and transportation purposes; (ii) all tangible  
10 personal property used or consumed by the purchaser in a  
11 graphic arts facility in which graphic arts production as  
12 described in Section 2-30 of the Retailers' Occupation Tax Act  
13 takes place, including tangible personal property purchased  
14 for incorporation into real estate within a graphic arts  
15 facility and including, but not limited to, all tangible  
16 personal property used or consumed in activities such as  
17 graphic arts preliminary or pre-press production,  
18 pre-production material handling, receiving, quality control,  
19 inventory control, storage, staging, sorting, labeling,  
20 mailing, tying, wrapping, and packaging; and (iii) all  
21 tangible personal property used or consumed by the purchaser  
22 for research and development. "Production related tangible  
23 personal property" does not include (i) tangible personal  
24 property used, within or without a manufacturing facility, in  
25 sales, purchasing, accounting, fiscal management, marketing,  
26 personnel recruitment or selection, or landscaping or (ii)

1 tangible personal property required to be titled or registered  
2 with a department, agency, or unit of federal, state, or local  
3 government. The Manufacturer's Purchase Credit may be used,  
4 prior to October 1, 2003, to satisfy the tax arising either  
5 from the purchase of machinery and equipment on or after  
6 January 1, 1995 for which the exemption provided by paragraph  
7 (18) of Section 3-5 of this Act was erroneously claimed, or the  
8 purchase of machinery and equipment on or after July 1, 1996  
9 for which the exemption provided by paragraph (6) of Section  
10 3-5 of this Act was erroneously claimed, but not in  
11 satisfaction of penalty, if any, and interest for failure to  
12 pay the tax when due. A purchaser of production related  
13 tangible personal property who is required to pay Illinois Use  
14 Tax or Service Use Tax on the purchase directly to the  
15 Department may, prior to October 1, 2003, utilize the  
16 Manufacturer's Purchase Credit in satisfaction of the tax  
17 arising from that purchase, but not in satisfaction of penalty  
18 and interest. A purchaser who uses the Manufacturer's Purchase  
19 Credit to purchase property which is later determined not to  
20 be production related tangible personal property may be liable  
21 for tax, penalty, and interest on the purchase of that  
22 property as of the date of purchase but shall be entitled to  
23 use the disallowed Manufacturer's Purchase Credit, so long as  
24 it has not expired and is used prior to October 1, 2003, on  
25 qualifying purchases of production related tangible personal  
26 property not previously subject to credit usage. The

1 Manufacturer's Purchase Credit earned by a manufacturer or  
2 graphic arts producer expires the last day of the second  
3 calendar year following the calendar year in which the credit  
4 arose. No Manufacturer's Purchase Credit may be used after  
5 September 30, 2003 regardless of when that credit was earned.

6 A purchaser earning Manufacturer's Purchase Credit shall  
7 sign and file an annual Report of Manufacturer's Purchase  
8 Credit Earned for each calendar year no later than the last day  
9 of the sixth month following the calendar year in which a  
10 Manufacturer's Purchase Credit is earned. A Report of  
11 Manufacturer's Purchase Credit Earned shall be filed on forms  
12 as prescribed or approved by the Department and shall state,  
13 for each month of the calendar year: (i) the total purchase  
14 price of all purchases of exempt manufacturing or graphic arts  
15 machinery on which the credit was earned; (ii) the total State  
16 Use Tax or Service Use Tax which would have been due on those  
17 items; (iii) the percentage used to calculate the amount of  
18 credit earned; (iv) the amount of credit earned; and (v) such  
19 other information as the Department may reasonably require. A  
20 purchaser earning Manufacturer's Purchase Credit shall  
21 maintain records which identify, as to each purchase of  
22 manufacturing or graphic arts machinery and equipment on which  
23 the purchaser earned Manufacturer's Purchase Credit, the  
24 vendor (including, if applicable, either the vendor's  
25 registration number or Federal Employer Identification  
26 Number), the purchase price, and the amount of Manufacturer's

1 Purchase Credit earned on each purchase.

2 A purchaser using Manufacturer's Purchase Credit shall  
3 sign and file an annual Report of Manufacturer's Purchase  
4 Credit Used for each calendar year no later than the last day  
5 of the sixth month following the calendar year in which a  
6 Manufacturer's Purchase Credit is used. A Report of  
7 Manufacturer's Purchase Credit Used shall be filed on forms as  
8 prescribed or approved by the Department and shall state, for  
9 each month of the calendar year: (i) the total purchase price  
10 of production related tangible personal property purchased  
11 from Illinois suppliers; (ii) the total purchase price of  
12 production related tangible personal property purchased from  
13 out-of-state suppliers; (iii) the total amount of credit used  
14 during such month; and (iv) such other information as the  
15 Department may reasonably require. A purchaser using  
16 Manufacturer's Purchase Credit shall maintain records that  
17 identify, as to each purchase of production related tangible  
18 personal property on which the purchaser used Manufacturer's  
19 Purchase Credit, the vendor (including, if applicable, either  
20 the vendor's registration number or Federal Employer  
21 Identification Number), the purchase price, and the amount of  
22 Manufacturer's Purchase Credit used on each purchase.

23 No annual report shall be filed before May 1, 1996 or after  
24 June 30, 2004. A purchaser that fails to file an annual Report  
25 of Manufacturer's Purchase Credit Earned or an annual Report  
26 of Manufacturer's Purchase Credit Used by the last day of the

1 sixth month following the end of the calendar year shall  
2 forfeit all Manufacturer's Purchase Credit for that calendar  
3 year unless it establishes that its failure to file was due to  
4 reasonable cause. Manufacturer's Purchase Credit reports may  
5 be amended to report and claim credit on qualifying purchases  
6 not previously reported at any time before the credit would  
7 have expired, unless both the Department and the purchaser  
8 have agreed to an extension of the statute of limitations for  
9 the issuance of a notice of tax liability as provided in  
10 Section 4 of the Retailers' Occupation Tax Act. If the time for  
11 assessment or refund has been extended, then amended reports  
12 for a calendar year may be filed at any time prior to the date  
13 to which the statute of limitations for the calendar year or  
14 portion thereof has been extended. No Manufacturer's Purchase  
15 Credit report filed with the Department for periods prior to  
16 January 1, 1995 shall be approved. Manufacturer's Purchase  
17 Credit claimed on an amended report may be used, until October  
18 1, 2003, to satisfy tax liability under the Use Tax Act or the  
19 Service Use Tax Act (i) on qualifying purchases of production  
20 related tangible personal property made after the date the  
21 amended report is filed or (ii) assessed by the Department on  
22 qualifying purchases of production related tangible personal  
23 property made in the case of manufacturers on or after January  
24 1, 1995, or in the case of graphic arts producers on or after  
25 July 1, 1996.

26 If the purchaser is not the manufacturer or a graphic arts

1 producer, but rents or leases the use of the property to a  
2 manufacturer or graphic arts producer, the purchaser may earn,  
3 report, and use Manufacturer's Purchase Credit in the same  
4 manner as a manufacturer or graphic arts producer.

5 A purchaser shall not be entitled to any Manufacturer's  
6 Purchase Credit for a purchase that is required to be reported  
7 and is not timely reported as provided in this Section. A  
8 purchaser remains liable for (i) any tax that was satisfied by  
9 use of a Manufacturer's Purchase Credit, as of the date of  
10 purchase, if that use is not timely reported as required in  
11 this Section and (ii) for any applicable penalties and  
12 interest for failing to pay the tax when due. No  
13 Manufacturer's Purchase Credit may be used after September 30,  
14 2003 to satisfy any tax liability imposed under this Act,  
15 including any audit liability.

16 (b) Manufacturer's Purchase Credit earned on and after  
17 September 1, 2004. This subsection (b) applies to  
18 Manufacturer's Purchase Credit earned on and after September  
19 1, 2004. Manufacturer's Purchase Credit earned on or after  
20 September 1, 2004 may only be used to satisfy the Use Tax or  
21 Service Use Tax liability incurred on production related  
22 tangible personal property purchased on or after September 1,  
23 2004. A purchaser of production related tangible personal  
24 property desiring to use the Manufacturer's Purchase Credit  
25 shall certify to the seller that the purchaser is satisfying  
26 all or part of the liability under the Use Tax Act or the



1 Service Use Tax Act that is due on the purchase of the  
2 production related tangible personal property by use of  
3 Manufacturer's Purchase Credit. The Manufacturer's Purchase  
4 Credit certification must be dated and shall include the name  
5 and address of the purchaser, the purchaser's registration  
6 number, if registered, the credit being applied, and a  
7 statement that the State Use Tax or Service Use Tax liability  
8 is being satisfied with the manufacturer's or graphic arts  
9 producer's accumulated purchase credit. Certification may be  
10 incorporated into the manufacturer's or graphic arts  
11 producer's purchase order. Manufacturer's Purchase Credit  
12 certification provided by the manufacturer or graphic arts  
13 producer may be used to satisfy the retailer's or serviceman's  
14 liability under the Retailers' Occupation Tax Act or Service  
15 Occupation Tax Act for the credit claimed, not to exceed the  
16 general rate percentage ~~6.25%~~ of the receipts subject to tax  
17 from a qualifying purchase, but only if the retailer or  
18 serviceman reports the Manufacturer's Purchase Credit claimed  
19 as required by the Department. The Manufacturer's Purchase  
20 Credit earned by purchase of exempt manufacturing machinery  
21 and equipment or graphic arts machinery and equipment is a  
22 non-transferable credit. A manufacturer or graphic arts  
23 producer that enters into a contract involving the  
24 installation of tangible personal property into real estate  
25 within a manufacturing or graphic arts production facility  
26 may, on or after September 1, 2004, authorize a construction

1 contractor to utilize credit accumulated by the manufacturer  
2 or graphic arts producer to purchase the tangible personal  
3 property. A manufacturer or graphic arts producer intending to  
4 use accumulated credit to purchase such tangible personal  
5 property shall execute a written contract authorizing the  
6 contractor to utilize a specified dollar amount of credit. The  
7 contractor shall furnish the supplier with the manufacturer's  
8 or graphic arts producer's name, registration or resale  
9 number, and a statement that a specific amount of the Use Tax  
10 or Service Use Tax liability, not to exceed the general rate  
11 percentage ~~6.25%~~ of the selling price, is being satisfied with  
12 the credit. The manufacturer or graphic arts producer shall  
13 remain liable to timely report all information required by the  
14 annual Report of Manufacturer's Purchase Credit Used for all  
15 credit utilized by a construction contractor.

16 The Manufacturer's Purchase Credit may be used to satisfy  
17 liability under the Use Tax Act or the Service Use Tax Act due  
18 on the purchase, made on or after September 1, 2004, of  
19 production related tangible personal property (including  
20 purchases by a manufacturer, by a graphic arts producer, or by  
21 a lessor who rents or leases the use of the property to a  
22 manufacturer or graphic arts producer) that does not otherwise  
23 qualify for the manufacturing machinery and equipment  
24 exemption or the graphic arts machinery and equipment  
25 exemption. "Production related tangible personal property"  
26 means (i) all tangible personal property used or consumed by

1 the purchaser in a manufacturing facility in which a  
2 manufacturing process described in Section 2-45 of the  
3 Retailers' Occupation Tax Act takes place, including tangible  
4 personal property purchased for incorporation into real estate  
5 within a manufacturing facility and including, but not limited  
6 to, tangible personal property used or consumed in activities  
7 such as preproduction material handling, receiving, quality  
8 control, inventory control, storage, staging, and packaging  
9 for shipping and transportation purposes; (ii) all tangible  
10 personal property used or consumed by the purchaser in a  
11 graphic arts facility in which graphic arts production as  
12 described in Section 2-30 of the Retailers' Occupation Tax Act  
13 takes place, including tangible personal property purchased  
14 for incorporation into real estate within a graphic arts  
15 facility and including, but not limited to, all tangible  
16 personal property used or consumed in activities such as  
17 graphic arts preliminary or pre-press production,  
18 pre-production material handling, receiving, quality control,  
19 inventory control, storage, staging, sorting, labeling,  
20 mailing, tying, wrapping, and packaging; and (iii) all  
21 tangible personal property used or consumed by the purchaser  
22 for research and development. "Production related tangible  
23 personal property" does not include (i) tangible personal  
24 property used, within or without a manufacturing facility, in  
25 sales, purchasing, accounting, fiscal management, marketing,  
26 personnel recruitment or selection, or landscaping or (ii)

1 tangible personal property required to be titled or registered  
2 with a department, agency, or unit of federal, state, or local  
3 government. The Manufacturer's Purchase Credit may be used to  
4 satisfy the tax arising either from the purchase of machinery  
5 and equipment on or after September 1, 2004 for which the  
6 exemption provided by paragraph (18) of Section 3-5 of this  
7 Act was erroneously claimed, or the purchase of machinery and  
8 equipment on or after September 1, 2004 for which the  
9 exemption provided by paragraph (6) of Section 3-5 of this Act  
10 was erroneously claimed, but not in satisfaction of penalty,  
11 if any, and interest for failure to pay the tax when due. A  
12 purchaser of production related tangible personal property  
13 that is purchased on or after September 1, 2004 who is required  
14 to pay Illinois Use Tax or Service Use Tax on the purchase  
15 directly to the Department may utilize the Manufacturer's  
16 Purchase Credit in satisfaction of the tax arising from that  
17 purchase, but not in satisfaction of penalty and interest. A  
18 purchaser who uses the Manufacturer's Purchase Credit to  
19 purchase property on and after September 1, 2004 which is  
20 later determined not to be production related tangible  
21 personal property may be liable for tax, penalty, and interest  
22 on the purchase of that property as of the date of purchase but  
23 shall be entitled to use the disallowed Manufacturer's  
24 Purchase Credit, so long as it has not expired and is used on  
25 qualifying purchases of production related tangible personal  
26 property not previously subject to credit usage. The

1 Manufacturer's Purchase Credit earned by a manufacturer or  
2 graphic arts producer expires the last day of the second  
3 calendar year following the calendar year in which the credit  
4 arose. A purchaser earning Manufacturer's Purchase Credit  
5 shall sign and file an annual Report of Manufacturer's  
6 Purchase Credit Earned for each calendar year no later than  
7 the last day of the sixth month following the calendar year in  
8 which a Manufacturer's Purchase Credit is earned. A Report of  
9 Manufacturer's Purchase Credit Earned shall be filed on forms  
10 as prescribed or approved by the Department and shall state,  
11 for each month of the calendar year: (i) the total purchase  
12 price of all purchases of exempt manufacturing or graphic arts  
13 machinery on which the credit was earned; (ii) the total State  
14 Use Tax or Service Use Tax which would have been due on those  
15 items; (iii) the percentage used to calculate the amount of  
16 credit earned; (iv) the amount of credit earned; and (v) such  
17 other information as the Department may reasonably require. A  
18 purchaser earning Manufacturer's Purchase Credit shall  
19 maintain records which identify, as to each purchase of  
20 manufacturing or graphic arts machinery and equipment on which  
21 the purchaser earned Manufacturer's Purchase Credit, the  
22 vendor (including, if applicable, either the vendor's  
23 registration number or Federal Employer Identification  
24 Number), the purchase price, and the amount of Manufacturer's  
25 Purchase Credit earned on each purchase. A purchaser using  
26 Manufacturer's Purchase Credit shall sign and file an annual

1 Report of Manufacturer's Purchase Credit Used for each  
2 calendar year no later than the last day of the sixth month  
3 following the calendar year in which a Manufacturer's Purchase  
4 Credit is used. A Report of Manufacturer's Purchase Credit  
5 Used shall be filed on forms as prescribed or approved by the  
6 Department and shall state, for each month of the calendar  
7 year: (i) the total purchase price of production related  
8 tangible personal property purchased from Illinois suppliers;  
9 (ii) the total purchase price of production related tangible  
10 personal property purchased from out-of-state suppliers; (iii)  
11 the total amount of credit used during such month; and (iv)  
12 such other information as the Department may reasonably  
13 require. A purchaser using Manufacturer's Purchase Credit  
14 shall maintain records that identify, as to each purchase of  
15 production related tangible personal property on which the  
16 purchaser used Manufacturer's Purchase Credit, the vendor  
17 (including, if applicable, either the vendor's registration  
18 number or Federal Employer Identification Number), the  
19 purchase price, and the amount of Manufacturer's Purchase  
20 Credit used on each purchase.

21 A purchaser that fails to file an annual Report of  
22 Manufacturer's Purchase Credit Earned or an annual Report of  
23 Manufacturer's Purchase Credit Used by the last day of the  
24 sixth month following the end of the calendar year shall  
25 forfeit all Manufacturer's Purchase Credit for that calendar  
26 year unless it establishes that its failure to file was due to

1 reasonable cause. Manufacturer's Purchase Credit reports may  
2 be amended to report and claim credit on qualifying purchases  
3 not previously reported at any time before the credit would  
4 have expired, unless both the Department and the purchaser  
5 have agreed to an extension of the statute of limitations for  
6 the issuance of a notice of tax liability as provided in  
7 Section 4 of the Retailers' Occupation Tax Act. If the time for  
8 assessment or refund has been extended, then amended reports  
9 for a calendar year may be filed at any time prior to the date  
10 to which the statute of limitations for the calendar year or  
11 portion thereof has been extended. Manufacturer's Purchase  
12 Credit claimed on an amended report may be used to satisfy tax  
13 liability under the Use Tax Act or the Service Use Tax Act (i)  
14 on qualifying purchases of production related tangible  
15 personal property made after the date the amended report is  
16 filed or (ii) assessed by the Department on qualifying  
17 production related tangible personal property purchased on or  
18 after September 1, 2004. If the purchaser is not the  
19 manufacturer or a graphic arts producer, but rents or leases  
20 the use of the property to a manufacturer or graphic arts  
21 producer, the purchaser may earn, report, and use  
22 Manufacturer's Purchase Credit in the same manner as a  
23 manufacturer or graphic arts producer. A purchaser shall not  
24 be entitled to any Manufacturer's Purchase Credit for a  
25 purchase that is required to be reported and is not timely  
26 reported as provided in this Section. A purchaser remains

1 liable for (i) any tax that was satisfied by use of a  
2 Manufacturer's Purchase Credit, as of the date of purchase, if  
3 that use is not timely reported as required in this Section and  
4 (ii) for any applicable penalties and interest for failing to  
5 pay the tax when due.

6 (Source: P.A. 96-116, eff. 7-31-09.)

7 (35 ILCS 105/9) (from Ch. 120, par. 439.9)

8 Sec. 9. Except as to motor vehicles, watercraft, aircraft,  
9 and trailers that are required to be registered with an agency  
10 of this State, each retailer required or authorized to collect  
11 the tax imposed by this Act shall pay to the Department the  
12 amount of such tax (except as otherwise provided) at the time  
13 when he is required to file his return for the period during  
14 which such tax was collected, less a discount of 2.1% prior to  
15 January 1, 1990, and 1.75% on and after January 1, 1990, or \$5  
16 per calendar year, whichever is greater, which is allowed to  
17 reimburse the retailer for expenses incurred in collecting the  
18 tax, keeping records, preparing and filing returns, remitting  
19 the tax and supplying data to the Department on request. The  
20 discount under this Section is not allowed for the 1.25%  
21 portion of taxes paid on aviation fuel that is subject to the  
22 revenue use requirements of 49 U.S.C. 47107(b) and 49 U.S.C.  
23 47133. In the case of retailers who report and pay the tax on a  
24 transaction by transaction basis, as provided in this Section,  
25 such discount shall be taken with each such tax remittance



1 instead of when such retailer files his periodic return. The  
2 discount allowed under this Section is allowed only for  
3 returns that are filed in the manner required by this Act. The  
4 Department may disallow the discount for retailers whose  
5 certificate of registration is revoked at the time the return  
6 is filed, but only if the Department's decision to revoke the  
7 certificate of registration has become final. A retailer need  
8 not remit that part of any tax collected by him to the extent  
9 that he is required to remit and does remit the tax imposed by  
10 the Retailers' Occupation Tax Act, with respect to the sale of  
11 the same property.

12 Where such tangible personal property is sold under a  
13 conditional sales contract, or under any other form of sale  
14 wherein the payment of the principal sum, or a part thereof, is  
15 extended beyond the close of the period for which the return is  
16 filed, the retailer, in collecting the tax (except as to motor  
17 vehicles, watercraft, aircraft, and trailers that are required  
18 to be registered with an agency of this State), may collect for  
19 each tax return period, only the tax applicable to that part of  
20 the selling price actually received during such tax return  
21 period.

22 Except as provided in this Section, on or before the  
23 twentieth day of each calendar month, such retailer shall file  
24 a return for the preceding calendar month. Such return shall  
25 be filed on forms prescribed by the Department and shall  
26 furnish such information as the Department may reasonably

1 require. On and after January 1, 2018, except for returns for  
2 motor vehicles, watercraft, aircraft, and trailers that are  
3 required to be registered with an agency of this State, with  
4 respect to retailers whose annual gross receipts average  
5 \$20,000 or more, all returns required to be filed pursuant to  
6 this Act shall be filed electronically. Retailers who  
7 demonstrate that they do not have access to the Internet or  
8 demonstrate hardship in filing electronically may petition the  
9 Department to waive the electronic filing requirement.

10 The Department may require returns to be filed on a  
11 quarterly basis. If so required, a return for each calendar  
12 quarter shall be filed on or before the twentieth day of the  
13 calendar month following the end of such calendar quarter. The  
14 taxpayer shall also file a return with the Department for each  
15 of the first two months of each calendar quarter, on or before  
16 the twentieth day of the following calendar month, stating:

17 1. The name of the seller;

18 2. The address of the principal place of business from  
19 which he engages in the business of selling tangible  
20 personal property at retail in this State;

21 3. The total amount of taxable receipts received by  
22 him during the preceding calendar month from sales of  
23 tangible personal property by him during such preceding  
24 calendar month, including receipts from charge and time  
25 sales, but less all deductions allowed by law;

26 4. The amount of credit provided in Section 2d of this

1 Act;

2 5. The amount of tax due;

3 5-5. The signature of the taxpayer; and

4 6. Such other reasonable information as the Department  
5 may require.

6 Each retailer required or authorized to collect the tax  
7 imposed by this Act on aviation fuel sold at retail in this  
8 State during the preceding calendar month shall, instead of  
9 reporting and paying tax on aviation fuel as otherwise  
10 required by this Section, report and pay such tax on a separate  
11 aviation fuel tax return. The requirements related to the  
12 return shall be as otherwise provided in this Section.  
13 Notwithstanding any other provisions of this Act to the  
14 contrary, retailers collecting tax on aviation fuel shall file  
15 all aviation fuel tax returns and shall make all aviation fuel  
16 tax payments by electronic means in the manner and form  
17 required by the Department. For purposes of this Section,  
18 "aviation fuel" means jet fuel and aviation gasoline.

19 If a taxpayer fails to sign a return within 30 days after  
20 the proper notice and demand for signature by the Department,  
21 the return shall be considered valid and any amount shown to be  
22 due on the return shall be deemed assessed.

23 Notwithstanding any other provision of this Act to the  
24 contrary, retailers subject to tax on cannabis shall file all  
25 cannabis tax returns and shall make all cannabis tax payments  
26 by electronic means in the manner and form required by the

1 Department.

2 Beginning October 1, 1993, a taxpayer who has an average  
3 monthly tax liability of \$150,000 or more shall make all  
4 payments required by rules of the Department by electronic  
5 funds transfer. Beginning October 1, 1994, a taxpayer who has  
6 an average monthly tax liability of \$100,000 or more shall  
7 make all payments required by rules of the Department by  
8 electronic funds transfer. Beginning October 1, 1995, a  
9 taxpayer who has an average monthly tax liability of \$50,000  
10 or more shall make all payments required by rules of the  
11 Department by electronic funds transfer. Beginning October 1,  
12 2000, a taxpayer who has an annual tax liability of \$200,000 or  
13 more shall make all payments required by rules of the  
14 Department by electronic funds transfer. The term "annual tax  
15 liability" shall be the sum of the taxpayer's liabilities  
16 under this Act, and under all other State and local occupation  
17 and use tax laws administered by the Department, for the  
18 immediately preceding calendar year. The term "average monthly  
19 tax liability" means the sum of the taxpayer's liabilities  
20 under this Act, and under all other State and local occupation  
21 and use tax laws administered by the Department, for the  
22 immediately preceding calendar year divided by 12. Beginning  
23 on October 1, 2002, a taxpayer who has a tax liability in the  
24 amount set forth in subsection (b) of Section 2505-210 of the  
25 Department of Revenue Law shall make all payments required by  
26 rules of the Department by electronic funds transfer.

1           Before August 1 of each year beginning in 1993, the  
2 Department shall notify all taxpayers required to make  
3 payments by electronic funds transfer. All taxpayers required  
4 to make payments by electronic funds transfer shall make those  
5 payments for a minimum of one year beginning on October 1.

6           Any taxpayer not required to make payments by electronic  
7 funds transfer may make payments by electronic funds transfer  
8 with the permission of the Department.

9           All taxpayers required to make payment by electronic funds  
10 transfer and any taxpayers authorized to voluntarily make  
11 payments by electronic funds transfer shall make those  
12 payments in the manner authorized by the Department.

13           The Department shall adopt such rules as are necessary to  
14 effectuate a program of electronic funds transfer and the  
15 requirements of this Section.

16           Before October 1, 2000, if the taxpayer's average monthly  
17 tax liability to the Department under this Act, the Retailers'  
18 Occupation Tax Act, the Service Occupation Tax Act, the  
19 Service Use Tax Act was \$10,000 or more during the preceding 4  
20 complete calendar quarters, he shall file a return with the  
21 Department each month by the 20th day of the month next  
22 following the month during which such tax liability is  
23 incurred and shall make payments to the Department on or  
24 before the 7th, 15th, 22nd and last day of the month during  
25 which such liability is incurred. On and after October 1,  
26 2000, if the taxpayer's average monthly tax liability to the

1 Department under this Act, the Retailers' Occupation Tax Act,  
2 the Service Occupation Tax Act, and the Service Use Tax Act was  
3 \$20,000 or more during the preceding 4 complete calendar  
4 quarters, he shall file a return with the Department each  
5 month by the 20th day of the month next following the month  
6 during which such tax liability is incurred and shall make  
7 payment to the Department on or before the 7th, 15th, 22nd and  
8 last day of the month during which such liability is incurred.  
9 If the month during which such tax liability is incurred began  
10 prior to January 1, 1985, each payment shall be in an amount  
11 equal to 1/4 of the taxpayer's actual liability for the month  
12 or an amount set by the Department not to exceed 1/4 of the  
13 average monthly liability of the taxpayer to the Department  
14 for the preceding 4 complete calendar quarters (excluding the  
15 month of highest liability and the month of lowest liability  
16 in such 4 quarter period). If the month during which such tax  
17 liability is incurred begins on or after January 1, 1985, and  
18 prior to January 1, 1987, each payment shall be in an amount  
19 equal to 22.5% of the taxpayer's actual liability for the  
20 month or 27.5% of the taxpayer's liability for the same  
21 calendar month of the preceding year. If the month during  
22 which such tax liability is incurred begins on or after  
23 January 1, 1987, and prior to January 1, 1988, each payment  
24 shall be in an amount equal to 22.5% of the taxpayer's actual  
25 liability for the month or 26.25% of the taxpayer's liability  
26 for the same calendar month of the preceding year. If the month

1 during which such tax liability is incurred begins on or after  
2 January 1, 1988, and prior to January 1, 1989, or begins on or  
3 after January 1, 1996, each payment shall be in an amount equal  
4 to 22.5% of the taxpayer's actual liability for the month or  
5 25% of the taxpayer's liability for the same calendar month of  
6 the preceding year. If the month during which such tax  
7 liability is incurred begins on or after January 1, 1989, and  
8 prior to January 1, 1996, each payment shall be in an amount  
9 equal to 22.5% of the taxpayer's actual liability for the  
10 month or 25% of the taxpayer's liability for the same calendar  
11 month of the preceding year or 100% of the taxpayer's actual  
12 liability for the quarter monthly reporting period. The amount  
13 of such quarter monthly payments shall be credited against the  
14 final tax liability of the taxpayer's return for that month.  
15 Before October 1, 2000, once applicable, the requirement of  
16 the making of quarter monthly payments to the Department shall  
17 continue until such taxpayer's average monthly liability to  
18 the Department during the preceding 4 complete calendar  
19 quarters (excluding the month of highest liability and the  
20 month of lowest liability) is less than \$9,000, or until such  
21 taxpayer's average monthly liability to the Department as  
22 computed for each calendar quarter of the 4 preceding complete  
23 calendar quarter period is less than \$10,000. However, if a  
24 taxpayer can show the Department that a substantial change in  
25 the taxpayer's business has occurred which causes the taxpayer  
26 to anticipate that his average monthly tax liability for the

1 reasonably foreseeable future will fall below the \$10,000  
2 threshold stated above, then such taxpayer may petition the  
3 Department for change in such taxpayer's reporting status. On  
4 and after October 1, 2000, once applicable, the requirement of  
5 the making of quarter monthly payments to the Department shall  
6 continue until such taxpayer's average monthly liability to  
7 the Department during the preceding 4 complete calendar  
8 quarters (excluding the month of highest liability and the  
9 month of lowest liability) is less than \$19,000 or until such  
10 taxpayer's average monthly liability to the Department as  
11 computed for each calendar quarter of the 4 preceding complete  
12 calendar quarter period is less than \$20,000. However, if a  
13 taxpayer can show the Department that a substantial change in  
14 the taxpayer's business has occurred which causes the taxpayer  
15 to anticipate that his average monthly tax liability for the  
16 reasonably foreseeable future will fall below the \$20,000  
17 threshold stated above, then such taxpayer may petition the  
18 Department for a change in such taxpayer's reporting status.  
19 The Department shall change such taxpayer's reporting status  
20 unless it finds that such change is seasonal in nature and not  
21 likely to be long term. If any such quarter monthly payment is  
22 not paid at the time or in the amount required by this Section,  
23 then the taxpayer shall be liable for penalties and interest  
24 on the difference between the minimum amount due and the  
25 amount of such quarter monthly payment actually and timely  
26 paid, except insofar as the taxpayer has previously made



1 payments for that month to the Department in excess of the  
2 minimum payments previously due as provided in this Section.  
3 The Department shall make reasonable rules and regulations to  
4 govern the quarter monthly payment amount and quarter monthly  
5 payment dates for taxpayers who file on other than a calendar  
6 monthly basis.

7 If any such payment provided for in this Section exceeds  
8 the taxpayer's liabilities under this Act, the Retailers'  
9 Occupation Tax Act, the Service Occupation Tax Act and the  
10 Service Use Tax Act, as shown by an original monthly return,  
11 the Department shall issue to the taxpayer a credit memorandum  
12 no later than 30 days after the date of payment, which  
13 memorandum may be submitted by the taxpayer to the Department  
14 in payment of tax liability subsequently to be remitted by the  
15 taxpayer to the Department or be assigned by the taxpayer to a  
16 similar taxpayer under this Act, the Retailers' Occupation Tax  
17 Act, the Service Occupation Tax Act or the Service Use Tax Act,  
18 in accordance with reasonable rules and regulations to be  
19 prescribed by the Department, except that if such excess  
20 payment is shown on an original monthly return and is made  
21 after December 31, 1986, no credit memorandum shall be issued,  
22 unless requested by the taxpayer. If no such request is made,  
23 the taxpayer may credit such excess payment against tax  
24 liability subsequently to be remitted by the taxpayer to the  
25 Department under this Act, the Retailers' Occupation Tax Act,  
26 the Service Occupation Tax Act or the Service Use Tax Act, in

1 accordance with reasonable rules and regulations prescribed by  
2 the Department. If the Department subsequently determines that  
3 all or any part of the credit taken was not actually due to the  
4 taxpayer, the taxpayer's 2.1% or 1.75% vendor's discount shall  
5 be reduced by 2.1% or 1.75% of the difference between the  
6 credit taken and that actually due, and the taxpayer shall be  
7 liable for penalties and interest on such difference.

8 If the retailer is otherwise required to file a monthly  
9 return and if the retailer's average monthly tax liability to  
10 the Department does not exceed \$200, the Department may  
11 authorize his returns to be filed on a quarter annual basis,  
12 with the return for January, February, and March of a given  
13 year being due by April 20 of such year; with the return for  
14 April, May and June of a given year being due by July 20 of  
15 such year; with the return for July, August and September of a  
16 given year being due by October 20 of such year, and with the  
17 return for October, November and December of a given year  
18 being due by January 20 of the following year.

19 If the retailer is otherwise required to file a monthly or  
20 quarterly return and if the retailer's average monthly tax  
21 liability to the Department does not exceed \$50, the  
22 Department may authorize his returns to be filed on an annual  
23 basis, with the return for a given year being due by January 20  
24 of the following year.

25 Such quarter annual and annual returns, as to form and  
26 substance, shall be subject to the same requirements as

1 monthly returns.

2       Notwithstanding any other provision in this Act concerning  
3 the time within which a retailer may file his return, in the  
4 case of any retailer who ceases to engage in a kind of business  
5 which makes him responsible for filing returns under this Act,  
6 such retailer shall file a final return under this Act with the  
7 Department not more than one month after discontinuing such  
8 business.

9       In addition, with respect to motor vehicles, watercraft,  
10 aircraft, and trailers that are required to be registered with  
11 an agency of this State, except as otherwise provided in this  
12 Section, every retailer selling this kind of tangible personal  
13 property shall file, with the Department, upon a form to be  
14 prescribed and supplied by the Department, a separate return  
15 for each such item of tangible personal property which the  
16 retailer sells, except that if, in the same transaction, (i) a  
17 retailer of aircraft, watercraft, motor vehicles or trailers  
18 transfers more than one aircraft, watercraft, motor vehicle or  
19 trailer to another aircraft, watercraft, motor vehicle or  
20 trailer retailer for the purpose of resale or (ii) a retailer  
21 of aircraft, watercraft, motor vehicles, or trailers transfers  
22 more than one aircraft, watercraft, motor vehicle, or trailer  
23 to a purchaser for use as a qualifying rolling stock as  
24 provided in Section 3-55 of this Act, then that seller may  
25 report the transfer of all the aircraft, watercraft, motor  
26 vehicles or trailers involved in that transaction to the

1 Department on the same uniform invoice-transaction reporting  
2 return form. For purposes of this Section, "watercraft" means  
3 a Class 2, Class 3, or Class 4 watercraft as defined in Section  
4 3-2 of the Boat Registration and Safety Act, a personal  
5 watercraft, or any boat equipped with an inboard motor.

6 In addition, with respect to motor vehicles, watercraft,  
7 aircraft, and trailers that are required to be registered with  
8 an agency of this State, every person who is engaged in the  
9 business of leasing or renting such items and who, in  
10 connection with such business, sells any such item to a  
11 retailer for the purpose of resale is, notwithstanding any  
12 other provision of this Section to the contrary, authorized to  
13 meet the return-filing requirement of this Act by reporting  
14 the transfer of all the aircraft, watercraft, motor vehicles,  
15 or trailers transferred for resale during a month to the  
16 Department on the same uniform invoice-transaction reporting  
17 return form on or before the 20th of the month following the  
18 month in which the transfer takes place. Notwithstanding any  
19 other provision of this Act to the contrary, all returns filed  
20 under this paragraph must be filed by electronic means in the  
21 manner and form as required by the Department.

22 The transaction reporting return in the case of motor  
23 vehicles or trailers that are required to be registered with  
24 an agency of this State, shall be the same document as the  
25 Uniform Invoice referred to in Section 5-402 of the Illinois  
26 Vehicle Code and must show the name and address of the seller;

1 the name and address of the purchaser; the amount of the  
2 selling price including the amount allowed by the retailer for  
3 traded-in property, if any; the amount allowed by the retailer  
4 for the traded-in tangible personal property, if any, to the  
5 extent to which Section 2 of this Act allows an exemption for  
6 the value of traded-in property; the balance payable after  
7 deducting such trade-in allowance from the total selling  
8 price; the amount of tax due from the retailer with respect to  
9 such transaction; the amount of tax collected from the  
10 purchaser by the retailer on such transaction (or satisfactory  
11 evidence that such tax is not due in that particular instance,  
12 if that is claimed to be the fact); the place and date of the  
13 sale; a sufficient identification of the property sold; such  
14 other information as is required in Section 5-402 of the  
15 Illinois Vehicle Code, and such other information as the  
16 Department may reasonably require.

