



## 103RD GENERAL ASSEMBLY

### State of Illinois

2023 and 2024

HB5015

Introduced 2/8/2024, by Rep. Mark L. Walker

#### SYNOPSIS AS INTRODUCED:

See Index

Amends the Property Tax Code. Provides that certain property may be certified by the Department of Revenue as containing a megaproject. Provides that a "megaproject" is a project with respect to which a company makes a specified investment during a specified investment period. Provides that the megaproject property is eligible for an assessment freeze. Provides that megaproject property may be granted an abatement. Provides that a company that operates a megaproject shall enter into an agreement with an oversight board established by the local municipality and local taxing districts to make certain special payments. Amends the Use Tax Act, the Service Use Tax Act, the Service Occupation Tax Act, and the Retailers' Occupation Tax Act. Provides that qualified tangible personal property used in the construction or operation of a megaproject is exempt from the taxes imposed under those Acts. Effective June 1, 2024.

LRB103 33725 HLH 63537 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 1. This Act may be referred to as the Megaproject  
5 Tax Stability Act.

6 Section 5. The Use Tax Act is amended by changing Section  
7 3-5 as follows:

8 (35 ILCS 105/3-5)

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

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

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

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

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

14 (4) Personal property purchased by a governmental body, by  
15 a corporation, society, association, foundation, or  
16 institution organized and operated exclusively for charitable,  
17 religious, or educational purposes, or by a not-for-profit  
18 corporation, society, association, foundation, institution, or  
19 organization that has no compensated officers or employees and  
20 that is organized and operated primarily for the recreation of  
21 persons 55 years of age or older. A limited liability company  
22 may qualify for the exemption under this paragraph only if the  
23 limited liability company is organized and operated  
24 exclusively for educational purposes. On and after July 1,  
25 1987, however, no entity otherwise eligible for this exemption  
26 shall make tax-free purchases unless it has an active

1 exemption identification number issued by the Department.

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

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

18 (7) Farm chemicals.

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

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

26 (10) A motor vehicle that is used for automobile renting,

1 as defined in the Automobile Renting Occupation and Use Tax  
2 Act.

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

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

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

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

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

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

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

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

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

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

26 (16) Until July 1, 2028, coal and aggregate exploration,

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

11 (17) Until July 1, 2003, distillation machinery and  
12 equipment, sold as a unit or kit, assembled or installed by the  
13 retailer, 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 the user, and not subject to sale or resale.

17 (18) Manufacturing and assembling machinery and equipment  
18 used primarily in the process of manufacturing or assembling  
19 tangible personal property for wholesale or retail sale or  
20 lease, whether that sale or lease is made directly by the  
21 manufacturer or by some other person, whether the materials  
22 used in the process are owned by the manufacturer or some other  
23 person, or whether that sale or lease is made apart from or as  
24 an incident to the seller's engaging in the service occupation  
25 of producing machines, tools, dies, jigs, patterns, gauges, or  
26 other similar items of no commercial value on special order



1 for a particular purchaser. The exemption provided by this  
2 paragraph (18) includes production related tangible personal  
3 property, as defined in Section 3-50, purchased on or after  
4 July 1, 2019. The exemption provided by this paragraph (18)  
5 does not include machinery and equipment used in (i) the  
6 generation of electricity for wholesale or retail sale; (ii)  
7 the generation or treatment of natural or artificial gas for  
8 wholesale or retail sale that is delivered to customers  
9 through pipes, pipelines, or mains; or (iii) the treatment of  
10 water for wholesale or retail sale that is delivered to  
11 customers through pipes, pipelines, or mains. The provisions  
12 of Public Act 98-583 are declaratory of existing law as to the  
13 meaning and scope of this exemption. Beginning on July 1,  
14 2017, the exemption provided by this paragraph (18) includes,  
15 but is not limited to, graphic arts machinery and equipment,  
16 as defined in paragraph (6) of this Section.

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

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

24 (21) Horses, or interests in horses, registered with and  
25 meeting the requirements of any of the Arabian Horse Club  
26 Registry of America, Appaloosa Horse Club, American Quarter

1 Horse Association, United States Trotting Association, or  
2 Jockey Club, as appropriate, used for purposes of breeding or  
3 racing for prizes. This item (21) is exempt from the  
4 provisions of Section 3-90, and the exemption provided for  
5 under this item (21) applies for all periods beginning May 30,  
6 1995, but no claim for credit or refund is allowed on or after  
7 January 1, 2008 for such taxes paid during the period  
8 beginning May 30, 2000 and ending on January 1, 2008.

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

1 collects any such amount from the lessee, the lessee shall  
2 have a legal right to claim a refund of that amount from the  
3 lessor. If, however, that amount is not refunded to the lessee  
4 for any reason, the lessor is liable to pay that amount to the  
5 Department.

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

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

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

24          (26) Beginning July 1, 1999, game or game birds purchased  
25          at a "game breeding and hunting preserve area" as that term is  
26          used in the Wildlife Code. This paragraph is exempt from the

1 provisions of Section 3-90.

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

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

1 parents and teachers of the school children. This paragraph  
2 does not apply to fundraising events (i) for the benefit of  
3 private home instruction or (ii) for which the fundraising  
4 entity purchases the personal property sold at the events from  
5 another individual or entity that sold the property for the  
6 purpose of resale by the fundraising entity and that profits  
7 from the sale to the fundraising entity. This paragraph is  
8 exempt from the provisions of Section 3-90.

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

19 (30) Beginning January 1, 2001 and through June 30, 2016,  
20 food for human consumption that is to be consumed off the  
21 premises where it is sold (other than alcoholic beverages,  
22 soft drinks, and food that has been prepared for immediate  
23 consumption) and prescription and nonprescription medicines,  
24 drugs, medical appliances, and insulin, urine testing  
25 materials, syringes, and needles used by diabetics, for human  
26 use, when purchased for use by a person receiving medical

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

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

1 lessor. If, however, that amount is not refunded to the lessee  
2 for any reason, the lessor is liable to pay that amount to the  
3 Department. This paragraph is exempt from the provisions of  
4 Section 3-90.

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



1 Section 3-90.

2 (33) On and after July 1, 2003 and through June 30, 2004,  
3 the use in this State of motor vehicles of the second division  
4 with a gross vehicle weight in excess of 8,000 pounds and that  
5 are subject to the commercial distribution fee imposed under  
6 Section 3-815.1 of the Illinois Vehicle Code. Beginning on  
7 July 1, 2004 and through June 30, 2005, the use in this State  
8 of motor vehicles of the second division: (i) with a gross  
9 vehicle weight rating in excess of 8,000 pounds; (ii) that are  
10 subject to the commercial distribution fee imposed under  
11 Section 3-815.1 of the Illinois Vehicle Code; and (iii) that  
12 are primarily used for commercial purposes. Through June 30,  
13 2005, this exemption applies to repair and replacement parts  
14 added after the initial purchase of such a motor vehicle if  
15 that motor vehicle is used in a manner that would qualify for  
16 the rolling stock exemption otherwise provided for in this  
17 Act. For purposes of this paragraph, the term "used for  
18 commercial purposes" means the transportation of persons or  
19 property in furtherance of any commercial or industrial  
20 enterprise, whether for-hire or not.

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

1 paragraph is exempt from the provisions of Section 3-90.

2 (35) Beginning January 1, 2010 and continuing through  
3 December 31, 2024, materials, parts, equipment, components,  
4 and furnishings incorporated into or upon an aircraft as part  
5 of the modification, refurbishment, completion, replacement,  
6 repair, or maintenance of the aircraft. This exemption  
7 includes consumable supplies used in the modification,  
8 refurbishment, completion, replacement, repair, and  
9 maintenance of aircraft, but excludes any materials, parts,  
10 equipment, components, and consumable supplies used in the  
11 modification, replacement, repair, and maintenance of aircraft  
12 engines or power plants, whether such engines or power plants  
13 are installed or uninstalled upon any such aircraft.  
14 "Consumable supplies" include, but are not limited to,  
15 adhesive, tape, sandpaper, general purpose lubricants,  
16 cleaning solution, latex gloves, and protective films. This  
17 exemption applies only to the use of qualifying tangible  
18 personal property by persons who modify, refurbish, complete,  
19 repair, replace, or maintain aircraft and who (i) hold an Air  
20 Agency Certificate and are empowered to operate an approved  
21 repair station by the Federal Aviation Administration, (ii)  
22 have a Class IV Rating, and (iii) conduct operations in  
23 accordance with Part 145 of the Federal Aviation Regulations.  
24 The exemption does not include aircraft operated by a  
25 commercial air carrier providing scheduled passenger air  
26 service pursuant to authority issued under Part 121 or Part