17 The transaction reporting return in the case of watercraft  
18 and aircraft must show the name and address of the seller; the  
19 name and address of the purchaser; the amount of the selling  
20 price including the amount allowed by the retailer for  
21 traded-in property, if any; the amount allowed by the retailer  
22 for the traded-in tangible personal property, if any, to the  
23 extent to which Section 2 of this Act allows an exemption for  
24 the value of traded-in property; the balance payable after  
25 deducting such trade-in allowance from the total selling  
26 price; the amount of tax due from the retailer with respect to

1 such transaction; the amount of tax collected from the  
2 purchaser by the retailer on such transaction (or satisfactory  
3 evidence that such tax is not due in that particular instance,  
4 if that is claimed to be the fact); the place and date of the  
5 sale, a sufficient identification of the property sold, and  
6 such other information as the Department may reasonably  
7 require.

8 Such transaction reporting return shall be filed not later  
9 than 20 days after the date of delivery of the item that is  
10 being sold, but may be filed by the retailer at any time sooner  
11 than that if he chooses to do so. The transaction reporting  
12 return and tax remittance or proof of exemption from the tax  
13 that is imposed by this Act may be transmitted to the  
14 Department by way of the State agency with which, or State  
15 officer with whom, the tangible personal property must be  
16 titled or registered (if titling or registration is required)  
17 if the Department and such agency or State officer determine  
18 that this procedure will expedite the processing of  
19 applications for title or registration.

20 With each such transaction reporting return, the retailer  
21 shall remit the proper amount of tax due (or shall submit  
22 satisfactory evidence that the sale is not taxable if that is  
23 the case), to the Department or its agents, whereupon the  
24 Department shall issue, in the purchaser's name, a tax receipt  
25 (or a certificate of exemption if the Department is satisfied  
26 that the particular sale is tax exempt) which such purchaser

1 may submit to the agency with which, or State officer with  
2 whom, he must title or register the tangible personal property  
3 that is involved (if titling or registration is required) in  
4 support of such purchaser's application for an Illinois  
5 certificate or other evidence of title or registration to such  
6 tangible personal property.

7 No retailer's failure or refusal to remit tax under this  
8 Act precludes a user, who has paid the proper tax to the  
9 retailer, from obtaining his certificate of title or other  
10 evidence of title or registration (if titling or registration  
11 is required) upon satisfying the Department that such user has  
12 paid the proper tax (if tax is due) to the retailer. The  
13 Department shall adopt appropriate rules to carry out the  
14 mandate of this paragraph.

15 If the user who would otherwise pay tax to the retailer  
16 wants the transaction reporting return filed and the payment  
17 of tax or proof of exemption made to the Department before the  
18 retailer is willing to take these actions and such user has not  
19 paid the tax to the retailer, such user may certify to the fact  
20 of such delay by the retailer, and may (upon the Department  
21 being satisfied of the truth of such certification) transmit  
22 the information required by the transaction reporting return  
23 and the remittance for tax or proof of exemption directly to  
24 the Department and obtain his tax receipt or exemption  
25 determination, in which event the transaction reporting return  
26 and tax remittance (if a tax payment was required) shall be

1 credited by the Department to the proper retailer's account  
2 with the Department, but without the 2.1% or 1.75% discount  
3 provided for in this Section being allowed. When the user pays  
4 the tax directly to the Department, he shall pay the tax in the  
5 same amount and in the same form in which it would be remitted  
6 if the tax had been remitted to the Department by the retailer.

7 Where a retailer collects the tax with respect to the  
8 selling price of tangible personal property which he sells and  
9 the purchaser thereafter returns such tangible personal  
10 property and the retailer refunds the selling price thereof to  
11 the purchaser, such retailer shall also refund, to the  
12 purchaser, the tax so collected from the purchaser. When  
13 filing his return for the period in which he refunds such tax  
14 to the purchaser, the retailer may deduct the amount of the tax  
15 so refunded by him to the purchaser from any other use tax  
16 which such retailer may be required to pay or remit to the  
17 Department, as shown by such return, if the amount of the tax  
18 to be deducted was previously remitted to the Department by  
19 such retailer. If the retailer has not previously remitted the  
20 amount of such tax to the Department, he is entitled to no  
21 deduction under this Act upon refunding such tax to the  
22 purchaser.

23 Any retailer filing a return under this Section shall also  
24 include (for the purpose of paying tax thereon) the total tax  
25 covered by such return upon the selling price of tangible  
26 personal property purchased by him at retail from a retailer,



1 but as to which the tax imposed by this Act was not collected  
2 from the retailer filing such return, and such retailer shall  
3 remit the amount of such tax to the Department when filing such  
4 return.

5 If experience indicates such action to be practicable, the  
6 Department may prescribe and furnish a combination or joint  
7 return which will enable retailers, who are required to file  
8 returns hereunder and also under the Retailers' Occupation Tax  
9 Act, to furnish all the return information required by both  
10 Acts on the one form.

11 Where the retailer has more than one business registered  
12 with the Department under separate registration under this  
13 Act, such retailer may not file each return that is due as a  
14 single return covering all such registered businesses, but  
15 shall file separate returns for each such registered business.

16 Beginning January 1, 1990, each month the Department shall  
17 pay into the State and Local Sales Tax Reform Fund, a special  
18 fund in the State Treasury which is hereby created, the net  
19 revenue realized for the preceding month from the 1% tax  
20 imposed under this Act.

21 Beginning January 1, 1990, each month the Department shall  
22 pay into the County and Mass Transit District Fund 4% of the  
23 net revenue realized for the preceding month from the ~~6.25%~~  
24 general rate on the selling price of tangible personal  
25 property which is purchased outside Illinois at retail from a  
26 retailer and which is titled or registered by an agency of this

1 State's government.

2 Beginning January 1, 1990, each month the Department shall  
3 pay into the State and Local Sales Tax Reform Fund, a special  
4 fund in the State Treasury, 20% of the net revenue realized for  
5 the preceding month from the ~~6.25%~~ general rate on the selling  
6 price of tangible personal property, other than (i) tangible  
7 personal property which is purchased outside Illinois at  
8 retail from a retailer and which is titled or registered by an  
9 agency of this State's government and (ii) aviation fuel sold  
10 on or after December 1, 2019. This exception for aviation fuel  
11 only applies for so long as the revenue use requirements of 49  
12 U.S.C. 47107(b) and 49 U.S.C. 47133 are binding on the State.

13 For aviation fuel sold on or after December 1, 2019, each  
14 month the Department shall pay into the State Aviation Program  
15 Fund 20% of the net revenue realized for the preceding month  
16 from the ~~6.25%~~ general rate on the selling price of aviation  
17 fuel, less an amount estimated by the Department to be  
18 required for refunds of the 20% portion of the tax on aviation  
19 fuel under this Act, which amount shall be deposited into the  
20 Aviation Fuel Sales Tax Refund Fund. The Department shall only  
21 pay moneys into the State Aviation Program Fund and the  
22 Aviation Fuels Sales Tax Refund Fund under this Act for so long  
23 as the revenue use requirements of 49 U.S.C. 47107(b) and 49  
24 U.S.C. 47133 are binding on the State.

25 Beginning August 1, 2000, each month the Department shall  
26 pay into the State and Local Sales Tax Reform Fund 100% of the

1 net revenue realized for the preceding month from the 1.25%  
2 rate on the selling price of motor fuel and gasohol. Beginning  
3 September 1, 2010, each month the Department shall pay into  
4 the State and Local Sales Tax Reform Fund 100% of the net  
5 revenue realized for the preceding month from the 1.25% rate  
6 on the selling price of sales tax holiday items.

7 Beginning January 1, 1990, each month the Department shall  
8 pay into the Local Government Tax Fund 16% of the net revenue  
9 realized for the preceding month from the ~~6.25%~~ general rate  
10 on the selling price of tangible personal property which is  
11 purchased outside Illinois at retail from a retailer and which  
12 is titled or registered by an agency of this State's  
13 government.

14 Beginning October 1, 2009, each month the Department shall  
15 pay into the Capital Projects Fund an amount that is equal to  
16 an amount estimated by the Department to represent 80% of the  
17 net revenue realized for the preceding month from the sale of  
18 candy, grooming and hygiene products, and soft drinks that had  
19 been taxed at a rate of 1% prior to September 1, 2009 but that  
20 are now taxed at the general rate ~~6.25%~~.

21 Beginning July 1, 2011, each month the Department shall  
22 pay into the Clean Air Act Permit Fund 80% of the net revenue  
23 realized for the preceding month from the ~~6.25%~~ general rate  
24 on the selling price of sorbents used in Illinois in the  
25 process of sorbent injection as used to comply with the  
26 Environmental Protection Act or the federal Clean Air Act, but

1 the total payment into the Clean Air Act Permit Fund under this  
2 Act and the Retailers' Occupation Tax Act shall not exceed  
3 \$2,000,000 in any fiscal year.

4 Beginning July 1, 2013, each month the Department shall  
5 pay into the Underground Storage Tank Fund from the proceeds  
6 collected under this Act, the Service Use Tax Act, the Service  
7 Occupation Tax Act, and the Retailers' Occupation Tax Act an  
8 amount equal to the average monthly deficit in the Underground  
9 Storage Tank Fund during the prior year, as certified annually  
10 by the Illinois Environmental Protection Agency, but the total  
11 payment into the Underground Storage Tank Fund under this Act,  
12 the Service Use Tax Act, the Service Occupation Tax Act, and  
13 the Retailers' Occupation Tax Act shall not exceed \$18,000,000  
14 in any State fiscal year. As used in this paragraph, the  
15 "average monthly deficit" shall be equal to the difference  
16 between the average monthly claims for payment by the fund and  
17 the average monthly revenues deposited into the fund,  
18 excluding payments made pursuant to this paragraph.

19 Beginning July 1, 2015, of the remainder of the moneys  
20 received by the Department under this Act, the Service Use Tax  
21 Act, the Service Occupation Tax Act, and the Retailers'  
22 Occupation Tax Act, each month the Department shall deposit  
23 \$500,000 into the State Crime Laboratory Fund.

24 Of the remainder of the moneys received by the Department  
25 pursuant to this Act, (a) 1.75% thereof shall be paid into the  
26 Build Illinois Fund and (b) prior to July 1, 1989, 2.2% and on

1 and after July 1, 1989, 3.8% thereof shall be paid into the  
2 Build Illinois Fund; provided, however, that if in any fiscal  
3 year the sum of (1) the aggregate of 2.2% or 3.8%, as the case  
4 may be, of the moneys received by the Department and required  
5 to be paid into the Build Illinois Fund pursuant to Section 3  
6 of the Retailers' Occupation Tax Act, Section 9 of the Use Tax  
7 Act, Section 9 of the Service Use Tax Act, and Section 9 of the  
8 Service Occupation Tax Act, such Acts being hereinafter called  
9 the "Tax Acts" and such aggregate of 2.2% or 3.8%, as the case  
10 may be, of moneys being hereinafter called the "Tax Act  
11 Amount", and (2) the amount transferred to the Build Illinois  
12 Fund from the State and Local Sales Tax Reform Fund shall be  
13 less than the Annual Specified Amount (as defined in Section 3  
14 of the Retailers' Occupation Tax Act), an amount equal to the  
15 difference shall be immediately paid into the Build Illinois  
16 Fund from other moneys received by the Department pursuant to  
17 the Tax Acts; and further provided, that if on the last  
18 business day of any month the sum of (1) the Tax Act Amount  
19 required to be deposited into the Build Illinois Bond Account  
20 in the Build Illinois Fund during such month and (2) the amount  
21 transferred during such month to the Build Illinois Fund from  
22 the State and Local Sales Tax Reform Fund shall have been less  
23 than 1/12 of the Annual Specified Amount, an amount equal to  
24 the difference shall be immediately paid into the Build  
25 Illinois Fund from other moneys received by the Department  
26 pursuant to the Tax Acts; and, further provided, that in no

1 event shall the payments required under the preceding proviso  
2 result in aggregate payments into the Build Illinois Fund  
3 pursuant to this clause (b) for any fiscal year in excess of  
4 the greater of (i) the Tax Act Amount or (ii) the Annual  
5 Specified Amount for such fiscal year; and, further provided,  
6 that the amounts payable into the Build Illinois Fund under  
7 this clause (b) shall be payable only until such time as the  
8 aggregate amount on deposit under each trust indenture  
9 securing Bonds issued and outstanding pursuant to the Build  
10 Illinois Bond Act is sufficient, taking into account any  
11 future investment income, to fully provide, in accordance with  
12 such indenture, for the defeasance of or the payment of the  
13 principal of, premium, if any, and interest on the Bonds  
14 secured by such indenture and on any Bonds expected to be  
15 issued thereafter and all fees and costs payable with respect  
16 thereto, all as certified by the Director of the Bureau of the  
17 Budget (now Governor's Office of Management and Budget). If on  
18 the last business day of any month in which Bonds are  
19 outstanding pursuant to the Build Illinois Bond Act, the  
20 aggregate of the moneys deposited in the Build Illinois Bond  
21 Account in the Build Illinois Fund in such month shall be less  
22 than the amount required to be transferred in such month from  
23 the Build Illinois Bond Account to the Build Illinois Bond  
24 Retirement and Interest Fund pursuant to Section 13 of the  
25 Build Illinois Bond Act, an amount equal to such deficiency  
26 shall be immediately paid from other moneys received by the

1 Department pursuant to the Tax Acts to the Build Illinois  
 2 Fund; provided, however, that any amounts paid to the Build  
 3 Illinois Fund in any fiscal year pursuant to this sentence  
 4 shall be deemed to constitute payments pursuant to clause (b)  
 5 of the preceding sentence and shall reduce the amount  
 6 otherwise payable for such fiscal year pursuant to clause (b)  
 7 of the preceding sentence. The moneys received by the  
 8 Department pursuant to this Act and required to be deposited  
 9 into the Build Illinois Fund are subject to the pledge, claim  
 10 and charge set forth in Section 12 of the Build Illinois Bond  
 11 Act.

12 Subject to payment of amounts into the Build Illinois Fund  
 13 as provided in the preceding paragraph or in any amendment  
 14 thereto hereafter enacted, the following specified monthly  
 15 installment of the amount requested in the certificate of the  
 16 Chairman of the Metropolitan Pier and Exposition Authority  
 17 provided under Section 8.25f of the State Finance Act, but not  
 18 in excess of the sums designated as "Total Deposit", shall be  
 19 deposited in the aggregate from collections under Section 9 of  
 20 the Use Tax Act, Section 9 of the Service Use Tax Act, Section  
 21 9 of the Service Occupation Tax Act, and Section 3 of the  
 22 Retailers' Occupation Tax Act into the McCormick Place  
 23 Expansion Project Fund in the specified fiscal years.

24	Fiscal Year	Total Deposit
25	1993	\$0
26	1994	53,000,000

1	1995	58,000,000
2	1996	61,000,000
3	1997	64,000,000
4	1998	68,000,000
5	1999	71,000,000
6	2000	75,000,000
7	2001	80,000,000
8	2002	93,000,000
9	2003	99,000,000
10	2004	103,000,000
11	2005	108,000,000
12	2006	113,000,000
13	2007	119,000,000
14	2008	126,000,000
15	2009	132,000,000
16	2010	139,000,000
17	2011	146,000,000
18	2012	153,000,000
19	2013	161,000,000
20	2014	170,000,000
21	2015	179,000,000
22	2016	189,000,000
23	2017	199,000,000
24	2018	210,000,000
25	2019	221,000,000
26	2020	233,000,000



1	2021	300,000,000
2	2022	300,000,000
3	2023	300,000,000
4	2024	300,000,000
5	2025	300,000,000
6	2026	300,000,000
7	2027	375,000,000
8	2028	375,000,000
9	2029	375,000,000
10	2030	375,000,000
11	2031	375,000,000
12	2032	375,000,000
13	2033	375,000,000
14	2034	375,000,000
15	2035	375,000,000
16	2036	450,000,000

17 and

18 each fiscal year

19 thereafter that bonds

20 are outstanding under

21 Section 13.2 of the

22 Metropolitan Pier and

23 Exposition Authority Act,

24 but not after fiscal year 2060.

25 Beginning July 20, 1993 and in each month of each fiscal  
26 year thereafter, one-eighth of the amount requested in the

1 certificate of the Chairman of the Metropolitan Pier and  
2 Exposition Authority for that fiscal year, less the amount  
3 deposited into the McCormick Place Expansion Project Fund by  
4 the State Treasurer in the respective month under subsection  
5 (g) of Section 13 of the Metropolitan Pier and Exposition  
6 Authority Act, plus cumulative deficiencies in the deposits  
7 required under this Section for previous months and years,  
8 shall be deposited into the McCormick Place Expansion Project  
9 Fund, until the full amount requested for the fiscal year, but  
10 not in excess of the amount specified above as "Total  
11 Deposit", has been deposited.

12 Subject to payment of amounts into the Capital Projects  
13 Fund, the Clean Air Act Permit Fund, the Build Illinois Fund,  
14 and the McCormick Place Expansion Project Fund pursuant to the  
15 preceding paragraphs or in any amendments thereto hereafter  
16 enacted, for aviation fuel sold on or after December 1, 2019,  
17 the Department shall each month deposit into the Aviation Fuel  
18 Sales Tax Refund Fund an amount estimated by the Department to  
19 be required for refunds of the 80% portion of the tax on  
20 aviation fuel under this Act. The Department shall only  
21 deposit moneys into the Aviation Fuel Sales Tax Refund Fund  
22 under this paragraph for so long as the revenue use  
23 requirements of 49 U.S.C. 47107(b) and 49 U.S.C. 47133 are  
24 binding on the State.

25 Subject to payment of amounts into the Build Illinois Fund  
26 and the McCormick Place Expansion Project Fund pursuant to the

1 preceding paragraphs or in any amendments thereto hereafter  
2 enacted, beginning July 1, 1993 and ending on September 30,  
3 2013, the Department shall each month pay into the Illinois  
4 Tax Increment Fund 0.27% of 80% of the net revenue realized for  
5 the preceding month from the ~~6.25%~~ general rate on the selling  
6 price of tangible personal property.

7 Subject to payment of amounts into the Build Illinois Fund  
8 and the McCormick Place Expansion Project Fund pursuant to the  
9 preceding paragraphs or in any amendments thereto hereafter  
10 enacted, beginning with the receipt of the first report of  
11 taxes paid by an eligible business and continuing for a  
12 25-year period, the Department shall each month pay into the  
13 Energy Infrastructure Fund 80% of the net revenue realized  
14 from the ~~6.25%~~ general rate on the selling price of  
15 Illinois-mined coal that was sold to an eligible business. For  
16 purposes of this paragraph, the term "eligible business" means  
17 a new electric generating facility certified pursuant to  
18 Section 605-332 of the Department of Commerce and Economic  
19 Opportunity Law of the Civil Administrative Code of Illinois.

20 Subject to payment of amounts into the Build Illinois  
21 Fund, the McCormick Place Expansion Project Fund, the Illinois  
22 Tax Increment Fund, and the Energy Infrastructure Fund  
23 pursuant to the preceding paragraphs or in any amendments to  
24 this Section hereafter enacted, beginning on the first day of  
25 the first calendar month to occur on or after August 26, 2014  
26 (the effective date of Public Act 98-1098), each month, from

1 the collections made under Section 9 of the Use Tax Act,  
2 Section 9 of the Service Use Tax Act, Section 9 of the Service  
3 Occupation Tax Act, and Section 3 of the Retailers' Occupation  
4 Tax Act, the Department shall pay into the Tax Compliance and  
5 Administration Fund, to be used, subject to appropriation, to  
6 fund additional auditors and compliance personnel at the  
7 Department of Revenue, an amount equal to 1/12 of 5% of 80% of  
8 the cash receipts collected during the preceding fiscal year  
9 by the Audit Bureau of the Department under the Use Tax Act,  
10 the Service Use Tax Act, the Service Occupation Tax Act, the  
11 Retailers' Occupation Tax Act, and associated local occupation  
12 and use taxes administered by the Department.

13 Subject to payments of amounts into the Build Illinois  
14 Fund, the McCormick Place Expansion Project Fund, the Illinois  
15 Tax Increment Fund, the Energy Infrastructure Fund, and the  
16 Tax Compliance and Administration Fund as provided in this  
17 Section, beginning on July 1, 2018 the Department shall pay  
18 each month into the Downstate Public Transportation Fund the  
19 moneys required to be so paid under Section 2-3 of the  
20 Downstate Public Transportation Act.

21 Subject to successful execution and delivery of a  
22 public-private agreement between the public agency and private  
23 entity and completion of the civic build, beginning on July 1,  
24 2023, of the remainder of the moneys received by the  
25 Department under the Use Tax Act, the Service Use Tax Act, the  
26 Service Occupation Tax Act, and this Act, the Department shall

1 deposit the following specified deposits in the aggregate from  
 2 collections under the Use Tax Act, the Service Use Tax Act, the  
 3 Service Occupation Tax Act, and the Retailers' Occupation Tax  
 4 Act, as required under Section 8.25g of the State Finance Act  
 5 for distribution consistent with the Public-Private  
 6 Partnership for Civic and Transit Infrastructure Project Act.  
 7 The moneys received by the Department pursuant to this Act and  
 8 required to be deposited into the Civic and Transit  
 9 Infrastructure Fund are subject to the pledge, claim, and  
 10 charge set forth in Section 25-55 of the Public-Private  
 11 Partnership for Civic and Transit Infrastructure Project Act.  
 12 As used in this paragraph, "civic build", "private entity",  
 13 "public-private agreement", and "public agency" have the  
 14 meanings provided in Section 25-10 of the Public-Private  
 15 Partnership for Civic and Transit Infrastructure Project Act.

16	Fiscal Year.....	Total Deposit
17	2024 .....	\$200,000,000
18	2025 .....	\$206,000,000
19	2026 .....	\$212,200,000
20	2027 .....	\$218,500,000
21	2028 .....	\$225,100,000
22	2029 .....	\$288,700,000
23	2030 .....	\$298,900,000
24	2031 .....	\$309,300,000
25	2032 .....	\$320,100,000
26	2033 .....	\$331,200,000

1	2034	.....	\$341,200,000
2	2035	.....	\$351,400,000
3	2036	.....	\$361,900,000
4	2037	.....	\$372,800,000
5	2038	.....	\$384,000,000
6	2039	.....	\$395,500,000
7	2040	.....	\$407,400,000
8	2041	.....	\$419,600,000
9	2042	.....	\$432,200,000
10	2043	.....	\$445,100,000

11           Beginning July 1, 2021 and until July 1, 2022, subject to  
12 the payment of amounts into the State and Local Sales Tax  
13 Reform Fund, the Build Illinois Fund, the McCormick Place  
14 Expansion Project Fund, the Illinois Tax Increment Fund, the  
15 Energy Infrastructure Fund, and the Tax Compliance and  
16 Administration Fund as provided in this Section, the  
17 Department shall pay each month into the Road Fund the amount  
18 estimated to represent 16% of the net revenue realized from  
19 the taxes imposed on motor fuel and gasohol. Beginning July 1,  
20 2022 and until July 1, 2023, subject to the payment of amounts  
21 into the State and Local Sales Tax Reform Fund, the Build  
22 Illinois Fund, the McCormick Place Expansion Project Fund, the  
23 Illinois Tax Increment Fund, the Energy Infrastructure Fund,  
24 and the Tax Compliance and Administration Fund as provided in  
25 this Section, the Department shall pay each month into the  
26 Road Fund the amount estimated to represent 32% of the net

1 revenue realized from the taxes imposed on motor fuel and  
2 gasohol. Beginning July 1, 2023 and until July 1, 2024,  
3 subject to the payment of amounts into the State and Local  
4 Sales Tax Reform Fund, the Build Illinois Fund, the McCormick  
5 Place Expansion Project Fund, the Illinois Tax Increment Fund,  
6 the Energy Infrastructure Fund, and the Tax Compliance and  
7 Administration Fund as provided in this Section, the  
8 Department shall pay each month into the Road Fund the amount  
9 estimated to represent 48% of the net revenue realized from  
10 the taxes imposed on motor fuel and gasohol. Beginning July 1,  
11 2024 and until July 1, 2025, subject to the payment of amounts  
12 into the State and Local Sales Tax Reform Fund, the Build  
13 Illinois Fund, the McCormick Place Expansion Project Fund, the  
14 Illinois Tax Increment Fund, the Energy Infrastructure Fund,  
15 and the Tax Compliance and Administration Fund as provided in  
16 this Section, the Department shall pay each month into the  
17 Road Fund the amount estimated to represent 64% of the net  
18 revenue realized from the taxes imposed on motor fuel and  
19 gasohol. Beginning on July 1, 2025, subject to the payment of  
20 amounts into the State and Local Sales Tax Reform Fund, the  
21 Build Illinois Fund, the McCormick Place Expansion Project  
22 Fund, the Illinois Tax Increment Fund, the Energy  
23 Infrastructure Fund, and the Tax Compliance and Administration  
24 Fund as provided in this Section, the Department shall pay  
25 each month into the Road Fund the amount estimated to  
26 represent 80% of the net revenue realized from the taxes

1 imposed on motor fuel and gasohol. As used in this paragraph  
2 "motor fuel" has the meaning given to that term in Section 1.1  
3 of the Motor Fuel Tax Act, and "gasohol" has the meaning given  
4 to that term in Section 3-40 of this Act.

5 Of the remainder of the moneys received by the Department  
6 pursuant to this Act, 75% thereof shall be paid into the State  
7 Treasury and 25% shall be reserved in a special account and  
8 used only for the transfer to the Common School Fund as part of  
9 the monthly transfer from the General Revenue Fund in  
10 accordance with Section 8a of the State Finance Act.

11 As soon as possible after the first day of each month, upon  
12 certification of the Department of Revenue, the Comptroller  
13 shall order transferred and the Treasurer shall transfer from  
14 the General Revenue Fund to the Motor Fuel Tax Fund an amount  
15 equal to 1.7% of 80% of the net revenue realized under this Act  
16 for the second preceding month. Beginning April 1, 2000, this  
17 transfer is no longer required and shall not be made.

18 Net revenue realized for a month shall be the revenue  
19 collected by the State pursuant to this Act, less the amount  
20 paid out during that month as refunds to taxpayers for  
21 overpayment of liability.

22 For greater simplicity of administration, manufacturers,  
23 importers and wholesalers whose products are sold at retail in  
24 Illinois by numerous retailers, and who wish to do so, may  
25 assume the responsibility for accounting and paying to the  
26 Department all tax accruing under this Act with respect to



1 such sales, if the retailers who are affected do not make  
2 written objection to the Department to this arrangement.

3 (Source: P.A. 100-303, eff. 8-24-17; 100-363, eff. 7-1-18;  
4 100-863, eff. 8-14-18; 100-1171, eff. 1-4-19; 101-10, Article  
5 15, Section 15-10, eff. 6-5-19; 101-10, Article 25, Section  
6 25-105, eff. 6-5-19; 101-27, eff. 6-25-19; 101-32, eff.  
7 6-28-19; 101-604, eff. 12-13-19; 101-636, eff. 6-10-20.)

8 Section 10. The Service Use Tax Act is amended by changing  
9 Sections 2, 3-10, 3-70, and 9 as follows:

10 (35 ILCS 110/2) (from Ch. 120, par. 439.32)

11 Sec. 2. Definitions. In this Act:

12 "Use" means the exercise by any person of any right or  
13 power over tangible personal property incident to the  
14 ownership of that property, but does not include the sale or  
15 use for demonstration by him of that property in any form as  
16 tangible personal property in the regular course of business.  
17 "Use" does not mean the interim use of tangible personal  
18 property nor the physical incorporation of tangible personal  
19 property, as an ingredient or constituent, into other tangible  
20 personal property, (a) which is sold in the regular course of  
21 business or (b) which the person incorporating such ingredient  
22 or constituent therein has undertaken at the time of such  
23 purchase to cause to be transported in interstate commerce to  
24 destinations outside the State of Illinois.

1           "Purchased from a serviceman" means the acquisition of the  
2 ownership of, or title to, tangible personal property through  
3 a sale of service.

4           "Purchaser" means any person who, through a sale of  
5 service, acquires the ownership of, or title to, any tangible  
6 personal property.

7           "Cost price" means the consideration paid by the  
8 serviceman for a purchase valued in money, whether paid in  
9 money or otherwise, including cash, credits and services, and  
10 shall be determined without any deduction on account of the  
11 supplier's cost of the property sold or on account of any other  
12 expense incurred by the supplier. When a serviceman contracts  
13 out part or all of the services required in his sale of  
14 service, it shall be presumed that the cost price to the  
15 serviceman of the property transferred to him or her by his or  
16 her subcontractor is equal to 50% of the subcontractor's  
17 charges to the serviceman in the absence of proof of the  
18 consideration paid by the subcontractor for the purchase of  
19 such property.

20           "Selling price" means the consideration for a sale valued  
21 in money whether received in money or otherwise, including  
22 cash, credits and service, and shall be determined without any  
23 deduction on account of the serviceman's cost of the property  
24 sold, the cost of materials used, labor or service cost or any  
25 other expense whatsoever, but does not include interest or  
26 finance charges which appear as separate items on the bill of

1 sale or sales contract nor charges that are added to prices by  
2 sellers on account of the seller's duty to collect, from the  
3 purchaser, the tax that is imposed by this Act.

4 "Department" means the Department of Revenue.

5 "Person" means any natural individual, firm, partnership,  
6 association, joint stock company, joint venture, public or  
7 private corporation, limited liability company, and any  
8 receiver, executor, trustee, guardian or other representative  
9 appointed by order of any court.

10 "Sale of service" means any transaction except:

11 (1) a retail sale of tangible personal property  
12 taxable under the Retailers' Occupation Tax Act or under  
13 the Use Tax Act.

14 (2) a sale of tangible personal property for the  
15 purpose of resale made in compliance with Section 2c of  
16 the Retailers' Occupation Tax Act.

17 (3) except as hereinafter provided, a sale or transfer  
18 of tangible personal property as an incident to the  
19 rendering of service for or by any governmental body, or  
20 for or by any corporation, society, association,  
21 foundation or institution organized and operated  
22 exclusively for charitable, religious or educational  
23 purposes or any not-for-profit corporation, society,  
24 association, foundation, institution or organization which  
25 has no compensated officers or employees and which is  
26 organized and operated primarily for the recreation of

1 persons 55 years of age or older. A limited liability  
2 company may qualify for the exemption under this paragraph  
3 only if the limited liability company is organized and  
4 operated exclusively for educational purposes.

5 (4) (blank).

6 (4a) a sale or transfer of tangible personal property  
7 as an incident to the rendering of service for owners,  
8 lessors, or shippers of tangible personal property which  
9 is utilized by interstate carriers for hire for use as  
10 rolling stock moving in interstate commerce so long as so  
11 used by interstate carriers for hire, and equipment  
12 operated by a telecommunications provider, licensed as a  
13 common carrier by the Federal Communications Commission,  
14 which is permanently installed in or affixed to aircraft  
15 moving in interstate commerce.

16 (4a-5) on and after July 1, 2003 and through June 30,  
17 2004, a sale or transfer of a motor vehicle of the second  
18 division with a gross vehicle weight in excess of 8,000  
19 pounds as an incident to the rendering of service if that  
20 motor vehicle is subject to the commercial distribution  
21 fee imposed under Section 3-815.1 of the Illinois Vehicle  
22 Code. Beginning on July 1, 2004 and through June 30, 2005,  
23 the use in this State of motor vehicles of the second  
24 division: (i) with a gross vehicle weight rating in excess  
25 of 8,000 pounds; (ii) that are subject to the commercial  
26 distribution fee imposed under Section 3-815.1 of the

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

11 (5) a sale or transfer of machinery and equipment used  
12 primarily in the process of the manufacturing or  
13 assembling, either in an existing, an expanded or a new  
14 manufacturing facility, of tangible personal property for  
15 wholesale or retail sale or lease, whether such sale or  
16 lease is made directly by the manufacturer or by some  
17 other person, whether the materials used in the process  
18 are owned by the manufacturer or some other person, or  
19 whether such sale or lease is made apart from or as an  
20 incident to the seller's engaging in a service occupation  
21 and the applicable tax is a Service Use Tax or Service  
22 Occupation Tax, rather than Use Tax or Retailers'  
23 Occupation Tax. The exemption provided by this paragraph  
24 (5) includes production related tangible personal  
25 property, as defined in Section 3-50 of the Use Tax Act,  
26 purchased on or after July 1, 2019. The exemption provided

1 by this paragraph (5) does not include machinery and  
2 equipment used in (i) the generation of electricity for  
3 wholesale or retail sale; (ii) the generation or treatment  
4 of natural or artificial gas for wholesale or retail sale  
5 that is delivered to customers through pipes, pipelines,  
6 or mains; or (iii) the treatment of water for wholesale or  
7 retail sale that is delivered to customers through pipes,  
8 pipelines, or mains. The provisions of Public Act 98-583  
9 are declaratory of existing law as to the meaning and  
10 scope of this exemption. The exemption under this  
11 paragraph (5) is exempt from the provisions of Section  
12 3-75.

13 (5a) the repairing, reconditioning or remodeling, for  
14 a common carrier by rail, of tangible personal property  
15 which belongs to such carrier for hire, and as to which  
16 such carrier receives the physical possession of the  
17 repaired, reconditioned or remodeled item of tangible  
18 personal property in Illinois, and which such carrier  
19 transports, or shares with another common carrier in the  
20 transportation of such property, out of Illinois on a  
21 standard uniform bill of lading showing the person who  
22 repaired, reconditioned or remodeled the property to a  
23 destination outside Illinois, for use outside Illinois.

24 (5b) a sale or transfer of tangible personal property  
25 which is produced by the seller thereof on special order  
26 in such a way as to have made the applicable tax the

1 Service Occupation Tax or the Service Use Tax, rather than  
2 the Retailers' Occupation Tax or the Use Tax, for an  
3 interstate carrier by rail which receives the physical  
4 possession of such property in Illinois, and which  
5 transports such property, or shares with another common  
6 carrier in the transportation of such property, out of  
7 Illinois on a standard uniform bill of lading showing the  
8 seller of the property as the shipper or consignor of such  
9 property to a destination outside Illinois, for use  
10 outside Illinois.

11 (6) until July 1, 2003, a sale or transfer of  
12 distillation machinery and equipment, sold as a unit or  
13 kit and assembled or installed by the retailer, which  
14 machinery and equipment is certified by the user to be  
15 used only for the production of ethyl alcohol that will be  
16 used for consumption as motor fuel or as a component of  
17 motor fuel for the personal use of such user and not  
18 subject to sale or resale.

19 (7) at the election of any serviceman not required to  
20 be otherwise registered as a retailer under Section 2a of  
21 the Retailers' Occupation Tax Act, made for each fiscal  
22 year sales of service in which the aggregate annual cost  
23 price of tangible personal property transferred as an  
24 incident to the sales of service is less than 35%, or 75%  
25 in the case of servicemen transferring prescription drugs  
26 or servicemen engaged in graphic arts production, of the

1 aggregate annual total gross receipts from all sales of  
2 service. The purchase of such tangible personal property  
3 by the serviceman shall be subject to tax under the  
4 Retailers' Occupation Tax Act and the Use Tax Act.  
5 However, if a primary serviceman who has made the election  
6 described in this paragraph subcontracts service work to a  
7 secondary serviceman who has also made the election  
8 described in this paragraph, the primary serviceman does  
9 not incur a Use Tax liability if the secondary serviceman  
10 (i) has paid or will pay Use Tax on his or her cost price  
11 of any tangible personal property transferred to the  
12 primary serviceman and (ii) certifies that fact in writing  
13 to the primary serviceman.

14 Tangible personal property transferred incident to the  
15 completion of a maintenance agreement is exempt from the tax  
16 imposed pursuant to this Act.

17 Exemption (5) also includes machinery and equipment used  
18 in the general maintenance or repair of such exempt machinery  
19 and equipment or for in-house manufacture of exempt machinery  
20 and equipment. On and after July 1, 2017, exemption (5) also  
21 includes graphic arts machinery and equipment, as defined in  
22 paragraph (5) of Section 3-5. The machinery and equipment  
23 exemption does not include machinery and equipment used in (i)  
24 the generation of electricity for wholesale or retail sale;  
25 (ii) the generation or treatment of natural or artificial gas  
26 for wholesale or retail sale that is delivered to customers



1 through pipes, pipelines, or mains; or (iii) the treatment of  
2 water for wholesale or retail sale that is delivered to  
3 customers through pipes, pipelines, or mains. The provisions  
4 of Public Act 98-583 are declaratory of existing law as to the  
5 meaning and scope of this exemption. For the purposes of  
6 exemption (5), each of these terms shall have the following  
7 meanings: (1) "manufacturing process" shall mean the  
8 production of any article of tangible personal property,  
9 whether such article is a finished product or an article for  
10 use in the process of manufacturing or assembling a different  
11 article of tangible personal property, by procedures commonly  
12 regarded as manufacturing, processing, fabricating, or  
13 refining which changes some existing material or materials  
14 into a material with a different form, use or name. In relation  
15 to a recognized integrated business composed of a series of  
16 operations which collectively constitute manufacturing, or  
17 individually constitute manufacturing operations, the  
18 manufacturing process shall be deemed to commence with the  
19 first operation or stage of production in the series, and  
20 shall not be deemed to end until the completion of the final  
21 product in the last operation or stage of production in the  
22 series; and further, for purposes of exemption (5),  
23 photoprocessing is deemed to be a manufacturing process of  
24 tangible personal property for wholesale or retail sale; (2)  
25 "assembling process" shall mean the production of any article  
26 of tangible personal property, whether such article is a

1 finished product or an article for use in the process of  
2 manufacturing or assembling a different article of tangible  
3 personal property, by the combination of existing materials in  
4 a manner commonly regarded as assembling which results in a  
5 material of a different form, use or name; (3) "machinery"  
6 shall mean major mechanical machines or major components of  
7 such machines contributing to a manufacturing or assembling  
8 process; and (4) "equipment" shall include any independent  
9 device or tool separate from any machinery but essential to an  
10 integrated manufacturing or assembly process; including  
11 computers used primarily in a manufacturer's computer assisted  
12 design, computer assisted manufacturing (CAD/CAM) system; or  
13 any subunit or assembly comprising a component of any  
14 machinery or auxiliary, adjunct or attachment parts of  
15 machinery, such as tools, dies, jigs, fixtures, patterns and  
16 molds; or any parts which require periodic replacement in the  
17 course of normal operation; but shall not include hand tools.  
18 Equipment includes chemicals or chemicals acting as catalysts  
19 but only if the chemicals or chemicals acting as catalysts  
20 effect a direct and immediate change upon a product being  
21 manufactured or assembled for wholesale or retail sale or  
22 lease. The purchaser of such machinery and equipment who has  
23 an active resale registration number shall furnish such number  
24 to the seller at the time of purchase. The purchaser of such  
25 machinery and equipment and tools without an active resale  
26 registration number shall prepare a certificate of exemption

1 stating facts establishing the exemption, which certificate  
2 shall be available to the Department for inspection or audit.  
3 The Department shall prescribe the form of the certificate.

4 Any informal rulings, opinions or letters issued by the  
5 Department in response to an inquiry or request for any  
6 opinion from any person regarding the coverage and  
7 applicability of exemption (5) to specific devices shall be  
8 published, maintained as a public record, and made available  
9 for public inspection and copying. If the informal ruling,  
10 opinion or letter contains trade secrets or other confidential  
11 information, where possible the Department shall delete such  
12 information prior to publication. Whenever such informal  
13 rulings, opinions, or letters contain any policy of general  
14 applicability, the Department shall formulate and adopt such  
15 policy as a rule in accordance with the provisions of the  
16 Illinois Administrative Procedure Act.

17 On and after July 1, 1987, no entity otherwise eligible  
18 under exemption (3) of this Section shall make tax-free  
19 purchases unless it has an active exemption identification  
20 number issued by the Department.

21 The purchase, employment and transfer of such tangible  
22 personal property as newsprint and ink for the primary purpose  
23 of conveying news (with or without other information) is not a  
24 purchase, use or sale of service or of tangible personal  
25 property within the meaning of this Act.

26 "Serviceman" means any person who is engaged in the

1 occupation of making sales of service.

2 "Sale at retail" means "sale at retail" as defined in the  
3 Retailers' Occupation Tax Act.

4 "Supplier" means any person who makes sales of tangible  
5 personal property to servicemen for the purpose of resale as  
6 an incident to a sale of service.

7 "Serviceman maintaining a place of business in this  
8 State", or any like term, means and includes any serviceman:

9 (1) having or maintaining within this State, directly  
10 or by a subsidiary, an office, distribution house, sales  
11 house, warehouse or other place of business, or any agent  
12 or other representative operating within this State under  
13 the authority of the serviceman or its subsidiary,  
14 irrespective of whether such place of business or agent or  
15 other representative is located here permanently or  
16 temporarily, or whether such serviceman or subsidiary is  
17 licensed to do business in this State;

18 (1.1) having a contract with a person located in this  
19 State under which the person, for a commission or other  
20 consideration based on the sale of service by the  
21 serviceman, directly or indirectly refers potential  
22 customers to the serviceman by providing to the potential  
23 customers a promotional code or other mechanism that  
24 allows the serviceman to track purchases referred by such  
25 persons. Examples of mechanisms that allow the serviceman  
26 to track purchases referred by such persons include but

1 are not limited to the use of a link on the person's  
2 Internet website, promotional codes distributed through  
3 the person's hand-delivered or mailed material, and  
4 promotional codes distributed by the person through radio  
5 or other broadcast media. The provisions of this paragraph  
6 (1.1) shall apply only if the cumulative gross receipts  
7 from sales of service by the serviceman to customers who  
8 are referred to the serviceman by all persons in this  
9 State under such contracts exceed \$10,000 during the  
10 preceding 4 quarterly periods ending on the last day of  
11 March, June, September, and December; a serviceman meeting  
12 the requirements of this paragraph (1.1) shall be presumed  
13 to be maintaining a place of business in this State but may  
14 rebut this presumption by submitting proof that the  
15 referrals or other activities pursued within this State by  
16 such persons were not sufficient to meet the nexus  
17 standards of the United States Constitution during the  
18 preceding 4 quarterly periods;

19 (1.2) beginning July 1, 2011, having a contract with a  
20 person located in this State under which:

21 (A) the serviceman sells the same or substantially  
22 similar line of services as the person located in this  
23 State and does so using an identical or substantially  
24 similar name, trade name, or trademark as the person  
25 located in this State; and

26 (B) the serviceman provides a commission or other

1           consideration to the person located in this State  
2           based upon the sale of services by the serviceman.

3           The provisions of this paragraph (1.2) shall apply only if  
4           the cumulative gross receipts from sales of service by the  
5           serviceman to customers in this State under all such  
6           contracts exceed \$10,000 during the preceding 4 quarterly  
7           periods ending on the last day of March, June, September,  
8           and December;

9           (2) soliciting orders for tangible personal property  
10          by means of a telecommunication or television shopping  
11          system (which utilizes toll free numbers) which is  
12          intended by the retailer to be broadcast by cable  
13          television or other means of broadcasting, to consumers  
14          located in this State;

15          (3) pursuant to a contract with a broadcaster or  
16          publisher located in this State, soliciting orders for  
17          tangible personal property by means of advertising which  
18          is disseminated primarily to consumers located in this  
19          State and only secondarily to bordering jurisdictions;

20          (4) soliciting orders for tangible personal property  
21          by mail if the solicitations are substantial and recurring  
22          and if the retailer benefits from any banking, financing,  
23          debt collection, telecommunication, or marketing  
24          activities occurring in this State or benefits from the  
25          location in this State of authorized installation,  
26          servicing, or repair facilities;

1           (5) being owned or controlled by the same interests  
2           which own or control any retailer engaging in business in  
3           the same or similar line of business in this State;

4           (6) having a franchisee or licensee operating under  
5           its trade name if the franchisee or licensee is required  
6           to collect the tax under this Section;

7           (7) pursuant to a contract with a cable television  
8           operator located in this State, soliciting orders for  
9           tangible personal property by means of advertising which  
10          is transmitted or distributed over a cable television  
11          system in this State;

12          (8) engaging in activities in Illinois, which  
13          activities in the state in which the supply business  
14          engaging in such activities is located would constitute  
15          maintaining a place of business in that state; or

16          (9) beginning October 1, 2018, making sales of service  
17          to purchasers in Illinois from outside of Illinois if:

18                (A) the cumulative gross receipts from sales of  
19                service to purchasers in Illinois are \$100,000 or  
20                more; or

21                (B) the serviceman enters into 200 or more  
22                separate transactions for sales of service to  
23                purchasers in Illinois.

24          The serviceman shall determine on a quarterly basis,  
25          ending on the last day of March, June, September, and  
26          December, whether he or she meets the criteria of either

1           subparagraph (A) or (B) of this paragraph (9) for the  
2           preceding 12-month period. If the serviceman meets the  
3           criteria of either subparagraph (A) or (B) for a 12-month  
4           period, he or she is considered a serviceman maintaining a  
5           place of business in this State and is required to collect  
6           and remit the tax imposed under this Act and file returns  
7           for one year. At the end of that one-year period, the  
8           serviceman shall determine whether the serviceman met the  
9           criteria of either subparagraph (A) or (B) during the  
10          preceding 12-month period. If the serviceman met the  
11          criteria in either subparagraph (A) or (B) for the  
12          preceding 12-month period, he or she is considered a  
13          serviceman maintaining a place of business in this State  
14          and is required to collect and remit the tax imposed under  
15          this Act and file returns for the subsequent year. If at  
16          the end of a one-year period a serviceman that was  
17          required to collect and remit the tax imposed under this  
18          Act determines that he or she did not meet the criteria in  
19          either subparagraph (A) or (B) during the preceding  
20          12-month period, the serviceman subsequently shall  
21          determine on a quarterly basis, ending on the last day of  
22          March, June, September, and December, whether he or she  
23          meets the criteria of either subparagraph (A) or (B) for  
24          the preceding 12-month period.

25                 Beginning January 1, 2020, neither the gross receipts  
26                 from nor the number of separate transactions for sales of



1 service to purchasers in Illinois that a serviceman makes  
2 through a marketplace facilitator and for which the  
3 serviceman has received a certification from the  
4 marketplace facilitator pursuant to Section 2d of this Act  
5 shall be included for purposes of determining whether he  
6 or she has met the thresholds of this paragraph (9).

7 (10) Beginning January 1, 2020, a marketplace  
8 facilitator, as defined in Section 2d of this Act.

9 "General rate" means (i) 6.25% prior to July 1, 2022 and  
10 (ii) 6% on or after July 1, 2022.

11 (Source: P.A. 100-22, eff. 7-6-17; 100-321, eff. 8-24-17;  
12 100-587, eff. 6-4-18; 100-863, eff. 8-14-18; 101-9, Article  
13 10, Section 10-15, eff. 6-5-19; 101-9, Article 25, Section  
14 25-10, eff. 6-5-19; 101-604, eff. 12-13-19.)

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

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

23 Beginning on July 1, 2000 and through December 31, 2000,  
24 with respect to motor fuel, as defined in Section 1.1 of the  
25 Motor Fuel Tax Law, and gasohol, as defined in Section 3-40 of

1 the Use Tax Act, the tax is imposed at the rate of 1.25%.

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

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

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

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

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

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

22 The tax shall be imposed at the rate of 1% on food prepared  
23 for immediate consumption and transferred incident to a sale  
24 of service subject to this Act or the Service Occupation Tax  
25 Act by an entity licensed under the Hospital Licensing Act,  
26 the Nursing Home Care Act, the Assisted Living and Shared

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

1 tea, non-carbonated water, infant formula, milk or milk  
2 products as defined in the Grade A Pasteurized Milk and Milk  
3 Products Act, or drinks containing 50% or more natural fruit  
4 or vegetable juice.

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

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

23 Notwithstanding any other provisions of this Act,  
24 beginning September 1, 2009, "food for human consumption that  
25 is to be consumed off the premises where it is sold" does not  
26 include candy. For purposes of this Section, "candy" means a

1 preparation of sugar, honey, or other natural or artificial  
2 sweeteners in combination with chocolate, fruits, nuts or  
3 other ingredients or flavorings in the form of bars, drops, or  
4 pieces. "Candy" does not include any preparation that contains  
5 flour or requires refrigeration.

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

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

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

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

1 Cannabis Program Act.

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

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

14 (Source: P.A. 101-363, eff. 8-9-19; 101-593, eff. 12-4-19;  
15 102-4, eff. 4-27-21; 102-16, eff. 6-17-21.)

16 (35 ILCS 110/3-70)

17 Sec. 3-70. Manufacturer's Purchase Credit. For purchases  
18 of machinery and equipment made on and after January 1, 1995  
19 and through June 30, 2003, and on and after September 1, 2004  
20 through August 30, 2014, a purchaser of manufacturing  
21 machinery and equipment that qualifies for the exemption  
22 provided by Section 2 of this Act earns a credit in an amount  
23 equal to a fixed percentage of the tax which would have been  
24 incurred under this Act on those purchases. For purchases of  
25 graphic arts machinery and equipment made on or after July 1,

1 1996 through June 30, 2003, and on and after September 1, 2004  
2 through August 30, 2014, a purchase of graphic arts machinery  
3 and equipment that qualifies for the exemption provided by  
4 paragraph (5) of Section 3-5 of this Act earns a credit in an  
5 amount equal to a fixed percentage of the tax that would have  
6 been incurred under this Act on those purchases. The credit  
7 earned for the purchase of manufacturing machinery and  
8 equipment and graphic arts machinery and equipment shall be  
9 referred to as the Manufacturer's Purchase Credit. A graphic  
10 arts producer is a person engaged in graphic arts production  
11 as defined in Section 3-30 of the Service Occupation Tax Act.  
12 Beginning July 1, 1996, all references in this Section to  
13 manufacturers or manufacturing shall also refer to graphic  
14 arts producers or graphic arts production.

15 The amount of credit shall be a percentage of the tax that  
16 would have been incurred on the purchase of the manufacturing  
17 machinery and equipment or graphic arts machinery and  
18 equipment if the exemptions provided by Section 2 or paragraph  
19 (5) of Section 3-5 of this Act had not been applicable.

20 All purchases prior to October 1, 2003 of manufacturing  
21 machinery and equipment and graphic arts machinery and  
22 equipment that qualify for the exemptions provided by  
23 paragraph (5) of Section 2 or paragraph (5) of Section 3-5 of  
24 this Act qualify for the credit without regard to whether the  
25 serviceman elected, or could have elected, under paragraph (7)  
26 of Section 2 of this Act to exclude the transaction from this



1 Act. If the serviceman's billing to the service customer  
2 separately states a selling price for the exempt manufacturing  
3 machinery or equipment or the exempt graphic arts machinery  
4 and equipment, the credit shall be calculated, as otherwise  
5 provided herein, based on that selling price. If the  
6 serviceman's billing does not separately state a selling price  
7 for the exempt manufacturing machinery and equipment or the  
8 exempt graphic arts machinery and equipment, the credit shall  
9 be calculated, as otherwise provided herein, based on 50% of  
10 the entire billing. If the serviceman contracts to design,  
11 develop, and produce special order manufacturing machinery and  
12 equipment or special order graphic arts machinery and  
13 equipment, and the billing does not separately state a selling  
14 price for such special order machinery and equipment, the  
15 credit shall be calculated, as otherwise provided herein,  
16 based on 50% of the entire billing. The provisions of this  
17 paragraph are effective for purchases made on or after January  
18 1, 1995.

19 The percentage shall be as follows:

20 (1) 15% for purchases made on or before June 30, 1995.

21 (2) 25% for purchases made after June 30, 1995, and on  
22 or before June 30, 1996.

23 (3) 40% for purchases made after June 30, 1996, and on  
24 or before June 30, 1997.

25 (4) 50% for purchases made on or after July 1, 1997.

26 (a) Manufacturer's Purchase Credit earned prior to July 1,

1 2003. This subsection (a) applies to Manufacturer's Purchase  
2 Credit earned prior to July 1, 2003. A purchaser of production  
3 related tangible personal property desiring to use the  
4 Manufacturer's Purchase Credit shall certify to the seller  
5 prior to October 1, 2003 that the purchaser is satisfying all  
6 or part of the liability under the Use Tax Act or the Service  
7 Use Tax Act that is due on the purchase of the production  
8 related tangible personal property by use of a Manufacturer's  
9 Purchase Credit. The Manufacturer's Purchase Credit  
10 certification must be dated and shall include the name and  
11 address of the purchaser, the purchaser's registration number,  
12 if registered, the credit being applied, and a statement that  
13 the State Use Tax or Service Use Tax liability is being  
14 satisfied with the manufacturer's or graphic arts producer's  
15 accumulated purchase credit. Certification may be incorporated  
16 into the manufacturer's or graphic arts producer's purchase  
17 order. Manufacturer's Purchase Credit certification provided  
18 by the manufacturer or graphic arts producer prior to October  
19 1, 2003 may be used to satisfy the retailer's or serviceman's  
20 liability under the Retailers' Occupation Tax Act or Service  
21 Occupation Tax Act for the credit claimed, not to exceed the  
22 general rate percentage ~~6.25%~~ of the receipts subject to tax  
23 from a qualifying purchase, but only if the retailer or  
24 serviceman reports the Manufacturer's Purchase Credit claimed  
25 as required by the Department. A Manufacturer's Purchase  
26 Credit reported on any original or amended return filed under

1 this Act after October 20, 2003 shall be disallowed. The  
2 Manufacturer's Purchase Credit earned by purchase of exempt  
3 manufacturing machinery and equipment or graphic arts  
4 machinery and equipment is a non-transferable credit. A  
5 manufacturer or graphic arts producer that enters into a  
6 contract involving the installation of tangible personal  
7 property into real estate within a manufacturing or graphic  
8 arts production facility, prior to October 1, 2003, may  
9 authorize a construction contractor to utilize credit  
10 accumulated by the manufacturer or graphic arts producer to  
11 purchase the tangible personal property. A manufacturer or  
12 graphic arts producer intending to use accumulated credit to  
13 purchase such tangible personal property shall execute a  
14 written contract authorizing the contractor to utilize a  
15 specified dollar amount of credit. The contractor shall  
16 furnish, prior to October 1, 2003, the supplier with the  
17 manufacturer's or graphic arts producer's name, registration  
18 or resale number, and a statement that a specific amount of the  
19 Use Tax or Service Use Tax liability, not to exceed the general  
20 rate percentage ~~6.25%~~ of the selling price, is being satisfied  
21 with the credit. The manufacturer or graphic arts producer  
22 shall remain liable to timely report all information required  
23 by the annual Report of Manufacturer's Purchase Credit Used  
24 for credit utilized by a construction contractor.

25 No Manufacturer's Purchase Credit earned prior to July 1,  
26 2003 may be used after October 1, 2003. The Manufacturer's

1 Purchase Credit may be used to satisfy liability under the Use  
2 Tax Act or the Service Use Tax Act due on the purchase of  
3 production related tangible personal property (including  
4 purchases by a manufacturer, by a graphic arts producer, or a  
5 lessor who rents or leases the use of the property to a  
6 manufacturer or graphic arts producer) that does not otherwise  
7 qualify for the manufacturing machinery and equipment  
8 exemption or the graphic arts machinery and equipment  
9 exemption. "Production related tangible personal property"  
10 means (i) all tangible personal property used or consumed by  
11 the purchaser in a manufacturing facility in which a  
12 manufacturing process described in Section 2-45 of the  
13 Retailers' Occupation Tax Act takes place, including tangible  
14 personal property purchased for incorporation into real estate  
15 within a manufacturing facility and including, but not limited  
16 to, tangible personal property used or consumed in activities  
17 such as pre-production material handling, receiving, quality  
18 control, inventory control, storage, staging, and packaging  
19 for shipping and transportation purposes; (ii) all tangible  
20 personal property used or consumed by the purchaser in a  
21 graphic arts facility in which graphic arts production as  
22 described in Section 2-30 of the Retailers' Occupation Tax Act  
23 takes place, including tangible personal property purchased  
24 for incorporation into real estate within a graphic arts  
25 facility and including, but not limited to, all tangible  
26 personal property used or consumed in activities such as

1 graphic arts preliminary or pre-press production,  
2 pre-production material handling, receiving, quality control,  
3 inventory control, storage, staging, sorting, labeling,  
4 mailing, tying, wrapping, and packaging; and (iii) all  
5 tangible personal property used or consumed by the purchaser  
6 for research and development. "Production related tangible  
7 personal property" does not include (i) tangible personal  
8 property used, within or without a manufacturing or graphic  
9 arts facility, in sales, purchasing, accounting, fiscal  
10 management, marketing, personnel recruitment or selection, or  
11 landscaping or (ii) tangible personal property required to be  
12 titled or registered with a department, agency, or unit of  
13 federal, state, or local government. The Manufacturer's  
14 Purchase Credit may be used, prior to October 1, 2003, to  
15 satisfy the tax arising either from the purchase of machinery  
16 and equipment on or after January 1, 1995 for which the  
17 manufacturing machinery and equipment exemption provided by  
18 Section 2 of this Act was erroneously claimed, or the purchase  
19 of machinery and equipment on or after July 1, 1996 for which  
20 the exemption provided by paragraph (5) of Section 3-5 of this  
21 Act was erroneously claimed, but not in satisfaction of  
22 penalty, if any, and interest for failure to pay the tax when  
23 due. A purchaser of production related tangible personal  
24 property who is required to pay Illinois Use Tax or Service Use  
25 Tax on the purchase directly to the Department may, prior to  
26 October 1, 2003, utilize the Manufacturer's Purchase Credit in

1 satisfaction of the tax arising from that purchase, but not in  
2 satisfaction of penalty and interest. A purchaser who uses the  
3 Manufacturer's Purchase Credit to purchase property which is  
4 later determined not to be production related tangible  
5 personal property may be liable for tax, penalty, and interest  
6 on the purchase of that property as of the date of purchase but  
7 shall be entitled to use the disallowed Manufacturer's  
8 Purchase Credit, so long as it has not expired and is used  
9 prior to October 1, 2003, on qualifying purchases of  
10 production related tangible personal property not previously  
11 subject to credit usage. The Manufacturer's Purchase Credit  
12 earned by a manufacturer or graphic arts producer expires the  
13 last day of the second calendar year following the calendar  
14 year in which the credit arose. No Manufacturer's Purchase  
15 Credit may be used after September 30, 2003 regardless of when  
16 that credit was earned.

17 A purchaser earning Manufacturer's Purchase Credit shall  
18 sign and file an annual Report of Manufacturer's Purchase  
19 Credit Earned for each calendar year no later than the last day  
20 of the sixth month following the calendar year in which a  
21 Manufacturer's Purchase Credit is earned. A Report of  
22 Manufacturer's Purchase Credit Earned shall be filed on forms  
23 as prescribed or approved by the Department and shall state,  
24 for each month of the calendar year: (i) the total purchase  
25 price of all purchases of exempt manufacturing or graphic arts  
26 machinery on which the credit was earned; (ii) the total State

1 Use Tax or Service Use Tax which would have been due on those  
2 items; (iii) the percentage used to calculate the amount of  
3 credit earned; (iv) the amount of credit earned; and (v) such  
4 other information as the Department may reasonably require. A  
5 purchaser earning Manufacturer's Purchase Credit shall  
6 maintain records which identify, as to each purchase of  
7 manufacturing or graphic arts machinery and equipment on which  
8 the purchaser earned Manufacturer's Purchase Credit, the  
9 vendor (including, if applicable, either the vendor's  
10 registration number or Federal Employer Identification  
11 Number), the purchase price, and the amount of Manufacturer's  
12 Purchase Credit earned on each purchase.

13 A purchaser using Manufacturer's Purchase Credit shall  
14 sign and file an annual Report of Manufacturer's Purchase  
15 Credit Used for each calendar year no later than the last day  
16 of the sixth month following the calendar year in which a  
17 Manufacturer's Purchase Credit is used. A Report of  
18 Manufacturer's Purchase Credit Used shall be filed on forms as  
19 prescribed or approved by the Department and shall state, for  
20 each month of the calendar year: (i) the total purchase price  
21 of production related tangible personal property purchased  
22 from Illinois suppliers; (ii) the total purchase price of  
23 production related tangible personal property purchased from  
24 out-of-state suppliers; (iii) the total amount of credit used  
25 during such month; and (iv) such other information as the  
26 Department may reasonably require. A purchaser using

1 Manufacturer's Purchase Credit shall maintain records that  
2 identify, as to each purchase of production related tangible  
3 personal property on which the purchaser used Manufacturer's  
4 Purchase Credit, the vendor (including, if applicable, either  
5 the vendor's registration number or Federal Employer  
6 Identification Number), the purchase price, and the amount of  
7 Manufacturer's Purchase Credit used on each purchase.

8 No annual report shall be filed before May 1, 1996 or after  
9 June 30, 2004. A purchaser that fails to file an annual Report  
10 of Manufacturer's Purchase Credit Earned or an annual Report  
11 of Manufacturer's Purchase Credit Used by the last day of the  
12 sixth month following the end of the calendar year shall  
13 forfeit all Manufacturer's Purchase Credit for that calendar  
14 year unless it establishes that its failure to file was due to  
15 reasonable cause. Manufacturer's Purchase Credit reports may  
16 be amended to report and claim credit on qualifying purchases  
17 not previously reported at any time before the credit would  
18 have expired, unless both the Department and the purchaser  
19 have agreed to an extension of the statute of limitations for  
20 the issuance of a notice of tax liability as provided in  
21 Section 4 of the Retailers' Occupation Tax Act. If the time for  
22 assessment or refund has been extended, then amended reports  
23 for a calendar year may be filed at any time prior to the date  
24 to which the statute of limitations for the calendar year or  
25 portion thereof has been extended. No Manufacturer's Purchase  
26 Credit report filed with the Department for periods prior to



1 January 1, 1995 shall be approved. Manufacturer's Purchase  
2 Credit claimed on an amended report may be used, prior to  
3 October 1, 2003, to satisfy tax liability under the Use Tax Act  
4 or the Service Use Tax Act (i) on qualifying purchases of  
5 production related tangible personal property made after the  
6 date the amended report is filed or (ii) assessed by the  
7 Department on qualifying purchases of production related  
8 tangible personal property made in the case of manufacturers  
9 on or after January 1, 1995, or in the case of graphic arts  
10 producers on or after July 1, 1996.

11 If the purchaser is not the manufacturer or a graphic arts  
12 producer, but rents or leases the use of the property to a  
13 manufacturer or a graphic arts producer, the purchaser may  
14 earn, report, and use Manufacturer's Purchase Credit in the  
15 same manner as a manufacturer or graphic arts producer.

16 A purchaser shall not be entitled to any Manufacturer's  
17 Purchase Credit for a purchase that is required to be reported  
18 and is not timely reported as provided in this Section. A  
19 purchaser remains liable for (i) any tax that was satisfied by  
20 use of a Manufacturer's Purchase Credit, as of the date of  
21 purchase, if that use is not timely reported as required in  
22 this Section and (ii) for any applicable penalties and  
23 interest for failing to pay the tax when due. No  
24 Manufacturer's Purchase Credit may be used after September 30,  
25 2003 to satisfy any tax liability imposed under this Act,  
26 including any audit liability.

1           (b) Manufacturer's Purchase Credit earned on and after  
2           September 1, 2004. This subsection (b) applies to  
3           Manufacturer's Purchase Credit earned on or after September 1,  
4           2004. Manufacturer's Purchase Credit earned on or after  
5           September 1, 2004 may only be used to satisfy the Use Tax or  
6           Service Use Tax liability incurred on production related  
7           tangible personal property purchased on or after September 1,  
8           2004. A purchaser of production related tangible personal  
9           property desiring to use the Manufacturer's Purchase Credit  
10          shall certify to the seller that the purchaser is satisfying  
11          all or part of the liability under the Use Tax Act or the  
12          Service Use Tax Act that is due on the purchase of the  
13          production related tangible personal property by use of a  
14          Manufacturer's Purchase Credit. The Manufacturer's Purchase  
15          Credit certification must be dated and shall include the name  
16          and address of the purchaser, the purchaser's registration  
17          number, if registered, the credit being applied, and a  
18          statement that the State Use Tax or Service Use Tax liability  
19          is being satisfied with the manufacturer's or graphic arts  
20          producer's accumulated purchase credit. Certification may be  
21          incorporated into the manufacturer's or graphic arts  
22          producer's purchase order. Manufacturer's Purchase Credit  
23          certification provided by the manufacturer or graphic arts  
24          producer may be used to satisfy the retailer's or serviceman's  
25          liability under the Retailers' Occupation Tax Act or Service  
26          Occupation Tax Act for the credit claimed, not to exceed the

1 general rate percentage ~~6.25%~~ of the receipts subject to tax  
2 from a qualifying purchase, but only if the retailer or  
3 serviceman reports the Manufacturer's Purchase Credit claimed  
4 as required by the Department. The Manufacturer's Purchase  
5 Credit earned by purchase of exempt manufacturing machinery  
6 and equipment or graphic arts machinery and equipment is a  
7 non-transferable credit. A manufacturer or graphic arts  
8 producer that enters into a contract involving the  
9 installation of tangible personal property into real estate  
10 within a manufacturing or graphic arts production facility  
11 may, on or after September 1, 2004, authorize a construction  
12 contractor to utilize credit accumulated by the manufacturer  
13 or graphic arts producer to purchase the tangible personal  
14 property. A manufacturer or graphic arts producer intending to  
15 use accumulated credit to purchase such tangible personal  
16 property shall execute a written contract authorizing the  
17 contractor to utilize a specified dollar amount of credit. The  
18 contractor shall furnish the supplier with the manufacturer's  
19 or graphic arts producer's name, registration or resale  
20 number, and a statement that a specific amount of the Use Tax  
21 or Service Use Tax liability, not to exceed the general rate  
22 percentage ~~6.25%~~ of the selling price, is being satisfied with  
23 the credit. The manufacturer or graphic arts producer shall  
24 remain liable to timely report all information required by the  
25 annual Report of Manufacturer's Purchase Credit Used for  
26 credit utilized by a construction contractor.

1           The Manufacturer's Purchase Credit may be used to satisfy  
2 liability under the Use Tax Act or the Service Use Tax Act due  
3 on the purchase, made on or after September 1, 2004, of  
4 production related tangible personal property (including  
5 purchases by a manufacturer, by a graphic arts producer, or a  
6 lessor who rents or leases the use of the property to a  
7 manufacturer or graphic arts producer) that does not otherwise  
8 qualify for the manufacturing machinery and equipment  
9 exemption or the graphic arts machinery and equipment  
10 exemption. "Production related tangible personal property"  
11 means (i) all tangible personal property used or consumed by  
12 the purchaser in a manufacturing facility in which a  
13 manufacturing process described in Section 2-45 of the  
14 Retailers' Occupation Tax Act takes place, including tangible  
15 personal property purchased for incorporation into real estate  
16 within a manufacturing facility and including, but not limited  
17 to, tangible personal property used or consumed in activities  
18 such as pre-production material handling, receiving, quality  
19 control, inventory control, storage, staging, and packaging  
20 for shipping and transportation purposes; (ii) all tangible  
21 personal property used or consumed by the purchaser in a  
22 graphic arts facility in which graphic arts production as  
23 described in Section 2-30 of the Retailers' Occupation Tax Act  
24 takes place, including tangible personal property purchased  
25 for incorporation into real estate within a graphic arts  
26 facility and including, but not limited to, all tangible

1 personal property used or consumed in activities such as  
2 graphic arts preliminary or pre-press production,  
3 pre-production material handling, receiving, quality control,  
4 inventory control, storage, staging, sorting, labeling,  
5 mailing, tying, wrapping, and packaging; and (iii) all  
6 tangible personal property used or consumed by the purchaser  
7 for research and development. "Production related tangible  
8 personal property" does not include (i) tangible personal  
9 property used, within or without a manufacturing or graphic  
10 arts facility, in sales, purchasing, accounting, fiscal  
11 management, marketing, personnel recruitment or selection, or  
12 landscaping or (ii) tangible personal property required to be  
13 titled or registered with a department, agency, or unit of  
14 federal, state, or local government. The Manufacturer's  
15 Purchase Credit may be used to satisfy the tax arising either  
16 from the purchase of machinery and equipment on or after  
17 September 1, 2004 for which the manufacturing machinery and  
18 equipment exemption provided by Section 2 of this Act was  
19 erroneously claimed, or the purchase of machinery and  
20 equipment on or after September 1, 2004 for which the  
21 exemption provided by paragraph (5) of Section 3-5 of this Act  
22 was erroneously claimed, but not in satisfaction of penalty,  
23 if any, and interest for failure to pay the tax when due. A  
24 purchaser of production related tangible personal property  
25 that is purchased on or after September 1, 2004 who is required  
26 to pay Illinois Use Tax or Service Use Tax on the purchase

1 directly to the Department may utilize the Manufacturer's  
2 Purchase Credit in satisfaction of the tax arising from that  
3 purchase, but not in satisfaction of penalty and interest. A  
4 purchaser who uses the Manufacturer's Purchase Credit to  
5 purchase property on and after September 1, 2004 which is  
6 later determined not to be production related tangible  
7 personal property may be liable for tax, penalty, and interest  
8 on the purchase of that property as of the date of purchase but  
9 shall be entitled to use the disallowed Manufacturer's  
10 Purchase Credit, so long as it has not expired, on qualifying  
11 purchases of production related tangible personal property not  
12 previously subject to credit usage. The Manufacturer's  
13 Purchase Credit earned by a manufacturer or graphic arts  
14 producer expires the last day of the second calendar year  
15 following the calendar year in which the credit arose.

16 A purchaser earning Manufacturer's Purchase Credit shall  
17 sign and file an annual Report of Manufacturer's Purchase  
18 Credit Earned for each calendar year no later than the last day  
19 of the sixth month following the calendar year in which a  
20 Manufacturer's Purchase Credit is earned. A Report of  
21 Manufacturer's Purchase Credit Earned shall be filed on forms  
22 as prescribed or approved by the Department and shall state,  
23 for each month of the calendar year: (i) the total purchase  
24 price of all purchases of exempt manufacturing or graphic arts  
25 machinery on which the credit was earned; (ii) the total State  
26 Use Tax or Service Use Tax which would have been due on those

1 items; (iii) the percentage used to calculate the amount of  
2 credit earned; (iv) the amount of credit earned; and (v) such  
3 other information as the Department may reasonably require. A  
4 purchaser earning Manufacturer's Purchase Credit shall  
5 maintain records which identify, as to each purchase of  
6 manufacturing or graphic arts machinery and equipment on which  
7 the purchaser earned Manufacturer's Purchase Credit, the  
8 vendor (including, if applicable, either the vendor's  
9 registration number or Federal Employer Identification  
10 Number), the purchase price, and the amount of Manufacturer's  
11 Purchase Credit earned on each purchase.

12 A purchaser using Manufacturer's Purchase Credit shall  
13 sign and file an annual Report of Manufacturer's Purchase  
14 Credit Used for each calendar year no later than the last day  
15 of the sixth month following the calendar year in which a  
16 Manufacturer's Purchase Credit is used. A Report of  
17 Manufacturer's Purchase Credit Used shall be filed on forms as  
18 prescribed or approved by the Department and shall state, for  
19 each month of the calendar year: (i) the total purchase price  
20 of production related tangible personal property purchased  
21 from Illinois suppliers; (ii) the total purchase price of  
22 production related tangible personal property purchased from  
23 out-of-state suppliers; (iii) the total amount of credit used  
24 during such month; and (iv) such other information as the  
25 Department may reasonably require. A purchaser using  
26 Manufacturer's Purchase Credit shall maintain records that

1 identify, as to each purchase of production related tangible  
2 personal property on which the purchaser used Manufacturer's  
3 Purchase Credit, the vendor (including, if applicable, either  
4 the vendor's registration number or Federal Employer  
5 Identification Number), the purchase price, and the amount of  
6 Manufacturer's Purchase Credit used on each purchase.