1 129 of the Federal Aviation Regulations. The changes made to  
2 this paragraph (35) by Public Act 98-534 are declarative of  
3 existing law. It is the intent of the General Assembly that the  
4 exemption under this paragraph (35) applies continuously from  
5 January 1, 2010 through December 31, 2024; however, no claim  
6 for credit or refund is allowed for taxes paid as a result of  
7 the disallowance of this exemption on or after January 1, 2015  
8 and prior to February 5, 2020 (the effective date of Public Act  
9 101-629) ~~this amendatory Act of the 101st General Assembly.~~

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

25 (37) Beginning January 1, 2017 and through December 31,  
26 2026, menstrual pads, tampons, and menstrual cups.

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

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

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

26           The Department of Commerce and Economic Opportunity shall

1 grant a certificate of exemption under this item (40) to  
2 qualified data centers as defined by Section 605-1025 of the  
3 Department of Commerce and Economic Opportunity Law of the  
4 Civil Administrative Code of Illinois.

5 For the purposes of this item (40):

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

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

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

11 This item (40) is exempt from the provisions of Section  
12 3-90.

13 (41) Beginning July 1, 2022, breast pumps, breast pump  
14 collection and storage supplies, and breast pump kits. This  
15 item (41) is exempt from the provisions of Section 3-90. As  
16 used in this item (41):

17 "Breast pump" means an electrically controlled or  
18 manually controlled pump device designed or marketed to be  
19 used to express milk from a human breast during lactation,  
20 including the pump device and any battery, AC adapter, or  
21 other power supply unit that is used to power the pump  
22 device and is packaged and sold with the pump device at the  
23 time of sale.

24 "Breast pump collection and storage supplies" means  
25 items of tangible personal property designed or marketed  
26 to be used in conjunction with a breast pump to collect

1 milk expressed from a human breast and to store collected  
2 milk until it is ready for consumption.

3 "Breast pump collection and storage supplies"  
4 includes, but is not limited to: breast shields and breast  
5 shield connectors; breast pump tubes and tubing adapters;  
6 breast pump valves and membranes; backflow protectors and  
7 backflow protector adaptors; bottles and bottle caps  
8 specific to the operation of the breast pump; and breast  
9 milk storage bags.

10 "Breast pump collection and storage supplies" does not  
11 include: (1) bottles and bottle caps not specific to the  
12 operation of the breast pump; (2) breast pump travel bags  
13 and other similar carrying accessories, including ice  
14 packs, labels, and other similar products; (3) breast pump  
15 cleaning supplies; (4) nursing bras, bra pads, breast  
16 shells, and other similar products; and (5) creams,  
17 ointments, and other similar products that relieve  
18 breastfeeding-related symptoms or conditions of the  
19 breasts or nipples, unless sold as part of a breast pump  
20 kit that is pre-packaged by the breast pump manufacturer  
21 or distributor.

22 "Breast pump kit" means a kit that: (1) contains no  
23 more than a breast pump, breast pump collection and  
24 storage supplies, a rechargeable battery for operating the  
25 breast pump, a breastmilk cooler, bottle stands, ice  
26 packs, and a breast pump carrying case; and (2) is

1 pre-packaged as a breast pump kit by the breast pump  
2 manufacturer or distributor.

3 (42) ~~(41)~~ Tangible personal property sold by or on behalf  
4 of the State Treasurer pursuant to the Revised Uniform  
5 Unclaimed Property Act. This item (42) ~~(41)~~ is exempt from the  
6 provisions of Section 3-90.

7 (43) Qualified tangible personal property used in the  
8 construction or operation of a megaproject for which a  
9 certificate has been issued by the Department under Division  
10 22 of Article 10 of the Property Tax Code, whether that  
11 tangible personal property is purchased by the owner,  
12 operator, or tenant of the megaproject or by a contractor or  
13 subcontractor of the owner, operator, or tenant.

14 As used in this item (43):

15 "Facility" means a building or series of buildings.

16 "Megaproject" means a facility that is rehabilitated or  
17 constructed as described in Division 22 of Article 10 of the  
18 Property Tax Code.

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



1 systems; cooling systems and towers; temperature control  
2 systems; other cabling; and other data center infrastructure  
3 equipment and systems necessary to operate qualified tangible  
4 personal property, including fixtures; and component parts of  
5 those items, including installation, maintenance, repair,  
6 refurbishment, and replacement of qualified tangible personal  
7 property to generate, transform, transmit, distribute, or  
8 manage electricity necessary to operate qualified tangible  
9 personal property; and all other tangible personal property  
10 that is essential to the operations of a megaproject. The term  
11 "qualified tangible personal property" also includes building  
12 materials to be incorporated into the megaproject. To document  
13 the exemption allowed under this Section, the retailer,  
14 contractor or subcontractor or supplier must obtain from the  
15 purchaser a copy of the certificate issued by the Department  
16 of Revenue for the megaproject as described and defined in  
17 Division 22 of Article 10 of the Property Tax Code.

18 This item (43) is exempt from the provisions of Section  
19 3-90.

20 (Source: P.A. 101-9, eff. 6-5-19; 101-31, eff. 6-28-19;  
21 101-81, eff. 7-12-19; 101-629, eff. 2-5-20; 102-16, eff.  
22 6-17-21; 102-700, Article 70, Section 70-5, eff. 4-19-22;  
23 102-700, Article 75, Section 75-5, eff. 4-19-22; 102-1026,  
24 eff. 5-27-22; revised 8-1-22.)

25 Section 10. The Service Use Tax Act is amended by changing

1 Section 3-5 as follows:

2 (35 ILCS 110/3-5)

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

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

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

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

1 effective date of Public Act 92-35), however, an entity  
2 otherwise eligible for this exemption shall not make tax-free  
3 purchases unless it has an active identification number issued  
4 by the Department.

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

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

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

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

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

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

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

1 computer-assisted operation of production agriculture  
2 facilities, equipment, and activities such as, but not limited  
3 to, the collection, monitoring, and correlation of animal and  
4 crop data for the purpose of formulating animal diets and  
5 agricultural chemicals. This item (7) is exempt from the  
6 provisions of Section 3-75.

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

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

24 (9) Proceeds of mandatory service charges separately  
25 stated on customers' bills for the purchase and consumption of  
26 food and beverages acquired as an incident to the purchase of a

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

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

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

23 (12) Until July 1, 2028, coal and aggregate exploration,  
24 mining, off-highway hauling, processing, maintenance, and  
25 reclamation equipment, including replacement parts and  
26 equipment, and including equipment purchased for lease, but

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

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

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

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

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

20 (16) Personal property purchased by a lessor who leases  
21 the property, under a lease of one year or longer executed or  
22 in effect at the time the lessor would otherwise be subject to  
23 the tax imposed by this Act, to a governmental body that has  
24 been issued an active tax exemption identification number by  
25 the Department under Section 1g of the Retailers' Occupation  
26 Tax Act. If the property is leased in a manner that does not



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 disallowance of this exemption on or after January 1, 2015 and  
2 prior to February 5, 2020 (the effective date of Public Act  
3 101-629) ~~this amendatory Act of the 101st General Assembly.~~

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

19 (29) Beginning January 1, 2017 and through December 31,  
20 2026, menstrual pads, tampons, and menstrual cups.

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

25 (31) Qualified tangible personal property used in the  
26 construction or operation of a data center that has been



1 granted a certificate of exemption by the Department of  
2 Commerce and Economic Opportunity, whether that tangible  
3 personal property is purchased by the owner, operator, or  
4 tenant of the data center or by a contractor or subcontractor  
5 of the owner, operator, or tenant. Data centers that would  
6 have qualified for a certificate of exemption prior to January  
7 1, 2020 had Public Act 101-31 ~~this amendatory Act of the 101st~~  
8 ~~General Assembly~~ been in effect, may apply for and obtain an  
9 exemption for subsequent purchases of computer equipment or  
10 enabling software purchased or leased to upgrade, supplement,  
11 or replace computer equipment or enabling software purchased  
12 or leased in the original investment that would have  
13 qualified.