7 A purchaser that fails to file an annual Report of  
8 Manufacturer's Purchase Credit Earned or an annual Report of  
9 Manufacturer's Purchase Credit Used by the last day of the  
10 sixth month following the end of the calendar year shall  
11 forfeit all Manufacturer's Purchase Credit for that calendar  
12 year unless it establishes that its failure to file was due to  
13 reasonable cause. Manufacturer's Purchase Credit reports may  
14 be amended to report and claim credit on qualifying purchases  
15 not previously reported at any time before the credit would  
16 have expired, unless both the Department and the purchaser  
17 have agreed to an extension of the statute of limitations for  
18 the issuance of a notice of tax liability as provided in  
19 Section 4 of the Retailers' Occupation Tax Act. If the time for  
20 assessment or refund has been extended, then amended reports  
21 for a calendar year may be filed at any time prior to the date  
22 to which the statute of limitations for the calendar year or  
23 portion thereof has been extended. Manufacturer's Purchase  
24 Credit claimed on an amended report may be used to satisfy tax  
25 liability under the Use Tax Act or the Service Use Tax Act (i)  
26 on qualifying purchases of production related tangible



1 personal property made after the date the amended report is  
2 filed or (ii) assessed by the Department on qualifying  
3 production related tangible personal property purchased on or  
4 after September 1, 2004.

5 If the purchaser is not the manufacturer or a graphic arts  
6 producer, but rents or leases the use of the property to a  
7 manufacturer or a graphic arts producer, the purchaser may  
8 earn, report, and use Manufacturer's Purchase Credit in the  
9 same manner as a manufacturer or graphic arts producer. A  
10 purchaser shall not be entitled to any Manufacturer's Purchase  
11 Credit for a purchase that is required to be reported and is  
12 not timely reported as provided in this Section. A purchaser  
13 remains liable for (i) any tax that was satisfied by use of a  
14 Manufacturer's Purchase Credit, as of the date of purchase, if  
15 that use is not timely reported as required in this Section and  
16 (ii) for any applicable penalties and interest for failing to  
17 pay the tax when due.

18 (Source: P.A. 96-116, eff. 7-31-09.)

19 (35 ILCS 110/9) (from Ch. 120, par. 439.39)

20 Sec. 9. Each serviceman required or authorized to collect  
21 the tax herein imposed shall pay to the Department the amount  
22 of such tax (except as otherwise provided) at the time when he  
23 is required to file his return for the period during which such  
24 tax was collected, less a discount of 2.1% prior to January 1,  
25 1990 and 1.75% on and after January 1, 1990, or \$5 per calendar

1 year, whichever is greater, which is allowed to reimburse the  
2 serviceman for expenses incurred in collecting the tax,  
3 keeping records, preparing and filing returns, remitting the  
4 tax and supplying data to the Department on request. The  
5 discount under this Section is not allowed for the 1.25%  
6 portion of taxes paid on aviation fuel that is subject to the  
7 revenue use requirements of 49 U.S.C. 47107(b) and 49 U.S.C.  
8 47133. The discount allowed under this Section is allowed only  
9 for returns that are filed in the manner required by this Act.  
10 The Department may disallow the discount for servicemen whose  
11 certificate of registration is revoked at the time the return  
12 is filed, but only if the Department's decision to revoke the  
13 certificate of registration has become final. A serviceman  
14 need not remit that part of any tax collected by him to the  
15 extent that he is required to pay and does pay the tax imposed  
16 by the Service Occupation Tax Act with respect to his sale of  
17 service involving the incidental transfer by him of the same  
18 property.

19 Except as provided hereinafter in this Section, on or  
20 before the twentieth day of each calendar month, such  
21 serviceman shall file a return for the preceding calendar  
22 month in accordance with reasonable Rules and Regulations to  
23 be promulgated by the Department. Such return shall be filed  
24 on a form prescribed by the Department and shall contain such  
25 information as the Department may reasonably require. On and  
26 after January 1, 2018, with respect to servicemen whose annual

1 gross receipts average \$20,000 or more, all returns required  
2 to be filed pursuant to this Act shall be filed  
3 electronically. Servicemen who demonstrate that they do not  
4 have access to the Internet or demonstrate hardship in filing  
5 electronically may petition the Department to waive the  
6 electronic filing requirement.

7 The Department may require returns to be filed on a  
8 quarterly basis. If so required, a return for each calendar  
9 quarter shall be filed on or before the twentieth day of the  
10 calendar month following the end of such calendar quarter. The  
11 taxpayer shall also file a return with the Department for each  
12 of the first two months of each calendar quarter, on or before  
13 the twentieth day of the following calendar month, stating:

14 1. The name of the seller;

15 2. The address of the principal place of business from  
16 which he engages in business as a serviceman in this  
17 State;

18 3. The total amount of taxable receipts received by  
19 him during the preceding calendar month, including  
20 receipts from charge and time sales, but less all  
21 deductions allowed by law;

22 4. The amount of credit provided in Section 2d of this  
23 Act;

24 5. The amount of tax due;

25 5-5. The signature of the taxpayer; and

26 6. Such other reasonable information as the Department

1           may require.

2           Each serviceman required or authorized to collect the tax  
3 imposed by this Act on aviation fuel transferred as an  
4 incident of a sale of service in this State during the  
5 preceding calendar month shall, instead of reporting and  
6 paying tax on aviation fuel as otherwise required by this  
7 Section, report and pay such tax on a separate aviation fuel  
8 tax return. The requirements related to the return shall be as  
9 otherwise provided in this Section. Notwithstanding any other  
10 provisions of this Act to the contrary, servicemen collecting  
11 tax on aviation fuel shall file all aviation fuel tax returns  
12 and shall make all aviation fuel tax payments by electronic  
13 means in the manner and form required by the Department. For  
14 purposes of this Section, "aviation fuel" means jet fuel and  
15 aviation gasoline.

16           If a taxpayer fails to sign a return within 30 days after  
17 the proper notice and demand for signature by the Department,  
18 the return shall be considered valid and any amount shown to be  
19 due on the return shall be deemed assessed.

20           Notwithstanding any other provision of this Act to the  
21 contrary, servicemen subject to tax on cannabis shall file all  
22 cannabis tax returns and shall make all cannabis tax payments  
23 by electronic means in the manner and form required by the  
24 Department.

25           Beginning October 1, 1993, a taxpayer who has an average  
26 monthly tax liability of \$150,000 or more shall make all

1 payments required by rules of the Department by electronic  
2 funds transfer. Beginning October 1, 1994, a taxpayer who has  
3 an average monthly tax liability of \$100,000 or more shall  
4 make all payments required by rules of the Department by  
5 electronic funds transfer. Beginning October 1, 1995, a  
6 taxpayer who has an average monthly tax liability of \$50,000  
7 or more shall make all payments required by rules of the  
8 Department by electronic funds transfer. Beginning October 1,  
9 2000, a taxpayer who has an annual tax liability of \$200,000 or  
10 more shall make all payments required by rules of the  
11 Department by electronic funds transfer. The term "annual tax  
12 liability" shall be the sum of the taxpayer's liabilities  
13 under this Act, and under all other State and local occupation  
14 and use tax laws administered by the Department, for the  
15 immediately preceding calendar year. The term "average monthly  
16 tax liability" means the sum of the taxpayer's liabilities  
17 under this Act, and under all other State and local occupation  
18 and use tax laws administered by the Department, for the  
19 immediately preceding calendar year divided by 12. Beginning  
20 on October 1, 2002, a taxpayer who has a tax liability in the  
21 amount set forth in subsection (b) of Section 2505-210 of the  
22 Department of Revenue Law shall make all payments required by  
23 rules of the Department by electronic funds transfer.

24 Before August 1 of each year beginning in 1993, the  
25 Department shall notify all taxpayers required to make  
26 payments by electronic funds transfer. All taxpayers required

1 to make payments by electronic funds transfer shall make those  
2 payments for a minimum of one year beginning on October 1.

3 Any taxpayer not required to make payments by electronic  
4 funds transfer may make payments by electronic funds transfer  
5 with the permission of the Department.

6 All taxpayers required to make payment by electronic funds  
7 transfer and any taxpayers authorized to voluntarily make  
8 payments by electronic funds transfer shall make those  
9 payments in the manner authorized by the Department.

10 The Department shall adopt such rules as are necessary to  
11 effectuate a program of electronic funds transfer and the  
12 requirements of this Section.

13 If the serviceman is otherwise required to file a monthly  
14 return and if the serviceman's average monthly tax liability  
15 to the Department does not exceed \$200, the Department may  
16 authorize his returns to be filed on a quarter annual basis,  
17 with the return for January, February and March of a given year  
18 being due by April 20 of such year; with the return for April,  
19 May and June of a given year being due by July 20 of such year;  
20 with the return for July, August and September of a given year  
21 being due by October 20 of such year, and with the return for  
22 October, November and December of a given year being due by  
23 January 20 of the following year.

24 If the serviceman is otherwise required to file a monthly  
25 or quarterly return and if the serviceman's average monthly  
26 tax liability to the Department does not exceed \$50, the

1 Department may authorize his returns to be filed on an annual  
2 basis, with the return for a given year being due by January 20  
3 of the following year.

4 Such quarter annual and annual returns, as to form and  
5 substance, shall be subject to the same requirements as  
6 monthly returns.

7 Notwithstanding any other provision in this Act concerning  
8 the time within which a serviceman may file his return, in the  
9 case of any serviceman who ceases to engage in a kind of  
10 business which makes him responsible for filing returns under  
11 this Act, such serviceman shall file a final return under this  
12 Act with the Department not more than 1 month after  
13 discontinuing such business.

14 Where a serviceman collects the tax with respect to the  
15 selling price of property which he sells and the purchaser  
16 thereafter returns such property and the serviceman refunds  
17 the selling price thereof to the purchaser, such serviceman  
18 shall also refund, to the purchaser, the tax so collected from  
19 the purchaser. When filing his return for the period in which  
20 he refunds such tax to the purchaser, the serviceman may  
21 deduct the amount of the tax so refunded by him to the  
22 purchaser from any other Service Use Tax, Service Occupation  
23 Tax, retailers' occupation tax or use tax which such  
24 serviceman may be required to pay or remit to the Department,  
25 as shown by such return, provided that the amount of the tax to  
26 be deducted shall previously have been remitted to the

1 Department by such serviceman. If the serviceman shall not  
2 previously have remitted the amount of such tax to the  
3 Department, he shall be entitled to no deduction hereunder  
4 upon refunding such tax to the purchaser.

5 Any serviceman filing a return hereunder shall also  
6 include the total tax upon the selling price of tangible  
7 personal property purchased for use by him as an incident to a  
8 sale of service, and such serviceman shall remit the amount of  
9 such tax to the Department when filing such return.

10 If experience indicates such action to be practicable, the  
11 Department may prescribe and furnish a combination or joint  
12 return which will enable servicemen, who are required to file  
13 returns hereunder and also under the Service Occupation Tax  
14 Act, to furnish all the return information required by both  
15 Acts on the one form.

16 Where the serviceman has more than one business registered  
17 with the Department under separate registration hereunder,  
18 such serviceman shall not file each return that is due as a  
19 single return covering all such registered businesses, but  
20 shall file separate returns for each such registered business.

21 Beginning January 1, 1990, each month the Department shall  
22 pay into the State and Local Tax Reform Fund, a special fund in  
23 the State Treasury, the net revenue realized for the preceding  
24 month from the 1% tax imposed under this Act.

25 Beginning January 1, 1990, each month the Department shall  
26 pay into the State and Local Sales Tax Reform Fund 20% of the



1 net revenue realized for the preceding month from the ~~6.25%~~  
2 general rate on transfers of tangible personal property, other  
3 than (i) tangible personal property which is purchased outside  
4 Illinois at retail from a retailer and which is titled or  
5 registered by an agency of this State's government and (ii)  
6 aviation fuel sold on or after December 1, 2019. This  
7 exception for aviation fuel only applies for so long as the  
8 revenue use requirements of 49 U.S.C. 47107(b) and 49 U.S.C.  
9 47133 are binding on the State.

10 For aviation fuel sold on or after December 1, 2019, each  
11 month the Department shall pay into the State Aviation Program  
12 Fund 20% of the net revenue realized for the preceding month  
13 from the ~~6.25%~~ general rate on the selling price of aviation  
14 fuel, less an amount estimated by the Department to be  
15 required for refunds of the 20% portion of the tax on aviation  
16 fuel under this Act, which amount shall be deposited into the  
17 Aviation Fuel Sales Tax Refund Fund. The Department shall only  
18 pay moneys into the State Aviation Program Fund and the  
19 Aviation Fuel Sales Tax Refund Fund under this Act for so long  
20 as the revenue use requirements of 49 U.S.C. 47107(b) and 49  
21 U.S.C. 47133 are binding on the State.

22 Beginning August 1, 2000, each month the Department shall  
23 pay into the State and Local Sales Tax Reform Fund 100% of the  
24 net revenue realized for the preceding month from the 1.25%  
25 rate on the selling price of motor fuel and gasohol.

26 Beginning October 1, 2009, each month the Department shall

1 pay into the Capital Projects Fund an amount that is equal to  
2 an amount estimated by the Department to represent 80% of the  
3 net revenue realized for the preceding month from the sale of  
4 candy, grooming and hygiene products, and soft drinks that had  
5 been taxed at a rate of 1% prior to September 1, 2009 but that  
6 are now taxed at the general rate ~~6.25%~~.

7 Beginning July 1, 2013, each month the Department shall  
8 pay into the Underground Storage Tank Fund from the proceeds  
9 collected under this Act, the Use Tax Act, the Service  
10 Occupation Tax Act, and the Retailers' Occupation Tax Act an  
11 amount equal to the average monthly deficit in the Underground  
12 Storage Tank Fund during the prior year, as certified annually  
13 by the Illinois Environmental Protection Agency, but the total  
14 payment into the Underground Storage Tank Fund under this Act,  
15 the Use Tax Act, the Service Occupation Tax Act, and the  
16 Retailers' Occupation Tax Act shall not exceed \$18,000,000 in  
17 any State fiscal year. As used in this paragraph, the "average  
18 monthly deficit" shall be equal to the difference between the  
19 average monthly claims for payment by the fund and the average  
20 monthly revenues deposited into the fund, excluding payments  
21 made pursuant to this paragraph.

22 Beginning July 1, 2015, of the remainder of the moneys  
23 received by the Department under the Use Tax Act, this Act, the  
24 Service Occupation Tax Act, and the Retailers' Occupation Tax  
25 Act, each month the Department shall deposit \$500,000 into the  
26 State Crime Laboratory Fund.

1           Of the remainder of the moneys received by the Department  
2 pursuant to this Act, (a) 1.75% thereof shall be paid into the  
3 Build Illinois Fund and (b) prior to July 1, 1989, 2.2% and on  
4 and after July 1, 1989, 3.8% thereof shall be paid into the  
5 Build Illinois Fund; provided, however, that if in any fiscal  
6 year the sum of (1) the aggregate of 2.2% or 3.8%, as the case  
7 may be, of the moneys received by the Department and required  
8 to be paid into the Build Illinois Fund pursuant to Section 3  
9 of the Retailers' Occupation Tax Act, Section 9 of the Use Tax  
10 Act, Section 9 of the Service Use Tax Act, and Section 9 of the  
11 Service Occupation Tax Act, such Acts being hereinafter called  
12 the "Tax Acts" and such aggregate of 2.2% or 3.8%, as the case  
13 may be, of moneys being hereinafter called the "Tax Act  
14 Amount", and (2) the amount transferred to the Build Illinois  
15 Fund from the State and Local Sales Tax Reform Fund shall be  
16 less than the Annual Specified Amount (as defined in Section 3  
17 of the Retailers' Occupation Tax Act), an amount equal to the  
18 difference shall be immediately paid into the Build Illinois  
19 Fund from other moneys received by the Department pursuant to  
20 the Tax Acts; and further provided, that if on the last  
21 business day of any month the sum of (1) the Tax Act Amount  
22 required to be deposited into the Build Illinois Bond Account  
23 in the Build Illinois Fund during such month and (2) the amount  
24 transferred during such month to the Build Illinois Fund from  
25 the State and Local Sales Tax Reform Fund shall have been less  
26 than 1/12 of the Annual Specified Amount, an amount equal to

1 the difference shall be immediately paid into the Build  
2 Illinois Fund from other moneys received by the Department  
3 pursuant to the Tax Acts; and, further provided, that in no  
4 event shall the payments required under the preceding proviso  
5 result in aggregate payments into the Build Illinois Fund  
6 pursuant to this clause (b) for any fiscal year in excess of  
7 the greater of (i) the Tax Act Amount or (ii) the Annual  
8 Specified Amount for such fiscal year; and, further provided,  
9 that the amounts payable into the Build Illinois Fund under  
10 this clause (b) shall be payable only until such time as the  
11 aggregate amount on deposit under each trust indenture  
12 securing Bonds issued and outstanding pursuant to the Build  
13 Illinois Bond Act is sufficient, taking into account any  
14 future investment income, to fully provide, in accordance with  
15 such indenture, for the defeasance of or the payment of the  
16 principal of, premium, if any, and interest on the Bonds  
17 secured by such indenture and on any Bonds expected to be  
18 issued thereafter and all fees and costs payable with respect  
19 thereto, all as certified by the Director of the Bureau of the  
20 Budget (now Governor's Office of Management and Budget). If on  
21 the last business day of any month in which Bonds are  
22 outstanding pursuant to the Build Illinois Bond Act, the  
23 aggregate of the moneys deposited in the Build Illinois Bond  
24 Account in the Build Illinois Fund in such month shall be less  
25 than the amount required to be transferred in such month from  
26 the Build Illinois Bond Account to the Build Illinois Bond

1 Retirement and Interest Fund pursuant to Section 13 of the  
2 Build Illinois Bond Act, an amount equal to such deficiency  
3 shall be immediately paid from other moneys received by the  
4 Department pursuant to the Tax Acts to the Build Illinois  
5 Fund; provided, however, that any amounts paid to the Build  
6 Illinois Fund in any fiscal year pursuant to this sentence  
7 shall be deemed to constitute payments pursuant to clause (b)  
8 of the preceding sentence and shall reduce the amount  
9 otherwise payable for such fiscal year pursuant to clause (b)  
10 of the preceding sentence. The moneys received by the  
11 Department pursuant to this Act and required to be deposited  
12 into the Build Illinois Fund are subject to the pledge, claim  
13 and charge set forth in Section 12 of the Build Illinois Bond  
14 Act.

15 Subject to payment of amounts into the Build Illinois Fund  
16 as provided in the preceding paragraph or in any amendment  
17 thereto hereafter enacted, the following specified monthly  
18 installment of the amount requested in the certificate of the  
19 Chairman of the Metropolitan Pier and Exposition Authority  
20 provided under Section 8.25f of the State Finance Act, but not  
21 in excess of the sums designated as "Total Deposit", shall be  
22 deposited in the aggregate from collections under Section 9 of  
23 the Use Tax Act, Section 9 of the Service Use Tax Act, Section  
24 9 of the Service Occupation Tax Act, and Section 3 of the  
25 Retailers' Occupation Tax Act into the McCormick Place  
26 Expansion Project Fund in the specified fiscal years.

	Fiscal Year	Total Deposit
1		
2	1993	\$0
3	1994	53,000,000
4	1995	58,000,000
5	1996	61,000,000
6	1997	64,000,000
7	1998	68,000,000
8	1999	71,000,000
9	2000	75,000,000
10	2001	80,000,000
11	2002	93,000,000
12	2003	99,000,000
13	2004	103,000,000
14	2005	108,000,000
15	2006	113,000,000
16	2007	119,000,000
17	2008	126,000,000
18	2009	132,000,000
19	2010	139,000,000
20	2011	146,000,000
21	2012	153,000,000
22	2013	161,000,000
23	2014	170,000,000
24	2015	179,000,000
25	2016	189,000,000

1	2017	199,000,000
2	2018	210,000,000
3	2019	221,000,000
4	2020	233,000,000
5	2021	300,000,000
6	2022	300,000,000
7	2023	300,000,000
8	2024	300,000,000
9	2025	300,000,000
10	2026	300,000,000
11	2027	375,000,000
12	2028	375,000,000
13	2029	375,000,000
14	2030	375,000,000
15	2031	375,000,000
16	2032	375,000,000
17	2033	375,000,000
18	2034	375,000,000
19	2035	375,000,000
20	2036	450,000,000

21                   and  
22                   each fiscal year  
23                   thereafter that bonds  
24                   are outstanding under  
25                   Section 13.2 of the  
26                   Metropolitan Pier and

1           Exposition Authority Act,  
2           but not after fiscal year 2060.

3           Beginning July 20, 1993 and in each month of each fiscal  
4           year thereafter, one-eighth of the amount requested in the  
5           certificate of the Chairman of the Metropolitan Pier and  
6           Exposition Authority for that fiscal year, less the amount  
7           deposited into the McCormick Place Expansion Project Fund by  
8           the State Treasurer in the respective month under subsection  
9           (g) of Section 13 of the Metropolitan Pier and Exposition  
10          Authority Act, plus cumulative deficiencies in the deposits  
11          required under this Section for previous months and years,  
12          shall be deposited into the McCormick Place Expansion Project  
13          Fund, until the full amount requested for the fiscal year, but  
14          not in excess of the amount specified above as "Total  
15          Deposit", has been deposited.

16          Subject to payment of amounts into the Capital Projects  
17          Fund, the Clean Air Act Permit Fund, the Build Illinois Fund,  
18          and the McCormick Place Expansion Project Fund pursuant to the  
19          preceding paragraphs or in any amendments thereto hereafter  
20          enacted, for aviation fuel sold on or after December 1, 2019,  
21          the Department shall each month deposit into the Aviation Fuel  
22          Sales Tax Refund Fund an amount estimated by the Department to  
23          be required for refunds of the 80% portion of the tax on  
24          aviation fuel under this Act. The Department shall only  
25          deposit moneys into the Aviation Fuel Sales Tax Refund Fund  
26          under this paragraph for so long as the revenue use



1 requirements of 49 U.S.C. 47107(b) and 49 U.S.C. 47133 are  
2 binding on the State.

3 Subject to payment of amounts into the Build Illinois Fund  
4 and the McCormick Place Expansion Project Fund pursuant to the  
5 preceding paragraphs or in any amendments thereto hereafter  
6 enacted, beginning July 1, 1993 and ending on September 30,  
7 2013, the Department shall each month pay into the Illinois  
8 Tax Increment Fund 0.27% of 80% of the net revenue realized for  
9 the preceding month from the ~~6.25%~~ general rate on the selling  
10 price of tangible personal property.

11 Subject to payment of amounts into the Build Illinois Fund  
12 and the McCormick Place Expansion Project Fund pursuant to the  
13 preceding paragraphs or in any amendments thereto hereafter  
14 enacted, beginning with the receipt of the first report of  
15 taxes paid by an eligible business and continuing for a  
16 25-year period, the Department shall each month pay into the  
17 Energy Infrastructure Fund 80% of the net revenue realized  
18 from the ~~6.25%~~ general rate on the selling price of  
19 Illinois-mined coal that was sold to an eligible business. For  
20 purposes of this paragraph, the term "eligible business" means  
21 a new electric generating facility certified pursuant to  
22 Section 605-332 of the Department of Commerce and Economic  
23 Opportunity Law of the Civil Administrative Code of Illinois.

24 Subject to payment of amounts into the Build Illinois  
25 Fund, the McCormick Place Expansion Project Fund, the Illinois  
26 Tax Increment Fund, and the Energy Infrastructure Fund

1 pursuant to the preceding paragraphs or in any amendments to  
2 this Section hereafter enacted, beginning on the first day of  
3 the first calendar month to occur on or after August 26, 2014  
4 (the effective date of Public Act 98-1098), each month, from  
5 the collections made under Section 9 of the Use Tax Act,  
6 Section 9 of the Service Use Tax Act, Section 9 of the Service  
7 Occupation Tax Act, and Section 3 of the Retailers' Occupation  
8 Tax Act, the Department shall pay into the Tax Compliance and  
9 Administration Fund, to be used, subject to appropriation, to  
10 fund additional auditors and compliance personnel at the  
11 Department of Revenue, an amount equal to 1/12 of 5% of 80% of  
12 the cash receipts collected during the preceding fiscal year  
13 by the Audit Bureau of the Department under the Use Tax Act,  
14 the Service Use Tax Act, the Service Occupation Tax Act, the  
15 Retailers' Occupation Tax Act, and associated local occupation  
16 and use taxes administered by the Department.

17 Subject to payments of amounts into the Build Illinois  
18 Fund, the McCormick Place Expansion Project Fund, the Illinois  
19 Tax Increment Fund, the Energy Infrastructure Fund, and the  
20 Tax Compliance and Administration Fund as provided in this  
21 Section, beginning on July 1, 2018 the Department shall pay  
22 each month into the Downstate Public Transportation Fund the  
23 moneys required to be so paid under Section 2-3 of the  
24 Downstate Public Transportation Act.

25 Subject to successful execution and delivery of a  
26 public-private agreement between the public agency and private

1 entity and completion of the civic build, beginning on July 1,  
 2 2023, of the remainder of the moneys received by the  
 3 Department under the Use Tax Act, the Service Use Tax Act, the  
 4 Service Occupation Tax Act, and this Act, the Department shall  
 5 deposit the following specified deposits in the aggregate from  
 6 collections under the Use Tax Act, the Service Use Tax Act, the  
 7 Service Occupation Tax Act, and the Retailers' Occupation Tax  
 8 Act, as required under Section 8.25g of the State Finance Act  
 9 for distribution consistent with the Public-Private  
 10 Partnership for Civic and Transit Infrastructure Project Act.  
 11 The moneys received by the Department pursuant to this Act and  
 12 required to be deposited into the Civic and Transit  
 13 Infrastructure Fund are subject to the pledge, claim, and  
 14 charge set forth in Section 25-55 of the Public-Private  
 15 Partnership for Civic and Transit Infrastructure Project Act.  
 16 As used in this paragraph, "civic build", "private entity",  
 17 "public-private agreement", and "public agency" have the  
 18 meanings provided in Section 25-10 of the Public-Private  
 19 Partnership for Civic and Transit Infrastructure Project Act.

20	Fiscal Year.....	Total Deposit
21	2024 .....	\$200,000,000
22	2025 .....	\$206,000,000
23	2026 .....	\$212,200,000
24	2027 .....	\$218,500,000
25	2028 .....	\$225,100,000
26	2029 .....	\$288,700,000

1	2030	.....	\$298,900,000
2	2031	.....	\$309,300,000
3	2032	.....	\$320,100,000
4	2033	.....	\$331,200,000
5	2034	.....	\$341,200,000
6	2035	.....	\$351,400,000
7	2036	.....	\$361,900,000
8	2037	.....	\$372,800,000
9	2038	.....	\$384,000,000
10	2039	.....	\$395,500,000
11	2040	.....	\$407,400,000
12	2041	.....	\$419,600,000
13	2042	.....	\$432,200,000
14	2043	.....	\$445,100,000

15           Beginning July 1, 2021 and until July 1, 2022, subject to  
16 the payment of amounts into the State and Local Sales Tax  
17 Reform Fund, the Build Illinois Fund, the McCormick Place  
18 Expansion Project Fund, the Illinois Tax Increment Fund, the  
19 Energy Infrastructure Fund, and the Tax Compliance and  
20 Administration Fund as provided in this Section, the  
21 Department shall pay each month into the Road Fund the amount  
22 estimated to represent 16% of the net revenue realized from  
23 the taxes imposed on motor fuel and gasohol. Beginning July 1,  
24 2022 and until July 1, 2023, subject to the payment of amounts  
25 into the State and Local Sales Tax Reform Fund, the Build  
26 Illinois Fund, the McCormick Place Expansion Project Fund, the

1 Illinois Tax Increment Fund, the Energy Infrastructure Fund,  
2 and the Tax Compliance and Administration Fund as provided in  
3 this Section, the Department shall pay each month into the  
4 Road Fund the amount estimated to represent 32% of the net  
5 revenue realized from the taxes imposed on motor fuel and  
6 gasohol. Beginning July 1, 2023 and until July 1, 2024,  
7 subject to the payment of amounts into the State and Local  
8 Sales Tax Reform Fund, the Build Illinois Fund, the McCormick  
9 Place Expansion Project Fund, the Illinois Tax Increment Fund,  
10 the Energy Infrastructure Fund, and the Tax Compliance and  
11 Administration Fund as provided in this Section, the  
12 Department shall pay each month into the Road Fund the amount  
13 estimated to represent 48% of the net revenue realized from  
14 the taxes imposed on motor fuel and gasohol. Beginning July 1,  
15 2024 and until July 1, 2025, subject to the payment of amounts  
16 into the State and Local Sales Tax Reform Fund, the Build  
17 Illinois Fund, the McCormick Place Expansion Project Fund, the  
18 Illinois Tax Increment Fund, the Energy Infrastructure Fund,  
19 and the Tax Compliance and Administration Fund as provided in  
20 this Section, the Department shall pay each month into the  
21 Road Fund the amount estimated to represent 64% of the net  
22 revenue realized from the taxes imposed on motor fuel and  
23 gasohol. Beginning on July 1, 2025, subject to the payment of  
24 amounts into the State and Local Sales Tax Reform Fund, the  
25 Build Illinois Fund, the McCormick Place Expansion Project  
26 Fund, the Illinois Tax Increment Fund, the Energy

1 Infrastructure Fund, and the Tax Compliance and Administration  
2 Fund as provided in this Section, the Department shall pay  
3 each month into the Road Fund the amount estimated to  
4 represent 80% of the net revenue realized from the taxes  
5 imposed on motor fuel and gasohol. As used in this paragraph  
6 "motor fuel" has the meaning given to that term in Section 1.1  
7 of the Motor Fuel Tax Act, and "gasohol" has the meaning given  
8 to that term in Section 3-40 of the Use Tax Act.

9 Of the remainder of the moneys received by the Department  
10 pursuant to this Act, 75% thereof shall be paid into the  
11 General Revenue Fund of the State Treasury and 25% shall be  
12 reserved in a special account and used only for the transfer to  
13 the Common School Fund as part of the monthly transfer from the  
14 General Revenue Fund in accordance with Section 8a of the  
15 State Finance Act.

16 As soon as possible after the first day of each month, upon  
17 certification of the Department of Revenue, the Comptroller  
18 shall order transferred and the Treasurer shall transfer from  
19 the General Revenue Fund to the Motor Fuel Tax Fund an amount  
20 equal to 1.7% of 80% of the net revenue realized under this Act  
21 for the second preceding month. Beginning April 1, 2000, this  
22 transfer is no longer required and shall not be made.

23 Net revenue realized for a month shall be the revenue  
24 collected by the State pursuant to this Act, less the amount  
25 paid out during that month as refunds to taxpayers for  
26 overpayment of liability.

1 (Source: P.A. 100-303, eff. 8-24-17; 100-363, eff. 7-1-18;  
2 100-863, eff. 8-14-18; 100-1171, eff. 1-4-19; 101-10, Article  
3 15, Section 15-15, eff. 6-5-19; 101-10, Article 25, Section  
4 25-110, eff. 6-5-19; 101-27, eff. 6-25-19; 101-32, eff.  
5 6-28-19; 101-604, eff. 12-13-19; 101-636, eff. 6-10-20.)

6 Section 15. The Service Occupation Tax Act is amended by  
7 changing Sections 2, 3-10, and 9 as follows:

8 (35 ILCS 115/2) (from Ch. 120, par. 439.102)

9 Sec. 2. In this Act:

10 "Transfer" means any transfer of the title to property or  
11 of the ownership of property whether or not the transferor  
12 retains title as security for the payment of amounts due him  
13 from the transferee.

14 "Cost Price" means the consideration paid by the  
15 serviceman for a purchase valued in money, whether paid in  
16 money or otherwise, including cash, credits and services, and  
17 shall be determined without any deduction on account of the  
18 supplier's cost of the property sold or on account of any other  
19 expense incurred by the supplier. When a serviceman contracts  
20 out part or all of the services required in his sale of  
21 service, it shall be presumed that the cost price to the  
22 serviceman of the property transferred to him by his or her  
23 subcontractor is equal to 50% of the subcontractor's charges  
24 to the serviceman in the absence of proof of the consideration

1 paid by the subcontractor for the purchase of such property.

2 "Department" means the Department of Revenue.

3 "Person" means any natural individual, firm, partnership,  
4 association, joint stock company, joint venture, public or  
5 private corporation, limited liability company, and any  
6 receiver, executor, trustee, guardian or other representative  
7 appointed by order of any court.

8 "Sale of Service" means any transaction except:

9 (a) A retail sale of tangible personal property taxable  
10 under the Retailers' Occupation Tax Act or under the Use Tax  
11 Act.

12 (b) A sale of tangible personal property for the purpose  
13 of resale made in compliance with Section 2c of the Retailers'  
14 Occupation Tax Act.

15 (c) Except as hereinafter provided, a sale or transfer of  
16 tangible personal property as an incident to the rendering of  
17 service for or by any governmental body or for or by any  
18 corporation, society, association, foundation or institution  
19 organized and operated exclusively for charitable, religious  
20 or educational purposes or any not-for-profit corporation,  
21 society, association, foundation, institution or organization  
22 which has no compensated officers or employees and which is  
23 organized and operated primarily for the recreation of persons  
24 55 years of age or older. A limited liability company may  
25 qualify for the exemption under this paragraph only if the  
26 limited liability company is organized and operated



1 exclusively for educational purposes.

2 (d) (Blank).

3 (d-1) A sale or transfer of tangible personal property as  
4 an incident to the rendering of service for owners, lessors or  
5 shippers of tangible personal property which is utilized by  
6 interstate carriers for hire for use as rolling stock moving  
7 in interstate commerce, and equipment operated by a  
8 telecommunications provider, licensed as a common carrier by  
9 the Federal Communications Commission, which is permanently  
10 installed in or affixed to aircraft moving in interstate  
11 commerce.

12 (d-1.1) On and after July 1, 2003 and through June 30,  
13 2004, a sale or transfer of a motor vehicle of the second  
14 division with a gross vehicle weight in excess of 8,000 pounds  
15 as an incident to the rendering of service if that motor  
16 vehicle is subject to the commercial distribution fee imposed  
17 under Section 3-815.1 of the Illinois Vehicle Code. Beginning  
18 on July 1, 2004 and through June 30, 2005, the use in this  
19 State of motor vehicles of the second division: (i) with a  
20 gross vehicle weight rating in excess of 8,000 pounds; (ii)  
21 that are subject to the commercial distribution fee imposed  
22 under Section 3-815.1 of the Illinois Vehicle Code; and (iii)  
23 that are primarily used for commercial purposes. Through June  
24 30, 2005, this exemption applies to repair and replacement  
25 parts added after the initial purchase of such a motor vehicle  
26 if that motor vehicle is used in a manner that would qualify

1 for the rolling stock exemption otherwise provided for in this  
2 Act. For purposes of this paragraph, "used for commercial  
3 purposes" means the transportation of persons or property in  
4 furtherance of any commercial or industrial enterprise whether  
5 for-hire or not.

6 (d-2) The repairing, reconditioning or remodeling, for a  
7 common carrier by rail, of tangible personal property which  
8 belongs to such carrier for hire, and as to which such carrier  
9 receives the physical possession of the repaired,  
10 reconditioned or remodeled item of tangible personal property  
11 in Illinois, and which such carrier transports, or shares with  
12 another common carrier in the transportation of such property,  
13 out of Illinois on a standard uniform bill of lading showing  
14 the person who repaired, reconditioned or remodeled the  
15 property as the shipper or consignor of such property to a  
16 destination outside Illinois, for use outside Illinois.