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

19 For the purposes of this item (31):

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

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

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

25 This item (31) is exempt from the provisions of Section  
26 3-75.

1           (32) Beginning July 1, 2022, breast pumps, breast pump  
2 collection and storage supplies, and breast pump kits. This  
3 item (32) is exempt from the provisions of Section 3-75. As  
4 used in this item (32):

5           "Breast pump" means an electrically controlled or  
6 manually controlled pump device designed or marketed to be  
7 used to express milk from a human breast during lactation,  
8 including the pump device and any battery, AC adapter, or  
9 other power supply unit that is used to power the pump  
10 device and is packaged and sold with the pump device at the  
11 time of sale.

12           "Breast pump collection and storage supplies" means  
13 items of tangible personal property designed or marketed  
14 to be used in conjunction with a breast pump to collect  
15 milk expressed from a human breast and to store collected  
16 milk until it is ready for consumption.

17           "Breast pump collection and storage supplies"  
18 includes, but is not limited to: breast shields and breast  
19 shield connectors; breast pump tubes and tubing adapters;  
20 breast pump valves and membranes; backflow protectors and  
21 backflow protector adaptors; bottles and bottle caps  
22 specific to the operation of the breast pump; and breast  
23 milk storage bags.

24           "Breast pump collection and storage supplies" does not  
25 include: (1) bottles and bottle caps not specific to the  
26 operation of the breast pump; (2) breast pump travel bags

1 and other similar carrying accessories, including ice  
2 packs, labels, and other similar products; (3) breast pump  
3 cleaning supplies; (4) nursing bras, bra pads, breast  
4 shells, and other similar products; and (5) creams,  
5 ointments, and other similar products that relieve  
6 breastfeeding-related symptoms or conditions of the  
7 breasts or nipples, unless sold as part of a breast pump  
8 kit that is pre-packaged by the breast pump manufacturer  
9 or distributor.

10 "Breast pump kit" means a kit that: (1) contains no  
11 more than a breast pump, breast pump collection and  
12 storage supplies, a rechargeable battery for operating the  
13 breast pump, a breastmilk cooler, bottle stands, ice  
14 packs, and a breast pump carrying case; and (2) is  
15 pre-packaged as a breast pump kit by the breast pump  
16 manufacturer or distributor.

17 (33) ~~(32)~~ Tangible personal property sold by or on behalf  
18 of the State Treasurer pursuant to the Revised Uniform  
19 Unclaimed Property Act. This item (33) ~~(32)~~ is exempt from the  
20 provisions of Section 3-75.

21 (34) Qualified tangible personal property used in the  
22 construction or operation of a megaproject for which a  
23 certificate has been issued by the Department of Revenue as  
24 described and defined in Division 22 of Article 10 of the  
25 Property Tax Code, whether that tangible personal property is  
26 purchased by the owner, operator, or tenant of the megaproject

1 or by a contractor or subcontractor of the owner, operator, or  
2 tenant.

3 For the purposes of this item (34):

4 "Facility" means a building or series of buildings.

5 "Megaproject" means a facility that is rehabilitated or  
6 constructed as described in Division 22 of Article 10 of the  
7 Property Tax Code.

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

1 also includes building materials to be incorporated into the  
2 megaproject. To document the exemption allowed under this  
3 Section, the retailer, contractor or subcontractor or supplier  
4 must obtain from the purchaser a copy of the certificate  
5 issued by the Department of Revenue for the megaproject as  
6 described and defined in Division 22 of Article 10 of the  
7 Property Tax Code.

8 This item (34) is exempt from the provisions of Section  
9 3-75.

10 (Source: P.A. 101-31, eff. 6-28-19; 101-81, eff. 7-12-19;  
11 101-629, eff. 2-5-20; 102-16, eff. 6-17-21; 102-700, Article  
12 70, Section 70-10, eff. 4-19-22; 102-700, Article 75, Section  
13 75-10, eff. 4-19-22; 102-1026, eff. 5-27-22; revised 8-3-22.)