17 (d-3) A sale or transfer of tangible personal property  
18 which is produced by the seller thereof on special order in  
19 such a way as to have made the applicable tax the Service  
20 Occupation Tax or the Service Use Tax, rather than the  
21 Retailers' Occupation Tax or the Use Tax, for an interstate  
22 carrier by rail which receives the physical possession of such  
23 property in Illinois, and which transports such property, or  
24 shares with another common carrier in the transportation of  
25 such property, out of Illinois on a standard uniform bill of  
26 lading showing the seller of the property as the shipper or

1 consignor of such property to a destination outside Illinois,  
2 for use outside Illinois.

3 (d-4) Until January 1, 1997, a sale, by a registered  
4 serviceman paying tax under this Act to the Department, of  
5 special order printed materials delivered outside Illinois and  
6 which are not returned to this State, if delivery is made by  
7 the seller or agent of the seller, including an agent who  
8 causes the product to be delivered outside Illinois by a  
9 common carrier or the U.S. postal service.

10 (e) A sale or transfer of machinery and equipment used  
11 primarily in the process of the manufacturing or assembling,  
12 either in an existing, an expanded or a new manufacturing  
13 facility, of tangible personal property for wholesale or  
14 retail sale or lease, whether such sale or lease is made  
15 directly by the manufacturer or by some other person, whether  
16 the materials used in the process are owned by the  
17 manufacturer or some other person, or whether such sale or  
18 lease is made apart from or as an incident to the seller's  
19 engaging in a service occupation and the applicable tax is a  
20 Service Occupation Tax or Service Use Tax, rather than  
21 Retailers' Occupation Tax or Use Tax. The exemption provided  
22 by this paragraph (e) includes production related tangible  
23 personal property, as defined in Section 3-50 of the Use Tax  
24 Act, purchased on or after July 1, 2019. The exemption  
25 provided by this paragraph (e) does not include machinery and  
26 equipment used in (i) the generation of electricity for

1 wholesale or retail sale; (ii) the generation or treatment of  
2 natural or artificial gas for wholesale or retail sale that is  
3 delivered to customers through pipes, pipelines, or mains; or  
4 (iii) the treatment of water for wholesale or retail sale that  
5 is delivered to customers through pipes, pipelines, or mains.  
6 The provisions of Public Act 98-583 are declaratory of  
7 existing law as to the meaning and scope of this exemption. The  
8 exemption under this subsection (e) is exempt from the  
9 provisions of Section 3-75.

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

17 (g) At the election of any serviceman not required to be  
18 otherwise registered as a retailer under Section 2a of the  
19 Retailers' Occupation Tax Act, made for each fiscal year sales  
20 of service in which the aggregate annual cost price of  
21 tangible personal property transferred as an incident to the  
22 sales of service is less than 35% (75% in the case of  
23 servicemen transferring prescription drugs or servicemen  
24 engaged in graphic arts production) of the aggregate annual  
25 total gross receipts from all sales of service. The purchase  
26 of such tangible personal property by the serviceman shall be

1 subject to tax under the Retailers' Occupation Tax Act and the  
2 Use Tax Act. However, if a primary serviceman who has made the  
3 election described in this paragraph subcontracts service work  
4 to a secondary serviceman who has also made the election  
5 described in this paragraph, the primary serviceman does not  
6 incur a Use Tax liability if the secondary serviceman (i) has  
7 paid or will pay Use Tax on his or her cost price of any  
8 tangible personal property transferred to the primary  
9 serviceman and (ii) certifies that fact in writing to the  
10 primary serviceman.

11 Tangible personal property transferred incident to the  
12 completion of a maintenance agreement is exempt from the tax  
13 imposed pursuant to this Act.

14 Exemption (e) also includes machinery and equipment used  
15 in the general maintenance or repair of such exempt machinery  
16 and equipment or for in-house manufacture of exempt machinery  
17 and equipment. On and after July 1, 2017, exemption (e) also  
18 includes graphic arts machinery and equipment, as defined in  
19 paragraph (5) of Section 3-5. The machinery and equipment  
20 exemption does not include machinery and equipment used in (i)  
21 the generation of electricity for wholesale or retail sale;  
22 (ii) the generation or treatment of natural or artificial gas  
23 for wholesale or retail sale that is delivered to customers  
24 through pipes, pipelines, or mains; or (iii) the treatment of  
25 water for wholesale or retail sale that is delivered to  
26 customers through pipes, pipelines, or mains. The provisions

1 of Public Act 98-583 are declaratory of existing law as to the  
2 meaning and scope of this exemption. For the purposes of  
3 exemption (e), each of these terms shall have the following  
4 meanings: (1) "manufacturing process" shall mean the  
5 production of any article of tangible personal property,  
6 whether such article is a finished product or an article for  
7 use in the process of manufacturing or assembling a different  
8 article of tangible personal property, by procedures commonly  
9 regarded as manufacturing, processing, fabricating, or  
10 refining which changes some existing material or materials  
11 into a material with a different form, use or name. In relation  
12 to a recognized integrated business composed of a series of  
13 operations which collectively constitute manufacturing, or  
14 individually constitute manufacturing operations, the  
15 manufacturing process shall be deemed to commence with the  
16 first operation or stage of production in the series, and  
17 shall not be deemed to end until the completion of the final  
18 product in the last operation or stage of production in the  
19 series; and further for purposes of exemption (e),  
20 photoprocessing is deemed to be a manufacturing process of  
21 tangible personal property for wholesale or retail sale; (2)  
22 "assembling process" shall mean the production of any article  
23 of tangible personal property, whether such article is a  
24 finished product or an article for use in the process of  
25 manufacturing or assembling a different article of tangible  
26 personal property, by the combination of existing materials in

1 a manner commonly regarded as assembling which results in a  
2 material of a different form, use or name; (3) "machinery"  
3 shall mean major mechanical machines or major components of  
4 such machines contributing to a manufacturing or assembling  
5 process; and (4) "equipment" shall include any independent  
6 device or tool separate from any machinery but essential to an  
7 integrated manufacturing or assembly process; including  
8 computers used primarily in a manufacturer's computer assisted  
9 design, computer assisted manufacturing (CAD/CAM) system; or  
10 any subunit or assembly comprising a component of any  
11 machinery or auxiliary, adjunct or attachment parts of  
12 machinery, such as tools, dies, jigs, fixtures, patterns and  
13 molds; or any parts which require periodic replacement in the  
14 course of normal operation; but shall not include hand tools.  
15 Equipment includes chemicals or chemicals acting as catalysts  
16 but only if the chemicals or chemicals acting as catalysts  
17 effect a direct and immediate change upon a product being  
18 manufactured or assembled for wholesale or retail sale or  
19 lease. The purchaser of such machinery and equipment who has  
20 an active resale registration number shall furnish such number  
21 to the seller at the time of purchase. The purchaser of such  
22 machinery and equipment and tools without an active resale  
23 registration number shall furnish to the seller a certificate  
24 of exemption stating facts establishing the exemption, which  
25 certificate shall be available to the Department for  
26 inspection or audit.

1           Except as provided in Section 2d of this Act, the rolling  
2 stock exemption applies to rolling stock used by an interstate  
3 carrier for hire, even just between points in Illinois, if  
4 such rolling stock transports, for hire, persons whose  
5 journeys or property whose shipments originate or terminate  
6 outside Illinois.

7           Any informal rulings, opinions or letters issued by the  
8 Department in response to an inquiry or request for any  
9 opinion from any person regarding the coverage and  
10 applicability of exemption (e) to specific devices shall be  
11 published, maintained as a public record, and made available  
12 for public inspection and copying. If the informal ruling,  
13 opinion or letter contains trade secrets or other confidential  
14 information, where possible the Department shall delete such  
15 information prior to publication. Whenever such informal  
16 rulings, opinions, or letters contain any policy of general  
17 applicability, the Department shall formulate and adopt such  
18 policy as a rule in accordance with the provisions of the  
19 Illinois Administrative Procedure Act.

20           On and after July 1, 1987, no entity otherwise eligible  
21 under exemption (c) of this Section shall make tax-free  
22 purchases unless it has an active exemption identification  
23 number issued by the Department.

24           "Serviceman" means any person who is engaged in the  
25 occupation of making sales of service.

26           "Sale at Retail" means "sale at retail" as defined in the



1 Retailers' Occupation Tax Act.

2 "Supplier" means any person who makes sales of tangible  
3 personal property to servicemen for the purpose of resale as  
4 an incident to a sale of service.

5 "General rate" means (i) 6.25% prior to July 1, 2022 and  
6 (ii) 6% on or after July 1, 2022.

7 (Source: P.A. 100-22, eff. 7-6-17; 100-321, eff. 8-24-17;  
8 100-863, eff. 8-14-18; 101-9, eff. 6-5-19; 101-604, eff.  
9 12-13-19.)

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

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

1 tax imposed by this Act shall be based on the serviceman's cost  
2 price of the tangible personal property transferred incident  
3 to the completion of the contract.

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

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

25 With respect to biodiesel blends, as defined in the Use  
26 Tax Act, with no less than 1% and no more than 10% biodiesel,

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

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

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

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

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

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

1 through a vending machine, except soft drinks, candy, and food  
2 products that are dispensed hot from a vending machine,  
3 regardless of the location of the vending machine.

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

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

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

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

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

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

14 (Source: P.A. 101-363, eff. 8-9-19; 101-593, eff. 12-4-19;  
15 102-4, eff. 4-27-21; 102-16, eff. 6-17-21.)

16 (35 ILCS 115/9) (from Ch. 120, par. 439.109)

17 Sec. 9. Each serviceman required or authorized to collect  
18 the tax herein imposed shall pay to the Department the amount  
19 of such tax at the time when he is required to file his return  
20 for the period during which such tax was collectible, less a  
21 discount of 2.1% prior to January 1, 1990, and 1.75% on and  
22 after January 1, 1990, or \$5 per calendar year, whichever is  
23 greater, which is allowed to reimburse the serviceman for  
24 expenses incurred in collecting the tax, keeping records,  
25 preparing and filing returns, remitting the tax and supplying

1 data to the Department on request. The discount under this  
2 Section is not allowed for the 1.25% portion of taxes paid on  
3 aviation fuel that is subject to the revenue use requirements  
4 of 49 U.S.C. 47107(b) and 49 U.S.C. 47133. The discount  
5 allowed under this Section is allowed only for returns that  
6 are filed in the manner required by this Act. The Department  
7 may disallow the discount for servicemen whose certificate of  
8 registration is revoked at the time the return is filed, but  
9 only if the Department's decision to revoke the certificate of  
10 registration has become final.

11 Where such tangible personal property is sold under a  
12 conditional sales contract, or under any other form of sale  
13 wherein the payment of the principal sum, or a part thereof, is  
14 extended beyond the close of the period for which the return is  
15 filed, the serviceman, in collecting the tax may collect, for  
16 each tax return period, only the tax applicable to the part of  
17 the selling price actually received during such tax return  
18 period.

19 Except as provided hereinafter in this Section, on or  
20 before the twentieth day of each calendar month, such  
21 serviceman shall file a return for the preceding calendar  
22 month in accordance with reasonable rules and regulations to  
23 be promulgated by the Department of Revenue. Such return shall  
24 be filed on a form prescribed by the Department and shall  
25 contain such information as the Department may reasonably  
26 require. On and after January 1, 2018, with respect to



1 servicemen whose annual gross receipts average \$20,000 or  
2 more, all returns required to be filed pursuant to this Act  
3 shall be filed electronically. Servicemen who demonstrate that  
4 they do not have access to the Internet or demonstrate  
5 hardship in filing electronically may petition the Department  
6 to waive the electronic filing requirement.

7 The Department may require returns to be filed on a  
8 quarterly basis. If so required, a return for each calendar  
9 quarter shall be filed on or before the twentieth day of the  
10 calendar month following the end of such calendar quarter. The  
11 taxpayer shall also file a return with the Department for each  
12 of the first two months of each calendar quarter, on or before  
13 the twentieth day of the following calendar month, stating:

14 1. The name of the seller;

15 2. The address of the principal place of business from  
16 which he engages in business as a serviceman in this  
17 State;

18 3. The total amount of taxable receipts received by  
19 him during the preceding calendar month, including  
20 receipts from charge and time sales, but less all  
21 deductions allowed by law;

22 4. The amount of credit provided in Section 2d of this  
23 Act;

24 5. The amount of tax due;

25 5-5. The signature of the taxpayer; and

26 6. Such other reasonable information as the Department

1           may require.

2           Each serviceman required or authorized to collect the tax  
3 herein imposed on aviation fuel acquired as an incident to the  
4 purchase of a service in this State during the preceding  
5 calendar month shall, instead of reporting and paying tax as  
6 otherwise required by this Section, report and pay such tax on  
7 a separate aviation fuel tax return. The requirements related  
8 to the return shall be as otherwise provided in this Section.  
9 Notwithstanding any other provisions of this Act to the  
10 contrary, servicemen transferring aviation fuel incident to  
11 sales of service shall file all aviation fuel tax returns and  
12 shall make all aviation fuel tax payments by electronic means  
13 in the manner and form required by the Department. For  
14 purposes of this Section, "aviation fuel" means jet fuel and  
15 aviation gasoline.

16           If a taxpayer fails to sign a return within 30 days after  
17 the proper notice and demand for signature by the Department,  
18 the return shall be considered valid and any amount shown to be  
19 due on the return shall be deemed assessed.

20           Notwithstanding any other provision of this Act to the  
21 contrary, servicemen subject to tax on cannabis shall file all  
22 cannabis tax returns and shall make all cannabis tax payments  
23 by electronic means in the manner and form required by the  
24 Department.

25           Prior to October 1, 2003, and on and after September 1,  
26 2004 a serviceman may accept a Manufacturer's Purchase Credit

1 certification from a purchaser in satisfaction of Service Use  
2 Tax as provided in Section 3-70 of the Service Use Tax Act if  
3 the purchaser provides the appropriate documentation as  
4 required by Section 3-70 of the Service Use Tax Act. A  
5 Manufacturer's Purchase Credit certification, accepted prior  
6 to October 1, 2003 or on or after September 1, 2004 by a  
7 serviceman as provided in Section 3-70 of the Service Use Tax  
8 Act, may be used by that serviceman to satisfy Service  
9 Occupation Tax liability in the amount claimed in the  
10 certification, not to exceed the general rate percentage ~~6.25%~~  
11 of the receipts subject to tax from a qualifying purchase. A  
12 Manufacturer's Purchase Credit reported on any original or  
13 amended return filed under this Act after October 20, 2003 for  
14 reporting periods prior to September 1, 2004 shall be  
15 disallowed. Manufacturer's Purchase Credit reported on annual  
16 returns due on or after January 1, 2005 will be disallowed for  
17 periods prior to September 1, 2004. No Manufacturer's Purchase  
18 Credit may be used after September 30, 2003 through August 31,  
19 2004 to satisfy any tax liability imposed under this Act,  
20 including any audit liability.

21 If the serviceman's average monthly tax liability to the  
22 Department does not exceed \$200, the Department may authorize  
23 his returns to be filed on a quarter annual basis, with the  
24 return for January, February and March of a given year being  
25 due by April 20 of such year; with the return for April, May  
26 and June of a given year being due by July 20 of such year;

1 with the return for July, August and September of a given year  
2 being due by October 20 of such year, and with the return for  
3 October, November and December of a given year being due by  
4 January 20 of the following year.

5 If the serviceman's average monthly tax liability to the  
6 Department does not exceed \$50, the Department may authorize  
7 his returns to be filed on an annual basis, with the return for  
8 a given year being due by January 20 of the following year.

9 Such quarter annual and annual returns, as to form and  
10 substance, shall be subject to the same requirements as  
11 monthly returns.

12 Notwithstanding any other provision in this Act concerning  
13 the time within which a serviceman may file his return, in the  
14 case of any serviceman who ceases to engage in a kind of  
15 business which makes him responsible for filing returns under  
16 this Act, such serviceman shall file a final return under this  
17 Act with the Department not more than 1 month after  
18 discontinuing such business.

19 Beginning October 1, 1993, a taxpayer who has an average  
20 monthly tax liability of \$150,000 or more shall make all  
21 payments required by rules of the Department by electronic  
22 funds transfer. Beginning October 1, 1994, a taxpayer who has  
23 an average monthly tax liability of \$100,000 or more shall  
24 make all payments required by rules of the Department by  
25 electronic funds transfer. Beginning October 1, 1995, a  
26 taxpayer who has an average monthly tax liability of \$50,000

1 or more shall make all payments required by rules of the  
2 Department by electronic funds transfer. Beginning October 1,  
3 2000, a taxpayer who has an annual tax liability of \$200,000 or  
4 more shall make all payments required by rules of the  
5 Department by electronic funds transfer. The term "annual tax  
6 liability" shall be the sum of the taxpayer's liabilities  
7 under this Act, and under all other State and local occupation  
8 and use tax laws administered by the Department, for the  
9 immediately preceding calendar year. The term "average monthly  
10 tax liability" means the sum of the taxpayer's liabilities  
11 under this Act, and under all other State and local occupation  
12 and use tax laws administered by the Department, for the  
13 immediately preceding calendar year divided by 12. Beginning  
14 on October 1, 2002, a taxpayer who has a tax liability in the  
15 amount set forth in subsection (b) of Section 2505-210 of the  
16 Department of Revenue Law shall make all payments required by  
17 rules of the Department by electronic funds transfer.

18 Before August 1 of each year beginning in 1993, the  
19 Department shall notify all taxpayers required to make  
20 payments by electronic funds transfer. All taxpayers required  
21 to make payments by electronic funds transfer shall make those  
22 payments for a minimum of one year beginning on October 1.

23 Any taxpayer not required to make payments by electronic  
24 funds transfer may make payments by electronic funds transfer  
25 with the permission of the Department.

26 All taxpayers required to make payment by electronic funds

1 transfer and any taxpayers authorized to voluntarily make  
2 payments by electronic funds transfer shall make those  
3 payments in the manner authorized by the Department.

4 The Department shall adopt such rules as are necessary to  
5 effectuate a program of electronic funds transfer and the  
6 requirements of this Section.

7 Where a serviceman collects the tax with respect to the  
8 selling price of tangible personal property which he sells and  
9 the purchaser thereafter returns such tangible personal  
10 property and the serviceman refunds the selling price thereof  
11 to the purchaser, such serviceman shall also refund, to the  
12 purchaser, the tax so collected from the purchaser. When  
13 filing his return for the period in which he refunds such tax  
14 to the purchaser, the serviceman may deduct the amount of the  
15 tax so refunded by him to the purchaser from any other Service  
16 Occupation Tax, Service Use Tax, Retailers' Occupation Tax or  
17 Use Tax which such serviceman may be required to pay or remit  
18 to the Department, as shown by such return, provided that the  
19 amount of the tax to be deducted shall previously have been  
20 remitted to the Department by such serviceman. If the  
21 serviceman shall not previously have remitted the amount of  
22 such tax to the Department, he shall be entitled to no  
23 deduction hereunder upon refunding such tax to the purchaser.

24 If experience indicates such action to be practicable, the  
25 Department may prescribe and furnish a combination or joint  
26 return which will enable servicemen, who are required to file

1 returns hereunder and also under the Retailers' Occupation Tax  
2 Act, the Use Tax Act or the Service Use Tax Act, to furnish all  
3 the return information required by all said Acts on the one  
4 form.

5 Where the serviceman has more than one business registered  
6 with the Department under separate registrations hereunder,  
7 such serviceman shall file separate returns for each  
8 registered business.

9 Beginning January 1, 1990, each month the Department shall  
10 pay into the Local Government Tax Fund the revenue realized  
11 for the preceding month from the 1% tax imposed under this Act.

12 Beginning January 1, 1990, each month the Department shall  
13 pay into the County and Mass Transit District Fund 4% of the  
14 revenue realized for the preceding month from the ~~6.25%~~  
15 general rate on sales of tangible personal property other than  
16 aviation fuel sold on or after December 1, 2019. This  
17 exception for aviation fuel only applies for so long as the  
18 revenue use requirements of 49 U.S.C. 47107(b) and 49 U.S.C.  
19 47133 are binding on the State.

20 Beginning August 1, 2000, each month the Department shall  
21 pay into the County and Mass Transit District Fund 20% of the  
22 net revenue realized for the preceding month from the 1.25%  
23 rate on the selling price of motor fuel and gasohol.

24 Beginning January 1, 1990, each month the Department shall  
25 pay into the Local Government Tax Fund 16% of the revenue  
26 realized for the preceding month from the ~~6.25%~~ general rate

1 on transfers of tangible personal property other than aviation  
2 fuel sold on or after December 1, 2019. This exception for  
3 aviation fuel only applies for so long as the revenue use  
4 requirements of 49 U.S.C. 47107(b) and 49 U.S.C. 47133 are  
5 binding on the State.

6 For aviation fuel sold on or after December 1, 2019, each  
7 month the Department shall pay into the State Aviation Program  
8 Fund 20% of the net revenue realized for the preceding month  
9 from the ~~6.25%~~ general rate on the selling price of aviation  
10 fuel, less an amount estimated by the Department to be  
11 required for refunds of the 20% portion of the tax on aviation  
12 fuel under this Act, which amount shall be deposited into the  
13 Aviation Fuel Sales Tax Refund Fund. The Department shall only  
14 pay moneys into the State Aviation Program Fund and the  
15 Aviation Fuel Sales Tax Refund Fund under this Act for so long  
16 as the revenue use requirements of 49 U.S.C. 47107(b) and 49  
17 U.S.C. 47133 are binding on the State.

18 Beginning August 1, 2000, each month the Department shall  
19 pay into the Local Government Tax Fund 80% of the net revenue  
20 realized for the preceding month from the 1.25% rate on the  
21 selling price of motor fuel and gasohol.

22 Beginning October 1, 2009, each month the Department shall  
23 pay into the Capital Projects Fund an amount that is equal to  
24 an amount estimated by the Department to represent 80% of the  
25 net revenue realized for the preceding month from the sale of  
26 candy, grooming and hygiene products, and soft drinks that had



1 been taxed at a rate of 1% prior to September 1, 2009 but that  
2 are now taxed at the general rate ~~6.25%~~.

3 Beginning July 1, 2013, each month the Department shall  
4 pay into the Underground Storage Tank Fund from the proceeds  
5 collected under this Act, the Use Tax Act, the Service Use Tax  
6 Act, and the Retailers' Occupation Tax Act an amount equal to  
7 the average monthly deficit in the Underground Storage Tank  
8 Fund during the prior year, as certified annually by the  
9 Illinois Environmental Protection Agency, but the total  
10 payment into the Underground Storage Tank Fund under this Act,  
11 the Use Tax Act, the Service Use Tax Act, and the Retailers'  
12 Occupation Tax Act shall not exceed \$18,000,000 in any State  
13 fiscal year. As used in this paragraph, the "average monthly  
14 deficit" shall be equal to the difference between the average  
15 monthly claims for payment by the fund and the average monthly  
16 revenues deposited into the fund, excluding payments made  
17 pursuant to this paragraph.

18 Beginning July 1, 2015, of the remainder of the moneys  
19 received by the Department under the Use Tax Act, the Service  
20 Use Tax Act, this Act, and the Retailers' Occupation Tax Act,  
21 each month the Department shall deposit \$500,000 into the  
22 State Crime Laboratory Fund.

23 Of the remainder of the moneys received by the Department  
24 pursuant to this Act, (a) 1.75% thereof shall be paid into the  
25 Build Illinois Fund and (b) prior to July 1, 1989, 2.2% and on  
26 and after July 1, 1989, 3.8% thereof shall be paid into the

1 Build Illinois Fund; provided, however, that if in any fiscal  
2 year the sum of (1) the aggregate of 2.2% or 3.8%, as the case  
3 may be, of the moneys received by the Department and required  
4 to be paid into the Build Illinois Fund pursuant to Section 3  
5 of the Retailers' Occupation Tax Act, Section 9 of the Use Tax  
6 Act, Section 9 of the Service Use Tax Act, and Section 9 of the  
7 Service Occupation Tax Act, such Acts being hereinafter called  
8 the "Tax Acts" and such aggregate of 2.2% or 3.8%, as the case  
9 may be, of moneys being hereinafter called the "Tax Act  
10 Amount", and (2) the amount transferred to the Build Illinois  
11 Fund from the State and Local Sales Tax Reform Fund shall be  
12 less than the Annual Specified Amount (as defined in Section 3  
13 of the Retailers' Occupation Tax Act), an amount equal to the  
14 difference shall be immediately paid into the Build Illinois  
15 Fund from other moneys received by the Department pursuant to  
16 the Tax Acts; and further provided, that if on the last  
17 business day of any month the sum of (1) the Tax Act Amount  
18 required to be deposited into the Build Illinois Account in  
19 the Build Illinois Fund during such month and (2) the amount  
20 transferred during such month to the Build Illinois Fund from  
21 the State and Local Sales Tax Reform Fund shall have been less  
22 than 1/12 of the Annual Specified Amount, an amount equal to  
23 the difference shall be immediately paid into the Build  
24 Illinois Fund from other moneys received by the Department  
25 pursuant to the Tax Acts; and, further provided, that in no  
26 event shall the payments required under the preceding proviso

1 result in aggregate payments into the Build Illinois Fund  
2 pursuant to this clause (b) for any fiscal year in excess of  
3 the greater of (i) the Tax Act Amount or (ii) the Annual  
4 Specified Amount for such fiscal year; and, further provided,  
5 that the amounts payable into the Build Illinois Fund under  
6 this clause (b) shall be payable only until such time as the  
7 aggregate amount on deposit under each trust indenture  
8 securing Bonds issued and outstanding pursuant to the Build  
9 Illinois Bond Act is sufficient, taking into account any  
10 future investment income, to fully provide, in accordance with  
11 such indenture, for the defeasance of or the payment of the  
12 principal of, premium, if any, and interest on the Bonds  
13 secured by such indenture and on any Bonds expected to be  
14 issued thereafter and all fees and costs payable with respect  
15 thereto, all as certified by the Director of the Bureau of the  
16 Budget (now Governor's Office of Management and Budget). If on  
17 the last business day of any month in which Bonds are  
18 outstanding pursuant to the Build Illinois Bond Act, the  
19 aggregate of the moneys deposited in the Build Illinois Bond  
20 Account in the Build Illinois Fund in such month shall be less  
21 than the amount required to be transferred in such month from  
22 the Build Illinois Bond Account to the Build Illinois Bond  
23 Retirement and Interest Fund pursuant to Section 13 of the  
24 Build Illinois Bond Act, an amount equal to such deficiency  
25 shall be immediately paid from other moneys received by the  
26 Department pursuant to the Tax Acts to the Build Illinois

1 Fund; provided, however, that any amounts paid to the Build  
 2 Illinois Fund in any fiscal year pursuant to this sentence  
 3 shall be deemed to constitute payments pursuant to clause (b)  
 4 of the preceding sentence and shall reduce the amount  
 5 otherwise payable for such fiscal year pursuant to clause (b)  
 6 of the preceding sentence. The moneys received by the  
 7 Department pursuant to this Act and required to be deposited  
 8 into the Build Illinois Fund are subject to the pledge, claim  
 9 and charge set forth in Section 12 of the Build Illinois Bond  
 10 Act.

11 Subject to payment of amounts into the Build Illinois Fund  
 12 as provided in the preceding paragraph or in any amendment  
 13 thereto hereafter enacted, the following specified monthly  
 14 installment of the amount requested in the certificate of the  
 15 Chairman of the Metropolitan Pier and Exposition Authority  
 16 provided under Section 8.25f of the State Finance Act, but not  
 17 in excess of the sums designated as "Total Deposit", shall be  
 18 deposited in the aggregate from collections under Section 9 of  
 19 the Use Tax Act, Section 9 of the Service Use Tax Act, Section  
 20 9 of the Service Occupation Tax Act, and Section 3 of the  
 21 Retailers' Occupation Tax Act into the McCormick Place  
 22 Expansion Project Fund in the specified fiscal years.

23	Fiscal Year	Total Deposit
24	1993	\$0
25	1994	53,000,000

1	1995	58,000,000
2	1996	61,000,000
3	1997	64,000,000
4	1998	68,000,000
5	1999	71,000,000
6	2000	75,000,000
7	2001	80,000,000
8	2002	93,000,000
9	2003	99,000,000
10	2004	103,000,000
11	2005	108,000,000
12	2006	113,000,000
13	2007	119,000,000
14	2008	126,000,000
15	2009	132,000,000
16	2010	139,000,000
17	2011	146,000,000
18	2012	153,000,000
19	2013	161,000,000
20	2014	170,000,000
21	2015	179,000,000
22	2016	189,000,000
23	2017	199,000,000
24	2018	210,000,000
25	2019	221,000,000
26	2020	233,000,000

1	2021	300,000,000
2	2022	300,000,000
3	2023	300,000,000
4	2024	300,000,000
5	2025	300,000,000
6	2026	300,000,000
7	2027	375,000,000
8	2028	375,000,000
9	2029	375,000,000
10	2030	375,000,000
11	2031	375,000,000
12	2032	375,000,000
13	2033	375,000,000
14	2034	375,000,000
15	2035	375,000,000
16	2036	450,000,000

17 and

18 each fiscal year

19 thereafter that bonds

20 are outstanding under

21 Section 13.2 of the

22 Metropolitan Pier and

23 Exposition Authority Act,

24 but not after fiscal year 2060.

25 Beginning July 20, 1993 and in each month of each fiscal  
26 year thereafter, one-eighth of the amount requested in the

1 certificate of the Chairman of the Metropolitan Pier and  
2 Exposition Authority for that fiscal year, less the amount  
3 deposited into the McCormick Place Expansion Project Fund by  
4 the State Treasurer in the respective month under subsection  
5 (g) of Section 13 of the Metropolitan Pier and Exposition  
6 Authority Act, plus cumulative deficiencies in the deposits  
7 required under this Section for previous months and years,  
8 shall be deposited into the McCormick Place Expansion Project  
9 Fund, until the full amount requested for the fiscal year, but  
10 not in excess of the amount specified above as "Total  
11 Deposit", has been deposited.

12 Subject to payment of amounts into the Capital Projects  
13 Fund, the Build Illinois Fund, and the McCormick Place  
14 Expansion Project Fund pursuant to the preceding paragraphs or  
15 in any amendments thereto hereafter enacted, for aviation fuel  
16 sold on or after December 1, 2019, the Department shall each  
17 month deposit into the Aviation Fuel Sales Tax Refund Fund an  
18 amount estimated by the Department to be required for refunds  
19 of the 80% portion of the tax on aviation fuel under this Act.  
20 The Department shall only deposit moneys into the Aviation  
21 Fuel Sales Tax Refund Fund under this paragraph for so long as  
22 the revenue use requirements of 49 U.S.C. 47107(b) and 49  
23 U.S.C. 47133 are binding on the State.

24 Subject to payment of amounts into the Build Illinois Fund  
25 and the McCormick Place Expansion Project Fund pursuant to the  
26 preceding paragraphs or in any amendments thereto hereafter

1 enacted, beginning July 1, 1993 and ending on September 30,  
2 2013, the Department shall each month pay into the Illinois  
3 Tax Increment Fund 0.27% of 80% of the net revenue realized for  
4 the preceding month from the ~~6.25%~~ general rate on the selling  
5 price of tangible personal property.

6 Subject to payment of amounts into the Build Illinois Fund  
7 and the McCormick Place Expansion Project Fund pursuant to the  
8 preceding paragraphs or in any amendments thereto hereafter  
9 enacted, beginning with the receipt of the first report of  
10 taxes paid by an eligible business and continuing for a  
11 25-year period, the Department shall each month pay into the  
12 Energy Infrastructure Fund 80% of the net revenue realized  
13 from the ~~6.25%~~ general rate on the selling price of  
14 Illinois-mined coal that was sold to an eligible business. For  
15 purposes of this paragraph, the term "eligible business" means  
16 a new electric generating facility certified pursuant to  
17 Section 605-332 of the Department of Commerce and Economic  
18 Opportunity Law of the Civil Administrative Code of Illinois.

19 Subject to payment of amounts into the Build Illinois  
20 Fund, the McCormick Place Expansion Project Fund, the Illinois  
21 Tax Increment Fund, and the Energy Infrastructure Fund  
22 pursuant to the preceding paragraphs or in any amendments to  
23 this Section hereafter enacted, beginning on the first day of  
24 the first calendar month to occur on or after August 26, 2014  
25 (the effective date of Public Act 98-1098), each month, from  
26 the collections made under Section 9 of the Use Tax Act,



1 Section 9 of the Service Use Tax Act, Section 9 of the Service  
2 Occupation Tax Act, and Section 3 of the Retailers' Occupation  
3 Tax Act, the Department shall pay into the Tax Compliance and  
4 Administration Fund, to be used, subject to appropriation, to  
5 fund additional auditors and compliance personnel at the  
6 Department of Revenue, an amount equal to 1/12 of 5% of 80% of  
7 the cash receipts collected during the preceding fiscal year  
8 by the Audit Bureau of the Department under the Use Tax Act,  
9 the Service Use Tax Act, the Service Occupation Tax Act, the  
10 Retailers' Occupation Tax Act, and associated local occupation  
11 and use taxes administered by the Department.

12 Subject to payments of amounts into the Build Illinois  
13 Fund, the McCormick Place Expansion Project Fund, the Illinois  
14 Tax Increment Fund, the Energy Infrastructure Fund, and the  
15 Tax Compliance and Administration Fund as provided in this  
16 Section, beginning on July 1, 2018 the Department shall pay  
17 each month into the Downstate Public Transportation Fund the  
18 moneys required to be so paid under Section 2-3 of the  
19 Downstate Public Transportation Act.

20 Subject to successful execution and delivery of a  
21 public-private agreement between the public agency and private  
22 entity and completion of the civic build, beginning on July 1,  
23 2023, of the remainder of the moneys received by the  
24 Department under the Use Tax Act, the Service Use Tax Act, the  
25 Service Occupation Tax Act, and this Act, the Department shall  
26 deposit the following specified deposits in the aggregate from

1 collections under the Use Tax Act, the Service Use Tax Act, the  
 2 Service Occupation Tax Act, and the Retailers' Occupation Tax  
 3 Act, as required under Section 8.25g of the State Finance Act  
 4 for distribution consistent with the Public-Private  
 5 Partnership for Civic and Transit Infrastructure Project Act.  
 6 The moneys received by the Department pursuant to this Act and  
 7 required to be deposited into the Civic and Transit  
 8 Infrastructure Fund are subject to the pledge, claim and  
 9 charge set forth in Section 25-55 of the Public-Private  
 10 Partnership for Civic and Transit Infrastructure Project Act.  
 11 As used in this paragraph, "civic build", "private entity",  
 12 "public-private agreement", and "public agency" have the  
 13 meanings provided in Section 25-10 of the Public-Private  
 14 Partnership for Civic and Transit Infrastructure Project Act.

15	Fiscal Year.....	Total Deposit
16	2024 .....	\$200,000,000
17	2025 .....	\$206,000,000
18	2026 .....	\$212,200,000
19	2027 .....	\$218,500,000
20	2028 .....	\$225,100,000
21	2029 .....	\$288,700,000
22	2030 .....	\$298,900,000
23	2031 .....	\$309,300,000
24	2032 .....	\$320,100,000
25	2033 .....	\$331,200,000
26	2034 .....	\$341,200,000

1	2035	.....	\$351,400,000
2	2036	.....	\$361,900,000
3	2037	.....	\$372,800,000
4	2038	.....	\$384,000,000
5	2039	.....	\$395,500,000
6	2040	.....	\$407,400,000
7	2041	.....	\$419,600,000
8	2042	.....	\$432,200,000
9	2043	.....	\$445,100,000

10           Beginning July 1, 2021 and until July 1, 2022, subject to  
11 the payment of amounts into the County and Mass Transit  
12 District Fund, the Local Government Tax Fund, the Build  
13 Illinois Fund, the McCormick Place Expansion Project Fund, the  
14 Illinois Tax Increment Fund, the Energy Infrastructure Fund,  
15 and the Tax Compliance and Administration Fund as provided in  
16 this Section, the Department shall pay each month into the  
17 Road Fund the amount estimated to represent 16% of the net  
18 revenue realized from the taxes imposed on motor fuel and  
19 gasohol. Beginning July 1, 2022 and until July 1, 2023,  
20 subject to the payment of amounts into the County and Mass  
21 Transit District Fund, the Local Government Tax Fund, the  
22 Build Illinois Fund, the McCormick Place Expansion Project  
23 Fund, the Illinois Tax Increment Fund, the Energy  
24 Infrastructure Fund, and the Tax Compliance and Administration  
25 Fund as provided in this Section, the Department shall pay  
26 each month into the Road Fund the amount estimated to

1 represent 32% of the net revenue realized from the taxes  
2 imposed on motor fuel and gasohol. Beginning July 1, 2023 and  
3 until July 1, 2024, subject to the payment of amounts into the  
4 County and Mass Transit District Fund, the Local Government  
5 Tax Fund, the Build Illinois Fund, the McCormick Place  
6 Expansion Project Fund, the Illinois Tax Increment Fund, the  
7 Energy Infrastructure Fund, and the Tax Compliance and  
8 Administration Fund as provided in this Section, the  
9 Department shall pay each month into the Road Fund the amount  
10 estimated to represent 48% of the net revenue realized from  
11 the taxes imposed on motor fuel and gasohol. Beginning July 1,  
12 2024 and until July 1, 2025, subject to the payment of amounts  
13 into the County and Mass Transit District Fund, the Local  
14 Government Tax Fund, the Build Illinois Fund, the McCormick  
15 Place Expansion Project Fund, the Illinois Tax Increment Fund,  
16 the Energy Infrastructure Fund, and the Tax Compliance and  
17 Administration Fund as provided in this Section, the  
18 Department shall pay each month into the Road Fund the amount  
19 estimated to represent 64% of the net revenue realized from  
20 the taxes imposed on motor fuel and gasohol. Beginning on July  
21 1, 2025, subject to the payment of amounts into the County and  
22 Mass Transit District Fund, the Local Government Tax Fund, the  
23 Build Illinois Fund, the McCormick Place Expansion Project  
24 Fund, the Illinois Tax Increment Fund, the Energy  
25 Infrastructure Fund, and the Tax Compliance and Administration  
26 Fund as provided in this Section, the Department shall pay

1 each month into the Road Fund the amount estimated to  
2 represent 80% of the net revenue realized from the taxes  
3 imposed on motor fuel and gasohol. As used in this paragraph  
4 "motor fuel" has the meaning given to that term in Section 1.1  
5 of the Motor Fuel Tax Act, and "gasohol" has the meaning given  
6 to that term in Section 3-40 of the Use Tax Act.

7 Of the remainder of the moneys received by the Department  
8 pursuant to this Act, 75% shall be paid into the General  
9 Revenue Fund of the State Treasury and 25% shall be reserved in  
10 a special account and used only for the transfer to the Common  
11 School Fund as part of the monthly transfer from the General  
12 Revenue Fund in accordance with Section 8a of the State  
13 Finance Act.

14 The Department may, upon separate written notice to a  
15 taxpayer, require the taxpayer to prepare and file with the  
16 Department on a form prescribed by the Department within not  
17 less than 60 days after receipt of the notice an annual  
18 information return for the tax year specified in the notice.  
19 Such annual return to the Department shall include a statement  
20 of gross receipts as shown by the taxpayer's last Federal  
21 income tax return. If the total receipts of the business as  
22 reported in the Federal income tax return do not agree with the  
23 gross receipts reported to the Department of Revenue for the  
24 same period, the taxpayer shall attach to his annual return a  
25 schedule showing a reconciliation of the 2 amounts and the  
26 reasons for the difference. The taxpayer's annual return to

1 the Department shall also disclose the cost of goods sold by  
2 the taxpayer during the year covered by such return, opening  
3 and closing inventories of such goods for such year, cost of  
4 goods used from stock or taken from stock and given away by the  
5 taxpayer during such year, pay roll information of the  
6 taxpayer's business during such year and any additional  
7 reasonable information which the Department deems would be  
8 helpful in determining the accuracy of the monthly, quarterly  
9 or annual returns filed by such taxpayer as hereinbefore  
10 provided for in this Section.

11 If the annual information return required by this Section  
12 is not filed when and as required, the taxpayer shall be liable  
13 as follows:

14 (i) Until January 1, 1994, the taxpayer shall be  
15 liable for a penalty equal to 1/6 of 1% of the tax due from  
16 such taxpayer under this Act during the period to be  
17 covered by the annual return for each month or fraction of  
18 a month until such return is filed as required, the  
19 penalty to be assessed and collected in the same manner as  
20 any other penalty provided for in this Act.

21 (ii) On and after January 1, 1994, the taxpayer shall  
22 be liable for a penalty as described in Section 3-4 of the  
23 Uniform Penalty and Interest Act.

24 The chief executive officer, proprietor, owner or highest  
25 ranking manager shall sign the annual return to certify the  
26 accuracy of the information contained therein. Any person who

1 willfully signs the annual return containing false or  
2 inaccurate information shall be guilty of perjury and punished  
3 accordingly. The annual return form prescribed by the  
4 Department shall include a warning that the person signing the  
5 return may be liable for perjury.

6 The foregoing portion of this Section concerning the  
7 filing of an annual information return shall not apply to a  
8 serviceman who is not required to file an income tax return  
9 with the United States Government.

10 As soon as possible after the first day of each month, upon  
11 certification of the Department of Revenue, the Comptroller  
12 shall order transferred and the Treasurer shall transfer from  
13 the General Revenue Fund to the Motor Fuel Tax Fund an amount  
14 equal to 1.7% of 80% of the net revenue realized under this Act  
15 for the second preceding month. Beginning April 1, 2000, this  
16 transfer is no longer required and shall not be made.

17 Net revenue realized for a month shall be the revenue  
18 collected by the State pursuant to this Act, less the amount  
19 paid out during that month as refunds to taxpayers for  
20 overpayment of liability.

21 For greater simplicity of administration, it shall be  
22 permissible for manufacturers, importers and wholesalers whose  
23 products are sold by numerous servicemen in Illinois, and who  
24 wish to do so, to assume the responsibility for accounting and  
25 paying to the Department all tax accruing under this Act with  
26 respect to such sales, if the servicemen who are affected do

1 not make written objection to the Department to this  
2 arrangement.

3 (Source: P.A. 100-303, eff. 8-24-17; 100-363, eff. 7-1-18;  
4 100-863, eff. 8-14-18; 100-1171, eff. 1-4-19; 101-10, Article  
5 15, Section 15-20, eff. 6-5-19; 101-10, Article 25, Section  
6 25-115, eff. 6-5-19; 101-27, eff. 6-25-19; 101-32, eff.  
7 6-28-19; 101-604, eff. 12-13-19; 101-636, eff. 6-10-20.)

8 Section 20. The Retailers' Occupation Tax Act is amended  
9 by changing Sections 1, 2-5, 2-8, 2-10, 2d, 3, and 5l as  
10 follows:

11 (35 ILCS 120/1) (from Ch. 120, par. 440)

12 Sec. 1. Definitions. "Sale at retail" means any transfer  
13 of the ownership of or title to tangible personal property to a  
14 purchaser, for the purpose of use or consumption, and not for  
15 the purpose of resale in any form as tangible personal  
16 property to the extent not first subjected to a use for which  
17 it was purchased, for a valuable consideration: Provided that  
18 the property purchased is deemed to be purchased for the  
19 purpose of resale, despite first being used, to the extent to  
20 which it is resold as an ingredient of an intentionally  
21 produced product or byproduct of manufacturing. For this  
22 purpose, slag produced as an incident to manufacturing pig  
23 iron or steel and sold is considered to be an intentionally  
24 produced byproduct of manufacturing. Transactions whereby the



1 possession of the property is transferred but the seller  
2 retains the title as security for payment of the selling price  
3 shall be deemed to be sales.

4 "Sale at retail" shall be construed to include any  
5 transfer of the ownership of or title to tangible personal  
6 property to a purchaser, for use or consumption by any other  
7 person to whom such purchaser may transfer the tangible  
8 personal property without a valuable consideration, and to  
9 include any transfer, whether made for or without a valuable  
10 consideration, for resale in any form as tangible personal  
11 property unless made in compliance with Section 2c of this  
12 Act.

13 Sales of tangible personal property, which property, to  
14 the extent not first subjected to a use for which it was  
15 purchased, as an ingredient or constituent, goes into and  
16 forms a part of tangible personal property subsequently the  
17 subject of a "Sale at retail", are not sales at retail as  
18 defined in this Act: Provided that the property purchased is  
19 deemed to be purchased for the purpose of resale, despite  
20 first being used, to the extent to which it is resold as an  
21 ingredient of an intentionally produced product or byproduct  
22 of manufacturing.

23 "Sale at retail" shall be construed to include any  
24 Illinois florist's sales transaction in which the purchase  
25 order is received in Illinois by a florist and the sale is for  
26 use or consumption, but the Illinois florist has a florist in

1 another state deliver the property to the purchaser or the  
2 purchaser's donee in such other state.

3 Nonreusable tangible personal property that is used by  
4 persons engaged in the business of operating a restaurant,  
5 cafeteria, or drive-in is a sale for resale when it is  
6 transferred to customers in the ordinary course of business as  
7 part of the sale of food or beverages and is used to deliver,  
8 package, or consume food or beverages, regardless of where  
9 consumption of the food or beverages occurs. Examples of those  
10 items include, but are not limited to nonreusable, paper and  
11 plastic cups, plates, baskets, boxes, sleeves, buckets or  
12 other containers, utensils, straws, placemats, napkins, doggie  
13 bags, and wrapping or packaging materials that are transferred  
14 to customers as part of the sale of food or beverages in the  
15 ordinary course of business.

16 The purchase, employment and transfer of such tangible  
17 personal property as newsprint and ink for the primary purpose  
18 of conveying news (with or without other information) is not a  
19 purchase, use or sale of tangible personal property.

20 A person whose activities are organized and conducted  
21 primarily as a not-for-profit service enterprise, and who  
22 engages in selling tangible personal property at retail  
23 (whether to the public or merely to members and their guests)  
24 is engaged in the business of selling tangible personal  
25 property at retail with respect to such transactions,  
26 excepting only a person organized and operated exclusively for

1 charitable, religious or educational purposes either (1), to  
2 the extent of sales by such person to its members, students,  
3 patients or inmates of tangible personal property to be used  
4 primarily for the purposes of such person, or (2), to the  
5 extent of sales by such person of tangible personal property  
6 which is not sold or offered for sale by persons organized for  
7 profit. The selling of school books and school supplies by  
8 schools at retail to students is not "primarily for the  
9 purposes of" the school which does such selling. The  
10 provisions of this paragraph shall not apply to nor subject to  
11 taxation occasional dinners, socials or similar activities of  
12 a person organized and operated exclusively for charitable,  
13 religious or educational purposes, whether or not such  
14 activities are open to the public.

15 A person who is the recipient of a grant or contract under  
16 Title VII of the Older Americans Act of 1965 (P.L. 92-258) and  
17 serves meals to participants in the federal Nutrition Program  
18 for the Elderly in return for contributions established in  
19 amount by the individual participant pursuant to a schedule of  
20 suggested fees as provided for in the federal Act is not  
21 engaged in the business of selling tangible personal property  
22 at retail with respect to such transactions.

23 "Purchaser" means anyone who, through a sale at retail,  
24 acquires the ownership of or title to tangible personal  
25 property for a valuable consideration.

26 "Reseller of motor fuel" means any person engaged in the

1 business of selling or delivering or transferring title of  
2 motor fuel to another person other than for use or  
3 consumption. No person shall act as a reseller of motor fuel  
4 within this State without first being registered as a reseller  
5 pursuant to Section 2c or a retailer pursuant to Section 2a.

6 "Selling price" or the "amount of sale" means the  
7 consideration for a sale valued in money whether received in  
8 money or otherwise, including cash, credits, property, other  
9 than as hereinafter provided, and services, but, prior to  
10 January 1, 2020 and beginning again on January 1, 2022, not  
11 including the value of or credit given for traded-in tangible  
12 personal property where the item that is traded-in is of like  
13 kind and character as that which is being sold; beginning  
14 January 1, 2020 and until January 1, 2022, "selling price"  
15 includes the portion of the value of or credit given for  
16 traded-in motor vehicles of the First Division as defined in  
17 Section 1-146 of the Illinois Vehicle Code of like kind and  
18 character as that which is being sold that exceeds \$10,000.

19 "Selling price" shall be determined without any deduction on  
20 account of the cost of the property sold, the cost of materials  
21 used, labor or service cost or any other expense whatsoever,  
22 but does not include charges that are added to prices by  
23 sellers on account of the seller's tax liability under this  
24 Act, or on account of the seller's duty to collect, from the  
25 purchaser, the tax that is imposed by the Use Tax Act, or,  
26 except as otherwise provided with respect to any cigarette tax

1 imposed by a home rule unit, on account of the seller's tax  
2 liability under any local occupation tax administered by the  
3 Department, or, except as otherwise provided with respect to  
4 any cigarette tax imposed by a home rule unit on account of the  
5 seller's duty to collect, from the purchasers, the tax that is  
6 imposed under any local use tax administered by the  
7 Department. Effective December 1, 1985, "selling price" shall  
8 include charges that are added to prices by sellers on account  
9 of the seller's tax liability under the Cigarette Tax Act, on  
10 account of the sellers' duty to collect, from the purchaser,  
11 the tax imposed under the Cigarette Use Tax Act, and on account  
12 of the seller's duty to collect, from the purchaser, any  
13 cigarette tax imposed by a home rule unit.

14 Notwithstanding any law to the contrary, for any motor  
15 vehicle, as defined in Section 1-146 of the Vehicle Code, that  
16 is sold on or after January 1, 2015 for the purpose of leasing  
17 the vehicle for a defined period that is longer than one year  
18 and (1) is a motor vehicle of the second division that: (A) is  
19 a self-contained motor vehicle designed or permanently  
20 converted to provide living quarters for recreational,  
21 camping, or travel use, with direct walk through access to the  
22 living quarters from the driver's seat; (B) is of the van  
23 configuration designed for the transportation of not less than  
24 7 nor more than 16 passengers; or (C) has a gross vehicle  
25 weight rating of 8,000 pounds or less or (2) is a motor vehicle  
26 of the first division, "selling price" or "amount of sale"

1 means the consideration received by the lessor pursuant to the  
2 lease contract, including amounts due at lease signing and all  
3 monthly or other regular payments charged over the term of the  
4 lease. Also included in the selling price is any amount  
5 received by the lessor from the lessee for the leased vehicle  
6 that is not calculated at the time the lease is executed,  
7 including, but not limited to, excess mileage charges and  
8 charges for excess wear and tear. For sales that occur in  
9 Illinois, with respect to any amount received by the lessor  
10 from the lessee for the leased vehicle that is not calculated  
11 at the time the lease is executed, the lessor who purchased the  
12 motor vehicle does not incur the tax imposed by the Use Tax Act  
13 on those amounts, and the retailer who makes the retail sale of  
14 the motor vehicle to the lessor is not required to collect the  
15 tax imposed by the Use Tax Act or to pay the tax imposed by  
16 this Act on those amounts. However, the lessor who purchased  
17 the motor vehicle assumes the liability for reporting and  
18 paying the tax on those amounts directly to the Department in  
19 the same form (Illinois Retailers' Occupation Tax, and local  
20 retailers' occupation taxes, if applicable) in which the  
21 retailer would have reported and paid such tax if the retailer  
22 had accounted for the tax to the Department. For amounts  
23 received by the lessor from the lessee that are not calculated  
24 at the time the lease is executed, the lessor must file the  
25 return and pay the tax to the Department by the due date  
26 otherwise required by this Act for returns other than

1 transaction returns. If the retailer is entitled under this  
2 Act to a discount for collecting and remitting the tax imposed  
3 under this Act to the Department with respect to the sale of  
4 the motor vehicle to the lessor, then the right to the discount  
5 provided in this Act shall be transferred to the lessor with  
6 respect to the tax paid by the lessor for any amount received  
7 by the lessor from the lessee for the leased vehicle that is  
8 not calculated at the time the lease is executed; provided  
9 that the discount is only allowed if the return is timely filed  
10 and for amounts timely paid. The "selling price" of a motor  
11 vehicle that is sold on or after January 1, 2015 for the  
12 purpose of leasing for a defined period of longer than one year  
13 shall not be reduced by the value of or credit given for  
14 traded-in tangible personal property owned by the lessor, nor  
15 shall it be reduced by the value of or credit given for  
16 traded-in tangible personal property owned by the lessee,  
17 regardless of whether the trade-in value thereof is assigned  
18 by the lessee to the lessor. In the case of a motor vehicle  
19 that is sold for the purpose of leasing for a defined period of  
20 longer than one year, the sale occurs at the time of the  
21 delivery of the vehicle, regardless of the due date of any  
22 lease payments. A lessor who incurs a Retailers' Occupation  
23 Tax liability on the sale of a motor vehicle coming off lease  
24 may not take a credit against that liability for the Use Tax  
25 the lessor paid upon the purchase of the motor vehicle (or for  
26 any tax the lessor paid with respect to any amount received by

1 the lessor from the lessee for the leased vehicle that was not  
2 calculated at the time the lease was executed) if the selling  
3 price of the motor vehicle at the time of purchase was  
4 calculated using the definition of "selling price" as defined  
5 in this paragraph. Notwithstanding any other provision of this  
6 Act to the contrary, lessors shall file all returns and make  
7 all payments required under this paragraph to the Department  
8 by electronic means in the manner and form as required by the  
9 Department. This paragraph does not apply to leases of motor  
10 vehicles for which, at the time the lease is entered into, the  
11 term of the lease is not a defined period, including leases  
12 with a defined initial period with the option to continue the  
13 lease on a month-to-month or other basis beyond the initial  
14 defined period.

15 The phrase "like kind and character" shall be liberally  
16 construed (including but not limited to any form of motor  
17 vehicle for any form of motor vehicle, or any kind of farm or  
18 agricultural implement for any other kind of farm or  
19 agricultural implement), while not including a kind of item  
20 which, if sold at retail by that retailer, would be exempt from  
21 retailers' occupation tax and use tax as an isolated or  
22 occasional sale.

23 "Gross receipts" from the sales of tangible personal  
24 property at retail means the total selling price or the amount  
25 of such sales, as hereinbefore defined. In the case of charge  
26 and time sales, the amount thereof shall be included only as



1 and when payments are received by the seller. Receipts or  
2 other consideration derived by a seller from the sale,  
3 transfer or assignment of accounts receivable to a wholly  
4 owned subsidiary will not be deemed payments prior to the time  
5 the purchaser makes payment on such accounts.

6 "Department" means the Department of Revenue.

7 "Person" means any natural individual, firm, partnership,  
8 association, joint stock company, joint adventure, public or  
9 private corporation, limited liability company, or a receiver,  
10 executor, trustee, guardian or other representative appointed  
11 by order of any court.

12 The isolated or occasional sale of tangible personal  
13 property at retail by a person who does not hold himself out as  
14 being engaged (or who does not habitually engage) in selling  
15 such tangible personal property at retail, or a sale through a  
16 bulk vending machine, does not constitute engaging in a  
17 business of selling such tangible personal property at retail  
18 within the meaning of this Act; provided that any person who is  
19 engaged in a business which is not subject to the tax imposed  
20 by this Act because of involving the sale of or a contract to  
21 sell real estate or a construction contract to improve real  
22 estate or a construction contract to engineer, install, and  
23 maintain an integrated system of products, but who, in the  
24 course of conducting such business, transfers tangible  
25 personal property to users or consumers in the finished form  
26 in which it was purchased, and which does not become real

1 estate or was not engineered and installed, under any  
2 provision of a construction contract or real estate sale or  
3 real estate sales agreement entered into with some other  
4 person arising out of or because of such nontaxable business,  
5 is engaged in the business of selling tangible personal  
6 property at retail to the extent of the value of the tangible  
7 personal property so transferred. If, in such a transaction, a  
8 separate charge is made for the tangible personal property so  
9 transferred, the value of such property, for the purpose of  
10 this Act, shall be the amount so separately charged, but not  
11 less than the cost of such property to the transferor; if no  
12 separate charge is made, the value of such property, for the  
13 purposes of this Act, is the cost to the transferor of such  
14 tangible personal property. Construction contracts for the  
15 improvement of real estate consisting of engineering,  
16 installation, and maintenance of voice, data, video, security,  
17 and all telecommunication systems do not constitute engaging  
18 in a business of selling tangible personal property at retail  
19 within the meaning of this Act if they are sold at one  
20 specified contract price.

21 A person who holds himself or herself out as being engaged  
22 (or who habitually engages) in selling tangible personal  
23 property at retail is a person engaged in the business of  
24 selling tangible personal property at retail hereunder with  
25 respect to such sales (and not primarily in a service  
26 occupation) notwithstanding the fact that such person designs

1 and produces such tangible personal property on special order  
2 for the purchaser and in such a way as to render the property  
3 of value only to such purchaser, if such tangible personal  
4 property so produced on special order serves substantially the  
5 same function as stock or standard items of tangible personal  
6 property that are sold at retail.

7 Persons who engage in the business of transferring  
8 tangible personal property upon the redemption of trading  
9 stamps are engaged in the business of selling such property at  
10 retail and shall be liable for and shall pay the tax imposed by  
11 this Act on the basis of the retail value of the property  
12 transferred upon redemption of such stamps.

13 "Bulk vending machine" means a vending machine, containing  
14 unsorted confections, nuts, toys, or other items designed  
15 primarily to be used or played with by children which, when a  
16 coin or coins of a denomination not larger than \$0.50 are  
17 inserted, are dispensed in equal portions, at random and  
18 without selection by the customer.

19 "Remote retailer" means a retailer that does not maintain  
20 within this State, directly or by a subsidiary, an office,  
21 distribution house, sales house, warehouse or other place of  
22 business, or any agent or other representative operating  
23 within this State under the authority of the retailer or its  
24 subsidiary, irrespective of whether such place of business or  
25 agent is located here permanently or temporarily or whether  
26 such retailer or subsidiary is licensed to do business in this

1 State.

2 "Marketplace" means a physical or electronic place, forum,  
3 platform, application, or other method by which a marketplace  
4 seller sells or offers to sell items.

5 "Marketplace facilitator" means a person who, pursuant to  
6 an agreement with an unrelated third-party marketplace seller,  
7 directly or indirectly through one or more affiliates  
8 facilitates a retail sale by an unrelated third party  
9 marketplace seller by:

10 (1) listing or advertising for sale by the marketplace  
11 seller in a marketplace, tangible personal property that  
12 is subject to tax under this Act; and

13 (2) either directly or indirectly, through agreements  
14 or arrangements with third parties, collecting payment  
15 from the customer and transmitting that payment to the  
16 marketplace seller regardless of whether the marketplace  
17 facilitator receives compensation or other consideration  
18 in exchange for its services.

19 A person who provides advertising services, including  
20 listing products for sale, is not considered a marketplace  
21 facilitator, so long as the advertising service platform or  
22 forum does not engage, directly or indirectly through one or  
23 more affiliated persons, in the activities described in  
24 paragraph (2) of this definition of "marketplace facilitator".

25 "Marketplace facilitator" does not include any person  
26 licensed under the Auction License Act. This exemption does

1 not apply to any person who is an Internet auction listing  
2 service, as defined by the Auction License Act.

3 "Marketplace seller" means a person that makes sales  
4 through a marketplace operated by an unrelated third party  
5 marketplace facilitator.

6 "General rate" means (i) 6.25% prior to July 1, 2022 and  
7 (ii) 6% on or after July 1, 2022.

8 (Source: P.A. 101-31, eff. 6-28-19; 101-604, eff. 1-1-20;  
9 102-353, eff. 1-1-22; 102-634, eff. 8-27-21; revised 11-1-21.)

10 (35 ILCS 120/2-5)

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

14 (1) Farm chemicals.

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

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

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

19 Farm machinery and equipment also includes computers,  
20 sensors, software, and related equipment used primarily in  
21 the computer-assisted operation of production agriculture  
22 facilities, equipment, and activities such as, but not  
23 limited to, the collection, monitoring, and correlation of  
24 animal and crop data for the purpose of formulating animal  
25 diets and agricultural chemicals. This item (2) is exempt  
26 from the provisions of Section 2-70.

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

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

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

25          (6) Personal property sold by a teacher-sponsored  
26          student organization affiliated with an elementary or

1 secondary school located in Illinois.

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

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

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

23 (10) Personal property sold by a corporation, society,  
24 association, foundation, institution, or organization,  
25 other than a limited liability company, that is organized  
26 and operated as a not-for-profit service enterprise for



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

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

19 (12) (Blank).

20 (12-5) On and after July 1, 2003 and through June 30,  
21 2004, motor vehicles of the second division with a gross  
22 vehicle weight in excess of 8,000 pounds that are subject  
23 to the commercial distribution fee imposed under Section  
24 3-815.1 of the Illinois Vehicle Code. Beginning on July 1,  
25 2004 and through June 30, 2005, the use in this State of  
26 motor vehicles of the second division: (i) with a gross

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

1 identification number by the Department under Section 1g  
2 of this Act.

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

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

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

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

25          (34) Beginning January 1, 2000, personal property,  
26          including food, purchased through fundraising events for

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

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

25 (35-5) Beginning August 23, 2001 and through June 30,  
26 2016, food for human consumption that is to be consumed

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

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

23 (37) Beginning August 2, 2001, personal property sold  
24 to a lessor who leases the property, under a lease of one  
25 year or longer executed or in effect at the time of the  
26 purchase, to a governmental body that has been issued an

1 active tax exemption identification number by the  
2 Department under Section 1g of this Act. This paragraph is  
3 exempt from the provisions of Section 2-70.

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

1 property outside of the State of Illinois.

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

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



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

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

1 at the time of the completion of the municipal convention  
2 hall or upon the retirement or redemption of any bonds or  
3 other debt instruments issued by the public-facilities  
4 corporation in connection with the development of the  
5 municipal convention hall. This exemption includes  
6 existing public-facilities corporations as provided in  
7 Section 11-65-25 of the Illinois Municipal Code. This  
8 paragraph is exempt from the provisions of Section 2-70.

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

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

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

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

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

14 For the purposes of this item (44):

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

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

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

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

23 (45) Beginning January 1, 2020 and through December  
24 31, 2020, sales of tangible personal property made by a  
25 marketplace seller over a marketplace for which tax is due  
26 under this Act but for which use tax has been collected and

1           remitted to the Department by a marketplace facilitator  
2           under Section 2d of the Use Tax Act are exempt from tax  
3           under this Act. A marketplace seller claiming this  
4           exemption shall maintain books and records demonstrating  
5           that the use tax on such sales has been collected and  
6           remitted by a marketplace facilitator. Marketplace sellers  
7           that have properly remitted tax under this Act on such  
8           sales may file a claim for credit as provided in Section 6  
9           of this Act. No claim is allowed, however, for such taxes  
10          for which a credit or refund has been issued to the  
11          marketplace facilitator under the Use Tax Act, or for  
12          which the marketplace facilitator has filed a claim for  
13          credit or refund under the Use Tax Act.

14          (Source: P.A. 101-31, eff. 6-28-19; 101-81, eff. 7-12-19;  
15          101-629, eff. 2-5-20; 102-16, eff. 6-17-21; 102-634, eff.  
16          8-27-21; revised 11-9-21.)

17           (35 ILCS 120/2-8)

18          Sec. 2-8. Sales tax holiday items.

19          (a) The tangible personal property described in this  
20          subsection qualifies for the 1.25% reduced rate of tax for the  
21          period set forth in Section 2-10 of this Act (hereinafter  
22          referred to as the Sales Tax Holiday Period). The reduced rate  
23          on these items shall be administered under the provisions of  
24          subsection (b) of this Section. The following items are  
25          subject to the reduced rate:

1           (1) Clothing items that each have a retail selling  
2 price of less than \$100.

3           "Clothing" means, unless otherwise specified in this  
4 Section, all human wearing apparel suitable for general  
5 use. "Clothing" does not include clothing accessories,  
6 protective equipment, or sport or recreational equipment.  
7 "Clothing" includes, but is not limited to: household and  
8 shop aprons; athletic supporters; bathing suits and caps;  
9 belts and suspenders; boots; coats and jackets; ear muffs;  
10 footlets; gloves and mittens for general use; hats and  
11 caps; hosiery; insoles for shoes; lab coats; neckties;  
12 overshoes; pantyhose; rainwear; rubber pants; sandals;  
13 scarves; shoes and shoelaces; slippers; sneakers; socks  
14 and stockings; steel-toed shoes; underwear; and school  
15 uniforms.

16           "Clothing accessories" means, but is not limited to:  
17 briefcases; cosmetics; hair notions, including, but not  
18 limited to barrettes, hair bows, and hair nets; handbags;  
19 handkerchiefs; jewelry; non-prescription sunglasses;  
20 umbrellas; wallets; watches; and wigs and hair pieces.

21           "Protective equipment" means, but is not limited to:  
22 breathing masks; clean room apparel and equipment; ear and  
23 hearing protectors; face shields; hard hats; helmets;  
24 paint or dust respirators; protective gloves; safety  
25 glasses and goggles; safety belts; tool belts; and  
26 welder's gloves and masks.

1 "Sport or recreational equipment" means, but is not  
2 limited to: ballet and tap shoes; cleated or spiked  
3 athletic shoes; gloves, including, but not limited to,  
4 baseball, bowling, boxing, hockey, and golf gloves;  
5 goggles; hand and elbow guards; life preservers and vests;  
6 mouth guards; roller and ice skates; shin guards; shoulder  
7 pads; ski boots; waders; and wetsuits and fins.

8 (2) School supplies. "School supplies" means, unless  
9 otherwise specified in this Section, items used by a  
10 student in a course of study. The purchase of school  
11 supplies for use by persons other than students for use in  
12 a course of study are not eligible for the reduced rate of  
13 tax. "School supplies" do not include school art supplies;  
14 school instructional materials; cameras; film and memory  
15 cards; videocameras, tapes, and videotapes; computers;  
16 cell phones; Personal Digital Assistants (PDAs); handheld  
17 electronic schedulers; and school computer supplies.

18 "School supplies" includes, but is not limited to:  
19 binders; book bags; calculators; cellophane tape;  
20 blackboard chalk; compasses; composition books; crayons;  
21 erasers; expandable, pocket, plastic, and manila folders;  
22 glue, paste, and paste sticks; highlighters; index cards;  
23 index card boxes; legal pads; lunch boxes; markers;  
24 notebooks; paper, including loose leaf ruled notebook  
25 paper, copy paper, graph paper, tracing paper, manila  
26 paper, colored paper, poster board, and construction

1 paper; pencils; pencil leads; pens; ink and ink refills  
2 for pens; pencil boxes and other school supply boxes;  
3 pencil sharpeners; protractors; rulers; scissors; and  
4 writing tablets.

5 "School art supply" means an item commonly used by a  
6 student in a course of study for artwork and includes only  
7 the following items: clay and glazes; acrylic, tempera,  
8 and oil paint; paintbrushes for artwork; sketch and  
9 drawing pads; and watercolors.

10 "School instructional material" means written material  
11 commonly used by a student in a course of study as a  
12 reference and to learn the subject being taught and  
13 includes only the following items: reference books;  
14 reference maps and globes; textbooks; and workbooks.

15 "School computer supply" means an item commonly used  
16 by a student in a course of study in which a computer is  
17 used and applies only to the following items: flashdrives  
18 and other computer data storage devices; data storage  
19 media, such as diskettes and compact disks; boxes and  
20 cases for disk storage; external ports or drives; computer  
21 cases; computer cables; computer printers; and printer  
22 cartridges, toner, and ink.

23 (b) Administration. Notwithstanding any other provision of  
24 this Act, the reduced rate of tax under Section 3-10 of this  
25 Act for clothing and school supplies shall be administered by  
26 the Department under the provisions of this subsection (b).



1           (1) Bundled sales. Items that qualify for the reduced  
2 rate of tax that are bundled together with items that do  
3 not qualify for the reduced rate of tax and that are sold  
4 for one itemized price will be subject to the reduced rate  
5 of tax only if the value of the items that qualify for the  
6 reduced rate of tax exceeds the value of the items that do  
7 not qualify for the reduced rate of tax.

8           (2) Coupons and discounts. An unreimbursed discount by  
9 the seller reduces the sales price of the property so that  
10 the discounted sales price determines whether the sales  
11 price is within a sales tax holiday price threshold. A  
12 coupon or other reduction in the sales price is treated as  
13 a discount if the seller is not reimbursed for the coupon  
14 or reduction amount by a third party.

15           (3) Splitting of items normally sold together.  
16 Articles that are normally sold as a single unit must  
17 continue to be sold in that manner. Such articles cannot  
18 be priced separately and sold as individual items in order  
19 to obtain the reduced rate of tax. For example, a pair of  
20 shoes cannot have each shoe sold separately so that the  
21 sales price of each shoe is within a sales tax holiday  
22 price threshold.

23           (4) Rain checks. A rain check is a procedure that  
24 allows a customer to purchase an item at a certain price at  
25 a later time because the particular item was out of stock.  
26 Eligible property that customers purchase during the Sales

1 Tax Holiday Period with the use of a rain check will  
2 qualify for the reduced rate of tax regardless of when the  
3 rain check was issued. Issuance of a rain check during the  
4 Sales Tax Holiday Period will not qualify eligible  
5 property for the reduced rate of tax if the property is  
6 actually purchased after the Sales Tax Holiday Period.

7 (5) Exchanges. The procedure for an exchange in  
8 regards to a sales tax holiday is as follows:

9 (A) If a customer purchases an item of eligible  
10 property during the Sales Tax Holiday Period, but  
11 later exchanges the item for a similar eligible item,  
12 even if a different size, different color, or other  
13 feature, no additional tax is due even if the exchange  
14 is made after the Sales Tax Holiday Period.

15 (B) If a customer purchases an item of eligible  
16 property during the Sales Tax Holiday Period, but  
17 after the Sales Tax Holiday Period has ended, the  
18 customer returns the item and receives credit on the  
19 purchase of a different item, the ~~6.25%~~ general  
20 ~~merchandise sales tax~~ rate is due on the sale of the  
21 newly purchased item.

22 (C) If a customer purchases an item of eligible  
23 property before the Sales Tax Holiday Period, but  
24 during the Sales Tax Holiday Period the customer  
25 returns the item and receives credit on the purchase  
26 of a different item of eligible property, the reduced

1 rate of tax is due on the sale of the new item if the  
2 new item is purchased during the Sales Tax Holiday  
3 Period.

4 (6) Delivery charges. Delivery charges, including  
5 shipping, handling and service charges, are part of the  
6 sales price of eligible property.

7 (7) Order date and back orders. For the purpose of a  
8 sales tax holiday, eligible property qualifies for the  
9 reduced rate of tax if: (i) the item is both delivered to  
10 and paid for by the customer during the Sales Tax Holiday  
11 Period or (ii) the customer orders and pays for the item  
12 and the seller accepts the order during the Sales Tax  
13 Holiday Period for immediate shipment, even if delivery is  
14 made after the Sales Tax Holiday Period. The seller  
15 accepts an order when the seller has taken action to fill  
16 the order for immediate shipment. Actions to fill an order  
17 include placement of an "in date" stamp on an order or  
18 assignment of an "order number" to an order within the  
19 Sales Tax Holiday Period. An order is for immediate  
20 shipment when the customer does not request delayed  
21 shipment. An order is for immediate shipment  
22 notwithstanding that the shipment may be delayed because  
23 of a backlog of orders or because stock is currently  
24 unavailable to, or on back order by, the seller.

25 (8) Returns. For a 60-day period immediately after the  
26 Sales Tax Holiday Period, if a customer returns an item

1 that would qualify for the reduced rate of tax, credit for  
2 or refund of sales tax shall be given only at the reduced  
3 rate unless the customer provides a receipt or invoice  
4 that shows tax was paid at the ~~6.25%~~ general ~~merchandise~~  
5 rate, or the seller has sufficient documentation to show  
6 that tax was paid at the ~~6.25%~~ general ~~merchandise~~ rate on  
7 the specific item. This 60-day period is set solely for  
8 the purpose of designating a time period during which the  
9 customer must provide documentation that shows that the  
10 appropriate sales tax rate was paid on returned  
11 merchandise. The 60-day period is not intended to change a  
12 seller's policy on the time period during which the seller  
13 will accept returns.

14 (c) The Department may implement the provisions of this  
15 Section through the use of emergency rules, along with  
16 permanent rules filed concurrently with such emergency rules,  
17 in accordance with the provisions of Section 5-45 of the  
18 Illinois Administrative Procedure Act. For purposes of the  
19 Illinois Administrative Procedure Act, the adoption of rules  
20 to implement the provisions of this Section shall be deemed an  
21 emergency and necessary for the public interest, safety, and  
22 welfare.

23 (Source: P.A. 96-1012, eff. 7-7-10.)

24 (35 ILCS 120/2-10)

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

1 Section, the tax under ~~imposed by~~ this Act is imposed at the  
2 general rate on ~~of 6.25% of~~ gross receipts from sales of  
3 tangible personal property made 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 With respect to food for human consumption that is to be  
7 consumed off the premises where it is sold (other than  
8 alcoholic beverages, food consisting of or infused with adult  
9 use cannabis, soft drinks, and food that has been prepared for  
10 immediate consumption) and prescription and nonprescription  
11 medicines, drugs, medical appliances, products classified as  
12 Class III medical devices by the United States Food and Drug  
13 Administration that are used for cancer treatment pursuant to  
14 a prescription, as well as any accessories and components  
15 related to those devices, modifications to a motor vehicle for  
16 the purpose of rendering it usable by a person with a  
17 disability, and insulin, blood sugar testing materials,  
18 syringes, and needles used by human diabetics, the tax is  
19 imposed at the rate of 1%. For the purposes of this Section,  
20 until September 1, 2009: the term "soft drinks" means any  
21 complete, finished, ready-to-use, non-alcoholic drink, whether  
22 carbonated or not, including but not limited to soda water,  
23 cola, fruit juice, vegetable juice, carbonated water, and all  
24 other preparations commonly known as soft drinks of whatever  
25 kind or description that are contained in any closed or sealed  
26 bottle, can, carton, or container, regardless of size; but

1 "soft drinks" does not include coffee, tea, non-carbonated  
2 water, infant formula, milk or milk products as defined in the  
3 Grade A Pasteurized Milk and Milk Products Act, or drinks  
4 containing 50% or more natural fruit or vegetable juice.

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

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

23 Notwithstanding any other provisions of this Act,  
24 beginning September 1, 2009, "food for human consumption that  
25 is to be consumed off the premises where it is sold" does not  
26 include candy. For purposes of this Section, "candy" means a



1 preparation of sugar, honey, or other natural or artificial  
2 sweeteners in combination with chocolate, fruits, nuts or  
3 other ingredients or flavorings in the form of bars, drops, or  
4 pieces. "Candy" does not include any preparation that contains  
5 flour or requires refrigeration.

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

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

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

23 Beginning on the effective date of this amendatory Act of  
24 the 98th General Assembly, "prescription and nonprescription  
25 medicines and drugs" includes medical cannabis purchased from  
26 a registered dispensing organization under the Compassionate

1 Use of Medical Cannabis Program Act.

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

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

9 (35 ILCS 120/2d) (from Ch. 120, par. 441d)

10 Sec. 2d. Tax prepayment by motor fuel retailer.

11 (a) Any person engaged in the business of selling motor  
12 fuel at retail, as defined in the Motor Fuel Tax Law, and who  
13 is not a licensed distributor or supplier, as defined in the  
14 Motor Fuel Tax Law, shall prepay to his or her distributor,  
15 supplier, or other reseller of motor fuel a portion of the tax  
16 imposed by this Act if the distributor, supplier, or other  
17 reseller of motor fuel is registered under Section 2a or  
18 Section 2c of this Act. The prepayment requirement provided  
19 for in this Section does not apply to liquid propane gas.

20 (b) Beginning on July 1, 2000 and through December 31,  
21 2000, the Retailers' Occupation Tax paid to the distributor,  
22 supplier, or other reseller shall be an amount equal to \$0.01  
23 per gallon of the motor fuel, except gasohol as defined in  
24 Section 2-10 of this Act which shall be an amount equal to  
25 \$0.01 per gallon, purchased from the distributor, supplier, or

1 other reseller.

2 (c) Before July 1, 2000 and then beginning on January 1,  
3 2001 and through June 30, 2003, the Retailers' Occupation Tax  
4 paid to the distributor, supplier, or other reseller shall be  
5 an amount equal to \$0.04 per gallon of the motor fuel, except  
6 gasohol as defined in Section 2-10 of this Act which shall be  
7 an amount equal to \$0.03 per gallon, purchased from the  
8 distributor, supplier, or other reseller.

9 (d) Beginning July 1, 2003 and through December 31, 2010,  
10 the Retailers' Occupation Tax paid to the distributor,  
11 supplier, or other reseller shall be an amount equal to \$0.06  
12 per gallon of the motor fuel, except gasohol as defined in  
13 Section 2-10 of this Act which shall be an amount equal to  
14 \$0.05 per gallon, purchased from the distributor, supplier, or  
15 other reseller.

16 (e) Beginning on January 1, 2011 and thereafter, the  
17 Retailers' Occupation Tax paid to the distributor, supplier,  
18 or other reseller shall be at the rate established by the  
19 Department under this subsection. The rate shall be  
20 established by the Department on January 1 and July 1 of each  
21 year using the average selling price, as defined in Section 1  
22 of this Act, per gallon of motor fuel sold in the State during  
23 the previous 6 months and multiplying that amount by the  
24 general rate percentage ~~6.25%~~ to determine the cents per  
25 gallon rate. In the case of biodiesel blends, as defined in  
26 Section 3-42 of the Use Tax Act, with no less than 1% and no

1 more than 10% biodiesel, and in the case of gasohol, as defined  
2 in Section 3-40 of the Use Tax Act, the rate shall be 80% of  
3 the rate established by the Department under this subsection  
4 for motor fuel. The Department shall provide persons subject  
5 to this Section notice of the rate established under this  
6 subsection at least 20 days prior to each January 1 and July 1.  
7 Publication of the established rate on the Department's  
8 internet website shall constitute sufficient notice under this  
9 Section. The Department may use data derived from independent  
10 surveys conducted or accumulated by third parties to determine  
11 the average selling price per gallon of motor fuel sold in the  
12 State.

13 (f) Any person engaged in the business of selling motor  
14 fuel at retail shall be entitled to a credit against tax due  
15 under this Act in an amount equal to the tax paid to the  
16 distributor, supplier, or other reseller.

17 (g) Every distributor, supplier, or other reseller  
18 registered as provided in Section 2a or Section 2c of this Act  
19 shall remit the prepaid tax on all motor fuel that is due from  
20 any person engaged in the business of selling at retail motor  
21 fuel with the returns filed under Section 2f or Section 3 of  
22 this Act, but the vendors discount provided in Section 3 shall  
23 not apply to the amount of prepaid tax that is remitted. Any  
24 distributor or supplier who fails to properly collect and  
25 remit the tax shall be liable for the tax. For purposes of this  
26 Section, the prepaid tax is due on invoiced gallons sold

1 during a month by the 20th day of the following month.

2 (Source: P.A. 96-1384, eff. 7-29-10.)

3 (35 ILCS 120/3) (from Ch. 120, par. 442)

4 Sec. 3. Except as provided in this Section, on or before  
5 the twentieth day of each calendar month, every person engaged  
6 in the business of selling tangible personal property at  
7 retail in this State during the preceding calendar month shall  
8 file a return with the Department, stating:

9 1. The name of the seller;

10 2. His residence address and the address of his  
11 principal place of business and the address of the  
12 principal place of business (if that is a different  
13 address) from which he engages in the business of selling  
14 tangible personal property at retail in this State;

15 3. Total amount of receipts received by him during the  
16 preceding calendar month or quarter, as the case may be,  
17 from sales of tangible personal property, and from  
18 services furnished, by him during such preceding calendar  
19 month or quarter;

20 4. Total amount received by him during the preceding  
21 calendar month or quarter on charge and time sales of  
22 tangible personal property, and from services furnished,  
23 by him prior to the month or quarter for which the return  
24 is filed;

25 5. Deductions allowed by law;

1           6. Gross receipts which were received by him during  
2           the preceding calendar month or quarter and upon the basis  
3           of which the tax is imposed;

4           7. The amount of credit provided in Section 2d of this  
5           Act;

6           8. The amount of tax due;

7           9. The signature of the taxpayer; and

8           10. Such other reasonable information as the  
9           Department may require.

10           On and after January 1, 2018, except for returns for motor  
11           vehicles, watercraft, aircraft, and trailers that are required  
12           to be registered with an agency of this State, with respect to  
13           retailers whose annual gross receipts average \$20,000 or more,  
14           all returns required to be filed pursuant to this Act shall be  
15           filed electronically. Retailers who demonstrate that they do  
16           not have access to the Internet or demonstrate hardship in  
17           filing electronically may petition the Department to waive the  
18           electronic filing requirement.

19           If a taxpayer fails to sign a return within 30 days after  
20           the proper notice and demand for signature by the Department,  
21           the return shall be considered valid and any amount shown to be  
22           due on the return shall be deemed assessed.

23           Each return shall be accompanied by the statement of  
24           prepaid tax issued pursuant to Section 2e for which credit is  
25           claimed.

26           Prior to October 1, 2003, and on and after September 1,

1 2004 a retailer may accept a Manufacturer's Purchase Credit  
2 certification from a purchaser in satisfaction of Use Tax as  
3 provided in Section 3-85 of the Use Tax Act if the purchaser  
4 provides the appropriate documentation as required by Section  
5 3-85 of the Use Tax Act. A Manufacturer's Purchase Credit  
6 certification, accepted by a retailer prior to October 1, 2003  
7 and on and after September 1, 2004 as provided in Section 3-85  
8 of the Use Tax Act, may be used by that retailer to satisfy  
9 Retailers' Occupation Tax liability in the amount claimed in  
10 the certification, not to exceed the general rate percentage  
11 ~~6.25%~~ of the receipts subject to tax from a qualifying  
12 purchase. A Manufacturer's Purchase Credit reported on any  
13 original or amended return filed under this Act after October  
14 20, 2003 for reporting periods prior to September 1, 2004  
15 shall be disallowed. Manufacturer's Purchase ~~Purchaser~~ Credit  
16 reported on annual returns due on or after January 1, 2005 will  
17 be disallowed for periods prior to September 1, 2004. No  
18 Manufacturer's Purchase Credit may be used after September 30,  
19 2003 through August 31, 2004 to satisfy any tax liability  
20 imposed under this Act, including any audit liability.

21 The Department may require returns to be filed on a  
22 quarterly basis. If so required, a return for each calendar  
23 quarter shall be filed on or before the twentieth day of the  
24 calendar month following the end of such calendar quarter. The  
25 taxpayer shall also file a return with the Department for each  
26 of the first two months of each calendar quarter, on or before

1 the twentieth day of the following calendar month, stating:

2 1. The name of the seller;

3 2. The address of the principal place of business from  
4 which he engages in the business of selling tangible  
5 personal property at retail in this State;

6 3. The total amount of taxable receipts received by  
7 him during the preceding calendar month from sales of  
8 tangible personal property by him during such preceding  
9 calendar month, including receipts from charge and time  
10 sales, but less all deductions allowed by law;

11 4. The amount of credit provided in Section 2d of this  
12 Act;

13 5. The amount of tax due; and

14 6. Such other reasonable information as the Department  
15 may require.

16 Every person engaged in the business of selling aviation  
17 fuel at retail in this State during the preceding calendar  
18 month shall, instead of reporting and paying tax as otherwise  
19 required by this Section, report and pay such tax on a separate  
20 aviation fuel tax return. The requirements related to the  
21 return shall be as otherwise provided in this Section.  
22 Notwithstanding any other provisions of this Act to the  
23 contrary, retailers selling aviation fuel shall file all  
24 aviation fuel tax returns and shall make all aviation fuel tax  
25 payments by electronic means in the manner and form required  
26 by the Department. For purposes of this Section, "aviation



1 fuel" means jet fuel and aviation gasoline.

2 Beginning on October 1, 2003, any person who is not a  
3 licensed distributor, importing distributor, or manufacturer,  
4 as defined in the Liquor Control Act of 1934, but is engaged in  
5 the business of selling, at retail, alcoholic liquor shall  
6 file a statement with the Department of Revenue, in a format  
7 and at a time prescribed by the Department, showing the total  
8 amount paid for alcoholic liquor purchased during the  
9 preceding month and such other information as is reasonably  
10 required by the Department. The Department may adopt rules to  
11 require that this statement be filed in an electronic or  
12 telephonic format. Such rules may provide for exceptions from  
13 the filing requirements of this paragraph. For the purposes of  
14 this paragraph, the term "alcoholic liquor" shall have the  
15 meaning prescribed in the Liquor Control Act of 1934.

16 Beginning on October 1, 2003, every distributor, importing  
17 distributor, and manufacturer of alcoholic liquor as defined  
18 in the Liquor Control Act of 1934, shall file a statement with  
19 the Department of Revenue, no later than the 10th day of the  
20 month for the preceding month during which transactions  
21 occurred, by electronic means, showing the total amount of  
22 gross receipts from the sale of alcoholic liquor sold or  
23 distributed during the preceding month to purchasers;  
24 identifying the purchaser to whom it was sold or distributed;  
25 the purchaser's tax registration number; and such other  
26 information reasonably required by the Department. A

1 distributor, importing distributor, or manufacturer of  
2 alcoholic liquor must personally deliver, mail, or provide by  
3 electronic means to each retailer listed on the monthly  
4 statement a report containing a cumulative total of that  
5 distributor's, importing distributor's, or manufacturer's  
6 total sales of alcoholic liquor to that retailer no later than  
7 the 10th day of the month for the preceding month during which  
8 the transaction occurred. The distributor, importing  
9 distributor, or manufacturer shall notify the retailer as to  
10 the method by which the distributor, importing distributor, or  
11 manufacturer will provide the sales information. If the  
12 retailer is unable to receive the sales information by  
13 electronic means, the distributor, importing distributor, or  
14 manufacturer shall furnish the sales information by personal  
15 delivery or by mail. For purposes of this paragraph, the term  
16 "electronic means" includes, but is not limited to, the use of  
17 a secure Internet website, e-mail, or facsimile.

18 If a total amount of less than \$1 is payable, refundable or  
19 creditable, such amount shall be disregarded if it is less  
20 than 50 cents and shall be increased to \$1 if it is 50 cents or  
21 more.

22 Notwithstanding any other provision of this Act to the  
23 contrary, retailers subject to tax on cannabis shall file all  
24 cannabis tax returns and shall make all cannabis tax payments  
25 by electronic means in the manner and form required by the  
26 Department.

1           Beginning October 1, 1993, a taxpayer who has an average  
2 monthly tax liability of \$150,000 or more shall make all  
3 payments required by rules of the Department by electronic  
4 funds transfer. Beginning October 1, 1994, a taxpayer who has  
5 an average monthly tax liability of \$100,000 or more shall  
6 make all payments required by rules of the Department by  
7 electronic funds transfer. Beginning October 1, 1995, a  
8 taxpayer who has an average monthly tax liability of \$50,000  
9 or more shall make all payments required by rules of the  
10 Department by electronic funds transfer. Beginning October 1,  
11 2000, a taxpayer who has an annual tax liability of \$200,000 or  
12 more shall make all payments required by rules of the  
13 Department by electronic funds transfer. The term "annual tax  
14 liability" shall be the sum of the taxpayer's liabilities  
15 under this Act, and under all other State and local occupation  
16 and use tax laws administered by the Department, for the  
17 immediately preceding calendar year. The term "average monthly  
18 tax liability" shall be the sum of the taxpayer's liabilities  
19 under this Act, and under all other State and local occupation  
20 and use tax laws administered by the Department, for the  
21 immediately preceding calendar year divided by 12. Beginning  
22 on October 1, 2002, a taxpayer who has a tax liability in the  
23 amount set forth in subsection (b) of Section 2505-210 of the  
24 Department of Revenue Law shall make all payments required by  
25 rules of the Department by electronic funds transfer.

26           Before August 1 of each year beginning in 1993, the

1 Department shall notify all taxpayers required to make  
2 payments by electronic funds transfer. All taxpayers required  
3 to make payments by electronic funds transfer shall make those  
4 payments for a minimum of one year beginning on October 1.

5 Any taxpayer not required to make payments by electronic  
6 funds transfer may make payments by electronic funds transfer  
7 with the permission of the Department.

8 All taxpayers required to make payment by electronic funds  
9 transfer and any taxpayers authorized to voluntarily make  
10 payments by electronic funds transfer shall make those  
11 payments in the manner authorized by the Department.

12 The Department shall adopt such rules as are necessary to  
13 effectuate a program of electronic funds transfer and the  
14 requirements of this Section.

15 Any amount which is required to be shown or reported on any  
16 return or other document under this Act shall, if such amount  
17 is not a whole-dollar amount, be increased to the nearest  
18 whole-dollar amount in any case where the fractional part of a  
19 dollar is 50 cents or more, and decreased to the nearest  
20 whole-dollar amount where the fractional part of a dollar is  
21 less than 50 cents.

22 If the retailer is otherwise required to file a monthly  
23 return and if the retailer's average monthly tax liability to  
24 the Department does not exceed \$200, the Department may  
25 authorize his returns to be filed on a quarter annual basis,  
26 with the return for January, February and March of a given year

1 being due by April 20 of such year; with the return for April,  
2 May and June of a given year being due by July 20 of such year;  
3 with the return for July, August and September of a given year  
4 being due by October 20 of such year, and with the return for  
5 October, November and December of a given year being due by  
6 January 20 of the following year.

7 If the retailer is otherwise required to file a monthly or  
8 quarterly return and if the retailer's average monthly tax  
9 liability with the Department does not exceed \$50, the  
10 Department may authorize his returns to be filed on an annual  
11 basis, with the return for a given year being due by January 20  
12 of the following year.

13 Such quarter annual and annual returns, as to form and  
14 substance, shall be subject to the same requirements as  
15 monthly returns.

16 Notwithstanding any other provision in this Act concerning  
17 the time within which a retailer may file his return, in the  
18 case of any retailer who ceases to engage in a kind of business  
19 which makes him responsible for filing returns under this Act,  
20 such retailer shall file a final return under this Act with the  
21 Department not more than one month after discontinuing such  
22 business.

23 Where the same person has more than one business  
24 registered with the Department under separate registrations  
25 under this Act, such person may not file each return that is  
26 due as a single return covering all such registered

1 businesses, but shall file separate returns for each such  
2 registered business.

3 In addition, with respect to motor vehicles, watercraft,  
4 aircraft, and trailers that are required to be registered with  
5 an agency of this State, except as otherwise provided in this  
6 Section, every retailer selling this kind of tangible personal  
7 property shall file, with the Department, upon a form to be  
8 prescribed and supplied by the Department, a separate return  
9 for each such item of tangible personal property which the  
10 retailer sells, except that if, in the same transaction, (i) a  
11 retailer of aircraft, watercraft, motor vehicles or trailers  
12 transfers more than one aircraft, watercraft, motor vehicle or  
13 trailer to another aircraft, watercraft, motor vehicle  
14 retailer or trailer retailer for the purpose of resale or (ii)  
15 a retailer of aircraft, watercraft, motor vehicles, or  
16 trailers transfers more than one aircraft, watercraft, motor  
17 vehicle, or trailer to a purchaser for use as a qualifying  
18 rolling stock as provided in Section 2-5 of this Act, then that  
19 seller may report the transfer of all aircraft, watercraft,  
20 motor vehicles or trailers involved in that transaction to the  
21 Department on the same uniform invoice-transaction reporting  
22 return form. For purposes of this Section, "watercraft" means  
23 a Class 2, Class 3, or Class 4 watercraft as defined in Section  
24 3-2 of the Boat Registration and Safety Act, a personal  
25 watercraft, or any boat equipped with an inboard motor.

26 In addition, with respect to motor vehicles, watercraft,

1 aircraft, and trailers that are required to be registered with  
2 an agency of this State, every person who is engaged in the  
3 business of leasing or renting such items and who, in  
4 connection with such business, sells any such item to a  
5 retailer for the purpose of resale is, notwithstanding any  
6 other provision of this Section to the contrary, authorized to  
7 meet the return-filing requirement of this Act by reporting  
8 the transfer of all the aircraft, watercraft, motor vehicles,  
9 or trailers transferred for resale during a month to the  
10 Department on the same uniform invoice-transaction reporting  
11 return form on or before the 20th of the month following the  
12 month in which the transfer takes place. Notwithstanding any  
13 other provision of this Act to the contrary, all returns filed  
14 under this paragraph must be filed by electronic means in the  
15 manner and form as required by the Department.

16 Any retailer who sells only motor vehicles, watercraft,  
17 aircraft, or trailers that are required to be registered with  
18 an agency of this State, so that all retailers' occupation tax  
19 liability is required to be reported, and is reported, on such  
20 transaction reporting returns and who is not otherwise  
21 required to file monthly or quarterly returns, need not file  
22 monthly or quarterly returns. However, those retailers shall  
23 be required to file returns on an annual basis.

24 The transaction reporting return, in the case of motor  
25 vehicles or trailers that are required to be registered with  
26 an agency of this State, shall be the same document as the

1 Uniform Invoice referred to in Section 5-402 of the Illinois  
2 Vehicle Code and must show the name and address of the seller;  
3 the name and address of the purchaser; the amount of the  
4 selling price including the amount allowed by the retailer for  
5 traded-in property, if any; the amount allowed by the retailer  
6 for the traded-in tangible personal property, if any, to the  
7 extent to which Section 1 of this Act allows an exemption for  
8 the value of traded-in property; the balance payable after  
9 deducting such trade-in allowance from the total selling  
10 price; the amount of tax due from the retailer with respect to  
11 such transaction; the amount of tax collected from the  
12 purchaser by the retailer on such transaction (or satisfactory  
13 evidence that such tax is not due in that particular instance,  
14 if that is claimed to be the fact); the place and date of the  
15 sale; a sufficient identification of the property sold; such  
16 other information as is required in Section 5-402 of the  
17 Illinois Vehicle Code, and such other information as the  
18 Department may reasonably require.

19 The transaction reporting return in the case of watercraft  
20 or aircraft must show the name and address of the seller; the  
21 name and address of the purchaser; the amount of the selling  
22 price including the amount allowed by the retailer for  
23 traded-in property, if any; the amount allowed by the retailer  
24 for the traded-in tangible personal property, if any, to the  
25 extent to which Section 1 of this Act allows an exemption for  
26 the value of traded-in property; the balance payable after



1 deducting such trade-in allowance from the total selling  
2 price; the amount of tax due from the retailer with respect to  
3 such transaction; the amount of tax collected from the  
4 purchaser by the retailer on such transaction (or satisfactory  
5 evidence that such tax is not due in that particular instance,  
6 if that is claimed to be the fact); the place and date of the  
7 sale, a sufficient identification of the property sold, and  
8 such other information as the Department may reasonably  
9 require.

10 Such transaction reporting return shall be filed not later  
11 than 20 days after the day of delivery of the item that is  
12 being sold, but may be filed by the retailer at any time sooner  
13 than that if he chooses to do so. The transaction reporting  
14 return and tax remittance or proof of exemption from the  
15 Illinois use tax may be transmitted to the Department by way of  
16 the State agency with which, or State officer with whom the  
17 tangible personal property must be titled or registered (if  
18 titling or registration is required) if the Department and  
19 such agency or State officer determine that this procedure  
20 will expedite the processing of applications for title or  
21 registration.

22 With each such transaction reporting return, the retailer  
23 shall remit the proper amount of tax due (or shall submit  
24 satisfactory evidence that the sale is not taxable if that is  
25 the case), to the Department or its agents, whereupon the  
26 Department shall issue, in the purchaser's name, a use tax

1 receipt (or a certificate of exemption if the Department is  
2 satisfied that the particular sale is tax exempt) which such  
3 purchaser may submit to the agency with which, or State  
4 officer with whom, he must title or register the tangible  
5 personal property that is involved (if titling or registration  
6 is required) in support of such purchaser's application for an  
7 Illinois certificate or other evidence of title or  
8 registration to such tangible personal property.

9 No retailer's failure or refusal to remit tax under this  
10 Act precludes a user, who has paid the proper tax to the  
11 retailer, from obtaining his certificate of title or other  
12 evidence of title or registration (if titling or registration  
13 is required) upon satisfying the Department that such user has  
14 paid the proper tax (if tax is due) to the retailer. The  
15 Department shall adopt appropriate rules to carry out the  
16 mandate of this paragraph.

17 If the user who would otherwise pay tax to the retailer  
18 wants the transaction reporting return filed and the payment  
19 of the tax or proof of exemption made to the Department before  
20 the retailer is willing to take these actions and such user has  
21 not paid the tax to the retailer, such user may certify to the  
22 fact of such delay by the retailer and may (upon the Department  
23 being satisfied of the truth of such certification) transmit  
24 the information required by the transaction reporting return  
25 and the remittance for tax or proof of exemption directly to  
26 the Department and obtain his tax receipt or exemption

1 determination, in which event the transaction reporting return  
2 and tax remittance (if a tax payment was required) shall be  
3 credited by the Department to the proper retailer's account  
4 with the Department, but without the 2.1% or 1.75% discount  
5 provided for in this Section being allowed. When the user pays  
6 the tax directly to the Department, he shall pay the tax in the  
7 same amount and in the same form in which it would be remitted  
8 if the tax had been remitted to the Department by the retailer.

9 Refunds made by the seller during the preceding return  
10 period to purchasers, on account of tangible personal property  
11 returned to the seller, shall be allowed as a deduction under  
12 subdivision 5 of his monthly or quarterly return, as the case  
13 may be, in case the seller had theretofore included the  
14 receipts from the sale of such tangible personal property in a  
15 return filed by him and had paid the tax imposed by this Act  
16 with respect to such receipts.

17 Where the seller is a corporation, the return filed on  
18 behalf of such corporation shall be signed by the president,  
19 vice-president, secretary or treasurer or by the properly  
20 accredited agent of such corporation.

21 Where the seller is a limited liability company, the  
22 return filed on behalf of the limited liability company shall  
23 be signed by a manager, member, or properly accredited agent  
24 of the limited liability company.

25 Except as provided in this Section, the retailer filing  
26 the return under this Section shall, at the time of filing such

1 return, pay to the Department the amount of tax imposed by this  
2 Act less a discount of 2.1% prior to January 1, 1990 and 1.75%  
3 on and after January 1, 1990, or \$5 per calendar year,  
4 whichever is greater, which is allowed to reimburse the  
5 retailer for the expenses incurred in keeping records,  
6 preparing and filing returns, remitting the tax and supplying  
7 data to the Department on request. On and after January 1,  
8 2021, a certified service provider, as defined in the Leveling  
9 the Playing Field for Illinois Retail Act, filing the return  
10 under this Section on behalf of a remote retailer shall, at the  
11 time of such return, pay to the Department the amount of tax  
12 imposed by this Act less a discount of 1.75%. A remote retailer  
13 using a certified service provider to file a return on its  
14 behalf, as provided in the Leveling the Playing Field for  
15 Illinois Retail Act, is not eligible for the discount. The  
16 discount under this Section is not allowed for the 1.25%  
17 portion of taxes paid on aviation fuel that is subject to the  
18 revenue use requirements of 49 U.S.C. 47107(b) and 49 U.S.C.  
19 47133. Any prepayment made pursuant to Section 2d of this Act  
20 shall be included in the amount on which such 2.1% or 1.75%  
21 discount is computed. In the case of retailers who report and  
22 pay the tax on a transaction by transaction basis, as provided  
23 in this Section, such discount shall be taken with each such  
24 tax remittance instead of when such retailer files his  
25 periodic return. The discount allowed under this Section is  
26 allowed only for returns that are filed in the manner required

1 by this Act. The Department may disallow the discount for  
2 retailers whose certificate of registration is revoked at the  
3 time the return is filed, but only if the Department's  
4 decision to revoke the certificate of registration has become  
5 final.

6 Before October 1, 2000, if the taxpayer's average monthly  
7 tax liability to the Department under this Act, the Use Tax  
8 Act, the Service Occupation Tax Act, and the Service Use Tax  
9 Act, excluding any liability for prepaid sales tax to be  
10 remitted in accordance with Section 2d of this Act, was  
11 \$10,000 or more during the preceding 4 complete calendar  
12 quarters, he shall file a return with the Department each  
13 month by the 20th day of the month next following the month  
14 during which such tax liability is incurred and shall make  
15 payments to the Department on or before the 7th, 15th, 22nd and  
16 last day of the month during which such liability is incurred.  
17 On and after October 1, 2000, if the taxpayer's average  
18 monthly tax liability to the Department under this Act, the  
19 Use Tax Act, the Service Occupation Tax Act, and the Service  
20 Use Tax Act, excluding any liability for prepaid sales tax to  
21 be remitted in accordance with Section 2d of this Act, was  
22 \$20,000 or more during the preceding 4 complete calendar  
23 quarters, he shall file a return with the Department each  
24 month by the 20th day of the month next following the month  
25 during which such tax liability is incurred and shall make  
26 payment to the Department on or before the 7th, 15th, 22nd and

1 last day of the month during which such liability is incurred.  
2 If the month during which such tax liability is incurred began  
3 prior to January 1, 1985, each payment shall be in an amount  
4 equal to 1/4 of the taxpayer's actual liability for the month  
5 or an amount set by the Department not to exceed 1/4 of the  
6 average monthly liability of the taxpayer to the Department  
7 for the preceding 4 complete calendar quarters (excluding the  
8 month of highest liability and the month of lowest liability  
9 in such 4 quarter period). If the month during which such tax  
10 liability is incurred begins on or after January 1, 1985 and  
11 prior to January 1, 1987, each payment shall be in an amount  
12 equal to 22.5% of the taxpayer's actual liability for the  
13 month or 27.5% of the taxpayer's liability for the same  
14 calendar month of the preceding year. If the month during  
15 which such tax liability is incurred begins on or after  
16 January 1, 1987 and prior to January 1, 1988, each payment  
17 shall be in an amount equal to 22.5% of the taxpayer's actual  
18 liability for the month or 26.25% of the taxpayer's liability  
19 for the same calendar month of the preceding year. If the month  
20 during which such tax liability is incurred begins on or after  
21 January 1, 1988, and prior to January 1, 1989, or begins on or  
22 after January 1, 1996, each payment shall be in an amount equal  
23 to 22.5% of the taxpayer's actual liability for the month or  
24 25% of the taxpayer's liability for the same calendar month of  
25 the preceding year. If the month during which such tax  
26 liability is incurred begins on or after January 1, 1989, and

1 prior to January 1, 1996, each payment shall be in an amount  
2 equal to 22.5% of the taxpayer's actual liability for the  
3 month or 25% of the taxpayer's liability for the same calendar  
4 month of the preceding year or 100% of the taxpayer's actual  
5 liability for the quarter monthly reporting period. The amount  
6 of such quarter monthly payments shall be credited against the  
7 final tax liability of the taxpayer's return for that month.  
8 Before October 1, 2000, once applicable, the requirement of  
9 the making of quarter monthly payments to the Department by  
10 taxpayers having an average monthly tax liability of \$10,000  
11 or more as determined in the manner provided above shall  
12 continue until such taxpayer's average monthly liability to  
13 the Department during the preceding 4 complete calendar  
14 quarters (excluding the month of highest liability and the  
15 month of lowest liability) is less than \$9,000, or until such  
16 taxpayer's average monthly liability to the Department as  
17 computed for each calendar quarter of the 4 preceding complete  
18 calendar quarter period is less than \$10,000. However, if a  
19 taxpayer can show the Department that a substantial change in  
20 the taxpayer's business has occurred which causes the taxpayer  
21 to anticipate that his average monthly tax liability for the  
22 reasonably foreseeable future will fall below the \$10,000  
23 threshold stated above, then such taxpayer may petition the  
24 Department for a change in such taxpayer's reporting status.  
25 On and after October 1, 2000, once applicable, the requirement  
26 of the making of quarter monthly payments to the Department by

1 taxpayers having an average monthly tax liability of \$20,000  
2 or more as determined in the manner provided above shall  
3 continue until such taxpayer's average monthly liability to  
4 the Department during the preceding 4 complete calendar  
5 quarters (excluding the month of highest liability and the  
6 month of lowest liability) is less than \$19,000 or until such  
7 taxpayer's average monthly liability to the Department as  
8 computed for each calendar quarter of the 4 preceding complete  
9 calendar quarter period is less than \$20,000. However, if a  
10 taxpayer can show the Department that a substantial change in  
11 the taxpayer's business has occurred which causes the taxpayer  
12 to anticipate that his average monthly tax liability for the  
13 reasonably foreseeable future will fall below the \$20,000  
14 threshold stated above, then such taxpayer may petition the  
15 Department for a change in such taxpayer's reporting status.  
16 The Department shall change such taxpayer's reporting status  
17 unless it finds that such change is seasonal in nature and not  
18 likely to be long term. If any such quarter monthly payment is  
19 not paid at the time or in the amount required by this Section,  
20 then the taxpayer shall be liable for penalties and interest  
21 on the difference between the minimum amount due as a payment  
22 and the amount of such quarter monthly payment actually and  
23 timely paid, except insofar as the taxpayer has previously  
24 made payments for that month to the Department in excess of the  
25 minimum payments previously due as provided in this Section.  
26 The Department shall make reasonable rules and regulations to



1 govern the quarter monthly payment amount and quarter monthly  
2 payment dates for taxpayers who file on other than a calendar  
3 monthly basis.

4 The provisions of this paragraph apply before October 1,  
5 2001. Without regard to whether a taxpayer is required to make  
6 quarter monthly payments as specified above, any taxpayer who  
7 is required by Section 2d of this Act to collect and remit  
8 prepaid taxes and has collected prepaid taxes which average in  
9 excess of \$25,000 per month during the preceding 2 complete  
10 calendar quarters, shall file a return with the Department as  
11 required by Section 2f and shall make payments to the  
12 Department on or before the 7th, 15th, 22nd and last day of the  
13 month during which such liability is incurred. If the month  
14 during which such tax liability is incurred began prior to  
15 September 1, 1985 (the effective date of Public Act 84-221),  
16 each payment shall be in an amount not less than 22.5% of the  
17 taxpayer's actual liability under Section 2d. If the month  
18 during which such tax liability is incurred begins on or after  
19 January 1, 1986, each payment shall be in an amount equal to  
20 22.5% of the taxpayer's actual liability for the month or  
21 27.5% of the taxpayer's liability for the same calendar month  
22 of the preceding calendar year. If the month during which such  
23 tax liability is incurred begins on or after January 1, 1987,  
24 each payment shall be in an amount equal to 22.5% of the  
25 taxpayer's actual liability for the month or 26.25% of the  
26 taxpayer's liability for the same calendar month of the

1 preceding year. The amount of such quarter monthly payments  
2 shall be credited against the final tax liability of the  
3 taxpayer's return for that month filed under this Section or  
4 Section 2f, as the case may be. Once applicable, the  
5 requirement of the making of quarter monthly payments to the  
6 Department pursuant to this paragraph shall continue until  
7 such taxpayer's average monthly prepaid tax collections during  
8 the preceding 2 complete calendar quarters is \$25,000 or less.  
9 If any such quarter monthly payment is not paid at the time or  
10 in the amount required, the taxpayer shall be liable for  
11 penalties and interest on such difference, except insofar as  
12 the taxpayer has previously made payments for that month in  
13 excess of the minimum payments previously due.

14 The provisions of this paragraph apply on and after  
15 October 1, 2001. Without regard to whether a taxpayer is  
16 required to make quarter monthly payments as specified above,  
17 any taxpayer who is required by Section 2d of this Act to  
18 collect and remit prepaid taxes and has collected prepaid  
19 taxes that average in excess of \$20,000 per month during the  
20 preceding 4 complete calendar quarters shall file a return  
21 with the Department as required by Section 2f and shall make  
22 payments to the Department on or before the 7th, 15th, 22nd and  
23 last day of the month during which the liability is incurred.  
24 Each payment shall be in an amount equal to 22.5% of the  
25 taxpayer's actual liability for the month or 25% of the  
26 taxpayer's liability for the same calendar month of the

1 preceding year. The amount of the quarter monthly payments  
2 shall be credited against the final tax liability of the  
3 taxpayer's return for that month filed under this Section or  
4 Section 2f, as the case may be. Once applicable, the  
5 requirement of the making of quarter monthly payments to the  
6 Department pursuant to this paragraph shall continue until the  
7 taxpayer's average monthly prepaid tax collections during the  
8 preceding 4 complete calendar quarters (excluding the month of  
9 highest liability and the month of lowest liability) is less  
10 than \$19,000 or until such taxpayer's average monthly  
11 liability to the Department as computed for each calendar  
12 quarter of the 4 preceding complete calendar quarters is less  
13 than \$20,000. If any such quarter monthly payment is not paid  
14 at the time or in the amount required, the taxpayer shall be  
15 liable for penalties and interest on such difference, except  
16 insofar as the taxpayer has previously made payments for that  
17 month in excess of the minimum payments previously due.

18 If any payment provided for in this Section exceeds the  
19 taxpayer's liabilities under this Act, the Use Tax Act, the  
20 Service Occupation Tax Act and the Service Use Tax Act, as  
21 shown on an original monthly return, the Department shall, if  
22 requested by the taxpayer, issue to the taxpayer a credit  
23 memorandum no later than 30 days after the date of payment. The  
24 credit evidenced by such credit memorandum may be assigned by  
25 the taxpayer to a similar taxpayer under this Act, the Use Tax  
26 Act, the Service Occupation Tax Act or the Service Use Tax Act,

1 in accordance with reasonable rules and regulations to be  
2 prescribed by the Department. If no such request is made, the  
3 taxpayer may credit such excess payment against tax liability  
4 subsequently to be remitted to the Department under this Act,  
5 the Use Tax Act, the Service Occupation Tax Act or the Service  
6 Use Tax Act, in accordance with reasonable rules and  
7 regulations prescribed by the Department. If the Department  
8 subsequently determined that all or any part of the credit  
9 taken was not actually due to the taxpayer, the taxpayer's  
10 2.1% and 1.75% vendor's discount shall be reduced by 2.1% or  
11 1.75% of the difference between the credit taken and that  
12 actually due, and that taxpayer shall be liable for penalties  
13 and interest on such difference.

14 If a retailer of motor fuel is entitled to a credit under  
15 Section 2d of this Act which exceeds the taxpayer's liability  
16 to the Department under this Act for the month for which the  
17 taxpayer is filing a return, the Department shall issue the  
18 taxpayer a credit memorandum for the excess.

19 Beginning January 1, 1990, each month the Department shall  
20 pay into the Local Government Tax Fund, a special fund in the  
21 State treasury which is hereby created, the net revenue  
22 realized for the preceding month from the 1% tax imposed under  
23 this Act.

24 Beginning January 1, 1990, each month the Department shall  
25 pay into the County and Mass Transit District Fund, a special  
26 fund in the State treasury which is hereby created, 4% of the

1 net revenue realized for the preceding month from the ~~6.25%~~  
2 general rate other than aviation fuel sold on or after  
3 December 1, 2019. This exception for aviation fuel only  
4 applies for so long as the revenue use requirements of 49  
5 U.S.C. 47107(b) and 49 U.S.C. 47133 are binding on the State.

6 Beginning August 1, 2000, each month the Department shall  
7 pay into the County and Mass Transit District Fund 20% of the  
8 net revenue realized for the preceding month from the 1.25%  
9 rate on the selling price of motor fuel and gasohol. Beginning  
10 September 1, 2010, each month the Department shall pay into  
11 the County and Mass Transit District Fund 20% of the net  
12 revenue realized for the preceding month from the 1.25% rate  
13 on the selling price of sales tax holiday items.

14 Beginning January 1, 1990, each month the Department shall  
15 pay into the Local Government Tax Fund 16% of the net revenue  
16 realized for the preceding month from the ~~6.25%~~ general rate  
17 on the selling price of tangible personal property other than  
18 aviation fuel sold on or after December 1, 2019. This  
19 exception for aviation fuel only applies for so long as the  
20 revenue use requirements of 49 U.S.C. 47107(b) and 49 U.S.C.  
21 47133 are binding on the State.

22 For aviation fuel sold on or after December 1, 2019, each  
23 month the Department shall pay into the State Aviation Program  
24 Fund 20% of the net revenue realized for the preceding month  
25 from the ~~6.25%~~ general rate on the selling price of aviation  
26 fuel, less an amount estimated by the Department to be

1 required for refunds of the 20% portion of the tax on aviation  
2 fuel under this Act, which amount shall be deposited into the  
3 Aviation Fuel Sales Tax Refund Fund. The Department shall only  
4 pay moneys into the State Aviation Program Fund and the  
5 Aviation Fuel Sales Tax Refund Fund under this Act for so long  
6 as the revenue use requirements of 49 U.S.C. 47107(b) and 49  
7 U.S.C. 47133 are binding on the State.

8 Beginning August 1, 2000, each month the Department shall  
9 pay into the Local Government Tax Fund 80% of the net revenue  
10 realized for the preceding month from the 1.25% rate on the  
11 selling price of motor fuel and gasohol. Beginning September  
12 1, 2010, each month the Department shall pay into the Local  
13 Government Tax Fund 80% of the net revenue realized for the  
14 preceding month from the 1.25% rate on the selling price of  
15 sales tax holiday items.

16 Beginning October 1, 2009, each month the Department shall  
17 pay into the Capital Projects Fund an amount that is equal to  
18 an amount estimated by the Department to represent 80% of the  
19 net revenue realized for the preceding month from the sale of  
20 candy, grooming and hygiene products, and soft drinks that had  
21 been taxed at a rate of 1% prior to September 1, 2009 but that  
22 are now taxed at the general rate ~~6.25%~~.

23 Beginning July 1, 2011, each month the Department shall  
24 pay into the Clean Air Act Permit Fund 80% of the net revenue  
25 realized for the preceding month from the ~~6.25%~~ general rate  
26 on the selling price of sorbents used in Illinois in the

1 process of sorbent injection as used to comply with the  
2 Environmental Protection Act or the federal Clean Air Act, but  
3 the total payment into the Clean Air Act Permit Fund under this  
4 Act and the Use Tax Act shall not exceed \$2,000,000 in any  
5 fiscal year.

6 Beginning July 1, 2013, each month the Department shall  
7 pay into the Underground Storage Tank Fund from the proceeds  
8 collected under this Act, the Use Tax Act, the Service Use Tax  
9 Act, and the Service Occupation Tax Act an amount equal to the  
10 average monthly deficit in the Underground Storage Tank Fund  
11 during the prior year, as certified annually by the Illinois  
12 Environmental Protection Agency, but the total payment into  
13 the Underground Storage Tank Fund under this Act, the Use Tax  
14 Act, the Service Use Tax Act, and the Service Occupation Tax  
15 Act shall not exceed \$18,000,000 in any State fiscal year. As  
16 used in this paragraph, the "average monthly deficit" shall be  
17 equal to the difference between the average monthly claims for  
18 payment by the fund and the average monthly revenues deposited  
19 into the fund, excluding payments made pursuant to this  
20 paragraph.

21 Beginning July 1, 2015, of the remainder of the moneys  
22 received by the Department under the Use Tax Act, the Service  
23 Use Tax Act, the Service Occupation Tax Act, and this Act, each  
24 month the Department shall deposit \$500,000 into the State  
25 Crime Laboratory Fund.

26 Of the remainder of the moneys received by the Department

1 pursuant to this Act, (a) 1.75% thereof shall be paid into the  
2 Build Illinois Fund and (b) prior to July 1, 1989, 2.2% and on  
3 and after July 1, 1989, 3.8% thereof shall be paid into the  
4 Build Illinois Fund; provided, however, that if in any fiscal  
5 year the sum of (1) the aggregate of 2.2% or 3.8%, as the case  
6 may be, of the moneys received by the Department and required  
7 to be paid into the Build Illinois Fund pursuant to this Act,  
8 Section 9 of the Use Tax Act, Section 9 of the Service Use Tax  
9 Act, and Section 9 of the Service Occupation Tax Act, such Acts  
10 being hereinafter called the "Tax Acts" and such aggregate of  
11 2.2% or 3.8%, as the case may be, of moneys being hereinafter  
12 called the "Tax Act Amount", and (2) the amount transferred to  
13 the Build Illinois Fund from the State and Local Sales Tax  
14 Reform Fund shall be less than the Annual Specified Amount (as  
15 hereinafter defined), an amount equal to the difference shall  
16 be immediately paid into the Build Illinois Fund from other  
17 moneys received by the Department pursuant to the Tax Acts;  
18 the "Annual Specified Amount" means the amounts specified  
19 below for fiscal years 1986 through 1993:

20	Fiscal Year	Annual Specified Amount
21	1986	\$54,800,000
22	1987	\$76,650,000
23	1988	\$80,480,000
24	1989	\$88,510,000
25	1990	\$115,330,000
26	1991	\$145,470,000



1                   1992                                   \$182,730,000

2                   1993                                   \$206,520,000;

3   and means the Certified Annual Debt Service Requirement (as  
4   defined in Section 13 of the Build Illinois Bond Act) or the  
5   Tax Act Amount, whichever is greater, for fiscal year 1994 and  
6   each fiscal year thereafter; and further provided, that if on  
7   the last business day of any month the sum of (1) the Tax Act  
8   Amount required to be deposited into the Build Illinois Bond  
9   Account in the Build Illinois Fund during such month and (2)  
10  the amount transferred to the Build Illinois Fund from the  
11  State and Local Sales Tax Reform Fund shall have been less than  
12  1/12 of the Annual Specified Amount, an amount equal to the  
13  difference shall be immediately paid into the Build Illinois  
14  Fund from other moneys received by the Department pursuant to  
15  the Tax Acts; and, further provided, that in no event shall the  
16  payments required under the preceding proviso result in  
17  aggregate payments into the Build Illinois Fund pursuant to  
18  this clause (b) for any fiscal year in excess of the greater of  
19  (i) the Tax Act Amount or (ii) the Annual Specified Amount for  
20  such fiscal year. The amounts payable into the Build Illinois  
21  Fund under clause (b) of the first sentence in this paragraph  
22  shall be payable only until such time as the aggregate amount  
23  on deposit under each trust indenture securing Bonds issued  
24  and outstanding pursuant to the Build Illinois Bond Act is  
25  sufficient, taking into account any future investment income,  
26  to fully provide, in accordance with such indenture, for the

1 defeasance of or the payment of the principal of, premium, if  
2 any, and interest on the Bonds secured by such indenture and on  
3 any Bonds expected to be issued thereafter and all fees and  
4 costs payable with respect thereto, all as certified by the  
5 Director of the Bureau of the Budget (now Governor's Office of  
6 Management and Budget). If on the last business day of any  
7 month in which Bonds are outstanding pursuant to the Build  
8 Illinois Bond Act, the aggregate of moneys deposited in the  
9 Build Illinois Bond Account in the Build Illinois Fund in such  
10 month shall be less than the amount required to be transferred  
11 in such month from the Build Illinois Bond Account to the Build  
12 Illinois Bond Retirement and Interest Fund pursuant to Section  
13 13 of the Build Illinois Bond Act, an amount equal to such  
14 deficiency shall be immediately paid from other moneys  
15 received by the Department pursuant to the Tax Acts to the  
16 Build Illinois Fund; provided, however, that any amounts paid  
17 to the Build Illinois Fund in any fiscal year pursuant to this  
18 sentence shall be deemed to constitute payments pursuant to  
19 clause (b) of the first sentence of this paragraph and shall  
20 reduce the amount otherwise payable for such fiscal year  
21 pursuant to that clause (b). The moneys received by the  
22 Department pursuant to this Act and required to be deposited  
23 into the Build Illinois Fund are subject to the pledge, claim  
24 and charge set forth in Section 12 of the Build Illinois Bond  
25 Act.

26 Subject to payment of amounts into the Build Illinois Fund

1 as provided in the preceding paragraph or in any amendment  
2 thereto hereafter enacted, the following specified monthly  
3 installment of the amount requested in the certificate of the  
4 Chairman of the Metropolitan Pier and Exposition Authority  
5 provided under Section 8.25f of the State Finance Act, but not  
6 in excess of sums designated as "Total Deposit", shall be  
7 deposited in the aggregate from collections under Section 9 of  
8 the Use Tax Act, Section 9 of the Service Use Tax Act, Section  
9 of the Service Occupation Tax Act, and Section 3 of the  
10 Retailers' Occupation Tax Act into the McCormick Place  
11 Expansion Project Fund in the specified fiscal years.

12	Fiscal Year	Total Deposit
13	1993	\$0
14	1994	53,000,000
15	1995	58,000,000
16	1996	61,000,000
17	1997	64,000,000
18	1998	68,000,000
19	1999	71,000,000
20	2000	75,000,000
21	2001	80,000,000
22	2002	93,000,000
23	2003	99,000,000
24	2004	103,000,000
25	2005	108,000,000
26	2006	113,000,000

1	2007	119,000,000
2	2008	126,000,000
3	2009	132,000,000
4	2010	139,000,000
5	2011	146,000,000
6	2012	153,000,000
7	2013	161,000,000
8	2014	170,000,000
9	2015	179,000,000
10	2016	189,000,000
11	2017	199,000,000
12	2018	210,000,000
13	2019	221,000,000
14	2020	233,000,000
15	2021	300,000,000
16	2022	300,000,000
17	2023	300,000,000
18	2024	300,000,000
19	2025	300,000,000
20	2026	300,000,000
21	2027	375,000,000
22	2028	375,000,000
23	2029	375,000,000
24	2030	375,000,000
25	2031	375,000,000
26	2032	375,000,000

1	2033	375,000,000
2	2034	375,000,000
3	2035	375,000,000
4	2036	450,000,000

5 and

6 each fiscal year

7 thereafter that bonds

8 are outstanding under

9 Section 13.2 of the

10 Metropolitan Pier and

11 Exposition Authority Act,

12 but not after fiscal year 2060.

13 Beginning July 20, 1993 and in each month of each fiscal  
14 year thereafter, one-eighth of the amount requested in the  
15 certificate of the Chairman of the Metropolitan Pier and  
16 Exposition Authority for that fiscal year, less the amount  
17 deposited into the McCormick Place Expansion Project Fund by  
18 the State Treasurer in the respective month under subsection  
19 (g) of Section 13 of the Metropolitan Pier and Exposition  
20 Authority Act, plus cumulative deficiencies in the deposits  
21 required under this Section for previous months and years,  
22 shall be deposited into the McCormick Place Expansion Project  
23 Fund, until the full amount requested for the fiscal year, but  
24 not in excess of the amount specified above as "Total  
25 Deposit", has been deposited.

26 Subject to payment of amounts into the Capital Projects

1 Fund, the Clean Air Act Permit Fund, the Build Illinois Fund,  
2 and the McCormick Place Expansion Project Fund pursuant to the  
3 preceding paragraphs or in any amendments thereto hereafter  
4 enacted, for aviation fuel sold on or after December 1, 2019,  
5 the Department shall each month deposit into the Aviation Fuel  
6 Sales Tax Refund Fund an amount estimated by the Department to  
7 be required for refunds of the 80% portion of the tax on  
8 aviation fuel under this Act. The Department shall only  
9 deposit moneys into the Aviation Fuel Sales Tax Refund Fund  
10 under this paragraph for so long as the revenue use  
11 requirements of 49 U.S.C. 47107(b) and 49 U.S.C. 47133 are  
12 binding on the State.

13 Subject to payment of amounts into the Build Illinois Fund  
14 and the McCormick Place Expansion Project Fund pursuant to the  
15 preceding paragraphs or in any amendments thereto hereafter  
16 enacted, beginning July 1, 1993 and ending on September 30,  
17 2013, the Department shall each month pay into the Illinois  
18 Tax Increment Fund 0.27% of 80% of the net revenue realized for  
19 the preceding month from the ~~6.25%~~ general rate on the selling  
20 price of tangible personal property.

21 Subject to payment of amounts into the Build Illinois Fund  
22 and the McCormick Place Expansion Project Fund pursuant to the  
23 preceding paragraphs or in any amendments thereto hereafter  
24 enacted, beginning with the receipt of the first report of  
25 taxes paid by an eligible business and continuing for a  
26 25-year period, the Department shall each month pay into the

1 Energy Infrastructure Fund 80% of the net revenue realized  
2 from the ~~6.25%~~ general rate on the selling price of  
3 Illinois-mined coal that was sold to an eligible business. For  
4 purposes of this paragraph, the term "eligible business" means  
5 a new electric generating facility certified pursuant to  
6 Section 605-332 of the Department of Commerce and Economic  
7 Opportunity Law of the Civil Administrative Code of Illinois.

8 Subject to payment of amounts into the Build Illinois  
9 Fund, the McCormick Place Expansion Project Fund, the Illinois  
10 Tax Increment Fund, and the Energy Infrastructure Fund  
11 pursuant to the preceding paragraphs or in any amendments to  
12 this Section hereafter enacted, beginning on the first day of  
13 the first calendar month to occur on or after August 26, 2014  
14 (the effective date of Public Act 98-1098), each month, from  
15 the collections made under Section 9 of the Use Tax Act,  
16 Section 9 of the Service Use Tax Act, Section 9 of the Service  
17 Occupation Tax Act, and Section 3 of the Retailers' Occupation  
18 Tax Act, the Department shall pay into the Tax Compliance and  
19 Administration Fund, to be used, subject to appropriation, to  
20 fund additional auditors and compliance personnel at the  
21 Department of Revenue, an amount equal to 1/12 of 5% of 80% of  
22 the cash receipts collected during the preceding fiscal year  
23 by the Audit Bureau of the Department under the Use Tax Act,  
24 the Service Use Tax Act, the Service Occupation Tax Act, the  
25 Retailers' Occupation Tax Act, and associated local occupation  
26 and use taxes administered by the Department.

1           Subject to payments of amounts into the Build Illinois  
2 Fund, the McCormick Place Expansion Project Fund, the Illinois  
3 Tax Increment Fund, the Energy Infrastructure Fund, and the  
4 Tax Compliance and Administration Fund as provided in this  
5 Section, beginning on July 1, 2018 the Department shall pay  
6 each month into the Downstate Public Transportation Fund the  
7 moneys required to be so paid under Section 2-3 of the  
8 Downstate Public Transportation Act.

9           Subject to successful execution and delivery of a  
10 public-private agreement between the public agency and private  
11 entity and completion of the civic build, beginning on July 1,  
12 2023, of the remainder of the moneys received by the  
13 Department under the Use Tax Act, the Service Use Tax Act, the  
14 Service Occupation Tax Act, and this Act, the Department shall  
15 deposit the following specified deposits in the aggregate from  
16 collections under the Use Tax Act, the Service Use Tax Act, the  
17 Service Occupation Tax Act, and the Retailers' Occupation Tax  
18 Act, as required under Section 8.25g of the State Finance Act  
19 for distribution consistent with the Public-Private  
20 Partnership for Civic and Transit Infrastructure Project Act.  
21 The moneys received by the Department pursuant to this Act and  
22 required to be deposited into the Civic and Transit  
23 Infrastructure Fund are subject to the pledge, claim and  
24 charge set forth in Section 25-55 of the Public-Private  
25 Partnership for Civic and Transit Infrastructure Project Act.  
26 As used in this paragraph, "civic build", "private entity",



1 "public-private agreement", and "public agency" have the  
 2 meanings provided in Section 25-10 of the Public-Private  
 3 Partnership for Civic and Transit Infrastructure Project Act.

4	Fiscal Year.....	Total Deposit
5	2024 .....	\$200,000,000
6	2025 .....	\$206,000,000
7	2026 .....	\$212,200,000
8	2027 .....	\$218,500,000
9	2028 .....	\$225,100,000
10	2029 .....	\$288,700,000
11	2030 .....	\$298,900,000
12	2031 .....	\$309,300,000
13	2032 .....	\$320,100,000
14	2033 .....	\$331,200,000
15	2034 .....	\$341,200,000
16	2035 .....	\$351,400,000
17	2036 .....	\$361,900,000
18	2037 .....	\$372,800,000
19	2038 .....	\$384,000,000
20	2039 .....	\$395,500,000
21	2040 .....	\$407,400,000
22	2041 .....	\$419,600,000
23	2042 .....	\$432,200,000
24	2043 .....	\$445,100,000

25 Beginning July 1, 2021 and until July 1, 2022, subject to  
 26 the payment of amounts into the County and Mass Transit

1 District Fund, the Local Government Tax Fund, the Build  
2 Illinois Fund, the McCormick Place Expansion Project Fund, the  
3 Illinois Tax Increment Fund, the Energy Infrastructure Fund,  
4 and the Tax Compliance and Administration Fund as provided in  
5 this Section, the Department shall pay each month into the  
6 Road Fund the amount estimated to represent 16% of the net  
7 revenue realized from the taxes imposed on motor fuel and  
8 gasohol. Beginning July 1, 2022 and until July 1, 2023,  
9 subject to the payment of amounts into the County and Mass  
10 Transit District Fund, the Local Government Tax Fund, the  
11 Build Illinois Fund, the McCormick Place Expansion Project  
12 Fund, the Illinois Tax Increment Fund, the Energy  
13 Infrastructure Fund, and the Tax Compliance and Administration  
14 Fund as provided in this Section, the Department shall pay  
15 each month into the Road Fund the amount estimated to  
16 represent 32% of the net revenue realized from the taxes  
17 imposed on motor fuel and gasohol. Beginning July 1, 2023 and  
18 until July 1, 2024, subject to the payment of amounts into the  
19 County and Mass Transit District Fund, the Local Government  
20 Tax Fund, the Build Illinois Fund, the McCormick Place  
21 Expansion Project Fund, the Illinois Tax Increment Fund, the  
22 Energy Infrastructure Fund, and the Tax Compliance and  
23 Administration Fund as provided in this Section, the  
24 Department shall pay each month into the Road Fund the amount  
25 estimated to represent 48% of the net revenue realized from  
26 the taxes imposed on motor fuel and gasohol. Beginning July 1,

1 2024 and until July 1, 2025, subject to the payment of amounts  
2 into the County and Mass Transit District Fund, the Local  
3 Government Tax Fund, the Build Illinois Fund, the McCormick  
4 Place Expansion Project Fund, the Illinois Tax Increment Fund,  
5 the Energy Infrastructure Fund, and the Tax Compliance and  
6 Administration Fund as provided in this Section, the  
7 Department shall pay each month into the Road Fund the amount  
8 estimated to represent 64% of the net revenue realized from  
9 the taxes imposed on motor fuel and gasohol. Beginning on July  
10 1, 2025, subject to the payment of amounts into the County and  
11 Mass Transit District Fund, the Local Government Tax Fund, the  
12 Build Illinois Fund, the McCormick Place Expansion Project  
13 Fund, the Illinois Tax Increment Fund, the Energy  
14 Infrastructure Fund, and the Tax Compliance and Administration  
15 Fund as provided in this Section, the Department shall pay  
16 each month into the Road Fund the amount estimated to  
17 represent 80% of the net revenue realized from the taxes  
18 imposed on motor fuel and gasohol. As used in this paragraph  
19 "motor fuel" has the meaning given to that term in Section 1.1  
20 of the Motor Fuel Tax Act, and "gasohol" has the meaning given  
21 to that term in Section 3-40 of the Use Tax Act.

22 Of the remainder of the moneys received by the Department  
23 pursuant to this Act, 75% thereof shall be paid into the State  
24 Treasury and 25% shall be reserved in a special account and  
25 used only for the transfer to the Common School Fund as part of  
26 the monthly transfer from the General Revenue Fund in

1 accordance with Section 8a of the State Finance Act.

2       The Department may, upon separate written notice to a  
3 taxpayer, require the taxpayer to prepare and file with the  
4 Department on a form prescribed by the Department within not  
5 less than 60 days after receipt of the notice an annual  
6 information return for the tax year specified in the notice.  
7 Such annual return to the Department shall include a statement  
8 of gross receipts as shown by the retailer's last Federal  
9 income tax return. If the total receipts of the business as  
10 reported in the Federal income tax return do not agree with the  
11 gross receipts reported to the Department of Revenue for the  
12 same period, the retailer shall attach to his annual return a  
13 schedule showing a reconciliation of the 2 amounts and the  
14 reasons for the difference. The retailer's annual return to  
15 the Department shall also disclose the cost of goods sold by  
16 the retailer during the year covered by such return, opening  
17 and closing inventories of such goods for such year, costs of  
18 goods used from stock or taken from stock and given away by the  
19 retailer during such year, payroll information of the  
20 retailer's business during such year and any additional  
21 reasonable information which the Department deems would be  
22 helpful in determining the accuracy of the monthly, quarterly  
23 or annual returns filed by such retailer as provided for in  
24 this Section.

25       If the annual information return required by this Section  
26 is not filed when and as required, the taxpayer shall be liable

1 as follows:

2 (i) Until January 1, 1994, the taxpayer shall be  
3 liable for a penalty equal to 1/6 of 1% of the tax due from  
4 such taxpayer under this Act during the period to be  
5 covered by the annual return for each month or fraction of  
6 a month until such return is filed as required, the  
7 penalty to be assessed and collected in the same manner as  
8 any other penalty provided for in this Act.

9 (ii) On and after January 1, 1994, the taxpayer shall  
10 be liable for a penalty as described in Section 3-4 of the  
11 Uniform Penalty and Interest Act.

12 The chief executive officer, proprietor, owner or highest  
13 ranking manager shall sign the annual return to certify the  
14 accuracy of the information contained therein. Any person who  
15 willfully signs the annual return containing false or  
16 inaccurate information shall be guilty of perjury and punished  
17 accordingly. The annual return form prescribed by the  
18 Department shall include a warning that the person signing the  
19 return may be liable for perjury.

20 The provisions of this Section concerning the filing of an  
21 annual information return do not apply to a retailer who is not  
22 required to file an income tax return with the United States  
23 Government.

24 As soon as possible after the first day of each month, upon  
25 certification of the Department of Revenue, the Comptroller  
26 shall order transferred and the Treasurer shall transfer from

1 the General Revenue Fund to the Motor Fuel Tax Fund an amount  
2 equal to 1.7% of 80% of the net revenue realized under this Act  
3 for the second preceding month. Beginning April 1, 2000, this  
4 transfer is no longer required and shall not be made.

5 Net revenue realized for a month shall be the revenue  
6 collected by the State pursuant to this Act, less the amount  
7 paid out during that month as refunds to taxpayers for  
8 overpayment of liability.

9 For greater simplicity of administration, manufacturers,  
10 importers and wholesalers whose products are sold at retail in  
11 Illinois by numerous retailers, and who wish to do so, may  
12 assume the responsibility for accounting and paying to the  
13 Department all tax accruing under this Act with respect to  
14 such sales, if the retailers who are affected do not make  
15 written objection to the Department to this arrangement.

16 Any person who promotes, organizes, provides retail  
17 selling space for concessionaires or other types of sellers at  
18 the Illinois State Fair, DuQuoin State Fair, county fairs,  
19 local fairs, art shows, flea markets and similar exhibitions  
20 or events, including any transient merchant as defined by  
21 Section 2 of the Transient Merchant Act of 1987, is required to  
22 file a report with the Department providing the name of the  
23 merchant's business, the name of the person or persons engaged  
24 in merchant's business, the permanent address and Illinois  
25 Retailers Occupation Tax Registration Number of the merchant,  
26 the dates and location of the event and other reasonable

1 information that the Department may require. The report must  
2 be filed not later than the 20th day of the month next  
3 following the month during which the event with retail sales  
4 was held. Any person who fails to file a report required by  
5 this Section commits a business offense and is subject to a  
6 fine not to exceed \$250.

7 Any person engaged in the business of selling tangible  
8 personal property at retail as a concessionaire or other type  
9 of seller at the Illinois State Fair, county fairs, art shows,  
10 flea markets and similar exhibitions or events, or any  
11 transient merchants, as defined by Section 2 of the Transient  
12 Merchant Act of 1987, may be required to make a daily report of  
13 the amount of such sales to the Department and to make a daily  
14 payment of the full amount of tax due. The Department shall  
15 impose this requirement when it finds that there is a  
16 significant risk of loss of revenue to the State at such an  
17 exhibition or event. Such a finding shall be based on evidence  
18 that a substantial number of concessionaires or other sellers  
19 who are not residents of Illinois will be engaging in the  
20 business of selling tangible personal property at retail at  
21 the exhibition or event, or other evidence of a significant  
22 risk of loss of revenue to the State. The Department shall  
23 notify concessionaires and other sellers affected by the  
24 imposition of this requirement. In the absence of notification  
25 by the Department, the concessionaires and other sellers shall  
26 file their returns as otherwise required in this Section.

1 (Source: P.A. 101-10, Article 15, Section 15-25, eff. 6-5-19;  
2 101-10, Article 25, Section 25-120, eff. 6-5-19; 101-27, eff.  
3 6-25-19; 101-32, eff. 6-28-19; 101-604, eff. 12-13-19;  
4 101-636, eff. 6-10-20; 102-634, eff. 8-27-21; revised  
5 12-7-21.)

6 (35 ILCS 120/51) (from Ch. 120, par. 4441)

7 Sec. 51. Building materials exemption; High Impact  
8 Business.

9 (a) Beginning January 1, 1995, each retailer who makes a  
10 sale of building materials that will be incorporated into a  
11 High Impact Business location as designated by the Department  
12 of Commerce and Economic Opportunity under Section 5.5 of the  
13 Illinois Enterprise Zone Act may deduct receipts from such  
14 sales when calculating only the general ~~6.25% State~~ rate of  
15 tax imposed by this Act. Beginning on the effective date of  
16 this amendatory Act of 1995, a retailer may also deduct  
17 receipts from such sales when calculating any applicable local  
18 taxes. However, until the effective date of this amendatory  
19 Act of 1995, a retailer may file claims for credit or refund to  
20 recover the amount of any applicable local tax paid on such  
21 sales. No retailer who is eligible for the deduction or credit  
22 under Section 5k of this Act for making a sale of building  
23 materials to be incorporated into real estate in an enterprise  
24 zone by rehabilitation, remodeling or new construction shall  
25 be eligible for the deduction or credit authorized under this



1 Section.

2 (b) On and after July 1, 2013, in addition to any other  
3 requirements to document the exemption allowed under this  
4 Section, the retailer must obtain from the purchaser the  
5 purchaser's High Impact Business Building Materials Exemption  
6 Certificate number issued by the Department. A construction  
7 contractor or other entity shall not make tax-free purchases  
8 unless it has an active Exemption Certificate issued by the  
9 Department at the time of purchase.

10 Upon request from the designated High Impact Business, the  
11 Department shall issue a High Impact Business Building  
12 Materials Exemption Certificate for each construction  
13 contractor or other entity identified by the designated High  
14 Impact Business. The Department shall make the Exemption  
15 Certificates available to each construction contractor or  
16 other entity and the designated High Impact Business. The  
17 request for Building Materials Exemption Certificates from the  
18 designated High Impact Business to the Department must include  
19 the following information:

20 (1) the name and address of the construction  
21 contractor or other entity;

22 (2) the name and location or address of the designated  
23 High Impact Business;

24 (3) the estimated amount of the exemption for each  
25 construction contractor or other entity for which a  
26 request for Exemption Certificate is made, based on a

1           stated estimated average tax rate and the percentage of  
2           the contract that consists of materials;

3           (4) the period of time over which supplies for the  
4           project are expected to be purchased; and

5           (5) other reasonable information as the Department may  
6           require, including but not limited to FEIN numbers, to  
7           determine if the contractor or other entity, or any  
8           partner, or a corporate officer, and in the case of a  
9           limited liability company, any manager or member, of the  
10          construction contractor or other entity, is or has been  
11          the owner, a partner, a corporate officer, and in the case  
12          of a limited liability company, a manager or member, of a  
13          person that is in default for moneys due to the Department  
14          under this Act or any other tax or fee Act administered by  
15          the Department.

16          The Department shall issue the High Impact Business  
17          Building Materials Exemption Certificates within 3 business  
18          days after receipt of request from the designated High Impact  
19          Business. This requirement does not apply in circumstances  
20          where the Department, for reasonable cause, is unable to issue  
21          the Exemption Certificate within 3 business days. The  
22          Department may refuse to issue an Exemption Certificate if the  
23          owner, any partner, or a corporate officer, and in the case of  
24          a limited liability company, any manager or member, of the  
25          construction contractor or other entity is or has been the  
26          owner, a partner, a corporate officer, and in the case of a

1 limited liability company, a manager or member, of a person  
2 that is in default for moneys due to the Department under this  
3 Act or any other tax or fee Act administered by the Department.  
4 The High Impact Business Building Materials Exemption  
5 Certificate shall contain language stating that if the  
6 construction contractor or other entity who is issued the  
7 Exemption Certificate makes a tax-exempt purchase, as  
8 described in this Section, that is not eligible for exemption  
9 under this Section or allows another person to make a  
10 tax-exempt purchase, as described in this Section, that is not  
11 eligible for exemption under this Section, then, in addition  
12 to any tax or other penalty imposed, the construction  
13 contractor or other entity is subject to a penalty equal to the  
14 tax that would have been paid by the retailer under this Act as  
15 well as any applicable local retailers' occupation tax on the  
16 purchase that is not eligible for the exemption.

17 The Department, in its discretion, may require that the  
18 request for High Impact Business Building Materials Exemption  
19 Certificates be submitted electronically. The Department may,  
20 in its discretion, issue the Exemption Certificates  
21 electronically. The High Impact Business Building Materials  
22 Exemption Certificate number shall be designed in such a way  
23 that the Department can identify from the unique number on the  
24 Exemption Certificate issued to a given construction  
25 contractor or other entity, the name of the designated High  
26 Impact Business and the construction contractor or other

1 entity to whom the Exemption Certificate is issued. The  
2 Exemption Certificate shall contain an expiration date, which  
3 shall be no more than 2 years after the date of issuance. At  
4 the request of the designated High Impact Business, the  
5 Department may renew an Exemption Certificate. After the  
6 Department issues Exemption Certificates for a given  
7 designated High Impact Business, the designated High Impact  
8 Business may notify the Department of additional construction  
9 contractors or other entities eligible for a Building  
10 Materials Exemption Certificate. Upon notification by the  
11 designated High Impact Business and subject to the other  
12 provisions of this subsection (b), the Department shall issue  
13 a High Impact Business Building Materials Exemption  
14 Certificate to each additional construction contractor or  
15 other entity identified by the designated High Impact  
16 Business. A designated High Impact Business may notify the  
17 Department to rescind a Building Materials Exemption  
18 Certificate previously issued by the Department but that has  
19 not yet expired. Upon notification by the designated High  
20 Impact Business and subject to the other provisions of this  
21 subsection (b), the Department shall issue the rescission of  
22 the Building Materials Exemption Certificate to the  
23 construction contractor or other entity identified by the  
24 designated High Impact Business and provide a copy to the  
25 designated High Impact Business.

26 If the Department of Revenue determines that a

1 construction contractor or other entity that was issued an  
2 Exemption Certificate under this subsection (b) made a  
3 tax-exempt purchase, as described in this Section, that was  
4 not eligible for exemption under this Section or allowed  
5 another person to make a tax-exempt purchase, as described in  
6 this Section, that was not eligible for exemption under this  
7 Section, then, in addition to any tax or other penalty  
8 imposed, the construction contractor or other entity is  
9 subject to a penalty equal to the tax that would have been paid  
10 by the retailer under this Act as well as any applicable local  
11 retailers' occupation tax on the purchase that was not  
12 eligible for the exemption.

13 (c) Notwithstanding anything to the contrary in this  
14 Section, for High Impact Businesses for which projects are  
15 already in existence and for which construction contracts are  
16 already in place on July 1, 2013, the request for High Impact  
17 Business Building Materials Exemption Certificates from the  
18 High Impact Business to the Department for these pre-existing  
19 construction contractors and other entities must include the  
20 information required under subsection (b), but not including  
21 the information listed in items (3) and (4). For any new  
22 construction contract entered into on or after July 1, 2013,  
23 however, all of the information in subsection (b) must be  
24 provided.

25 (Source: P.A. 97-905, eff. 8-7-12; 98-109, eff. 7-25-13.)

26 Section 99. Effective date. This Act takes effect upon

1 becoming law.