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

16 (35 ILCS 115/3-5)

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

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

1 of resale by the enterprise.

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

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

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

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

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

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

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



1 equipment under this item (7). Agricultural chemical tender  
2 tanks and dry boxes shall include units sold separately from a  
3 motor vehicle required to be licensed and units sold mounted  
4 on a motor vehicle required to be licensed if the selling price  
5 of the tender is separately stated.

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

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

22 (8) Until June 30, 2013, fuel and petroleum products sold  
23 to or used by an air common 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 flight  
26 destined for or returning from a location or locations outside

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

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

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

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

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

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

10 (12) Until July 1, 2028, coal and aggregate exploration,  
11 mining, off-highway hauling, processing, maintenance, and  
12 reclamation equipment, including replacement parts and  
13 equipment, and including equipment purchased for lease, but  
14 excluding motor vehicles required to be registered under the  
15 Illinois Vehicle Code. The changes made to this Section by  
16 Public Act 97-767 apply on and after July 1, 2003, but no claim  
17 for credit or refund is allowed on or after August 16, 2013  
18 (the effective date of Public Act 98-456) for such taxes paid  
19 during the period beginning July 1, 2003 and ending on August  
20 16, 2013 (the effective date of Public Act 98-456).

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

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

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

10 (15) Horses, or interests in horses, registered with and  
11 meeting the requirements of any of the Arabian Horse Club  
12 Registry of America, Appaloosa Horse Club, American Quarter  
13 Horse Association, United States Trotting Association, or  
14 Jockey Club, as appropriate, used for purposes of breeding or  
15 racing for prizes. This item (15) is exempt from the  
16 provisions of Section 3-55, and the exemption provided for  
17 under this item (15) applies for all periods beginning May 30,  
18 1995, but no claim for credit or refund is allowed on or after  
19 January 1, 2008 (the effective date of Public Act 95-88) for  
20 such taxes paid during the period beginning May 30, 2000 and  
21 ending on January 1, 2008 (the effective date of Public Act  
22 95-88).

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

1 executed or in effect at the time of the purchase, to a  
2 hospital that has been issued an active tax exemption  
3 identification number by the Department under Section 1g of  
4 the Retailers' Occupation Tax Act.

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

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

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

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

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

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

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

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

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

1 commercial, coin-operated amusement and vending machines. This  
2 paragraph is exempt from the provisions of Section 3-55.

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

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

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



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

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

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

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

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

1 adhesive, tape, sandpaper, general purpose lubricants,  
2 cleaning solution, latex gloves, and protective films. This  
3 exemption applies only to the transfer of qualifying tangible  
4 personal property incident to the modification, refurbishment,  
5 completion, replacement, repair, or maintenance of an aircraft  
6 by persons who (i) hold an Air Agency Certificate and are  
7 empowered to operate an approved repair station by the Federal  
8 Aviation Administration, (ii) have a Class IV Rating, and  
9 (iii) conduct operations in accordance with Part 145 of the  
10 Federal Aviation Regulations. The exemption does not include  
11 aircraft operated by a commercial air carrier providing  
12 scheduled passenger air service pursuant to authority issued  
13 under Part 121 or Part 129 of the Federal Aviation  
14 Regulations. The changes made to this paragraph (29) by Public  
15 Act 98-534 are declarative of existing law. It is the intent of  
16 the General Assembly that the exemption under this paragraph  
17 (29) applies continuously from January 1, 2010 through  
18 December 31, 2024; however, no claim for credit or refund is  
19 allowed for taxes paid as a result of the disallowance of this  
20 exemption on or after January 1, 2015 and prior to February 5,  
21 2020 (the effective date of Public Act 101-629) ~~this~~  
22 ~~amendatory Act of the 101st General Assembly.~~

23 (30) Beginning January 1, 2017 and through December 31,  
24 2026, menstrual pads, tampons, and menstrual cups.

25 (31) Tangible personal property transferred to a purchaser  
26 who is exempt from tax by operation of federal law. This

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

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

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

22 For the purposes of this item (32):

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

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

1 Economic Opportunity.

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

4 (33) Beginning July 1, 2022, breast pumps, breast pump  
5 collection and storage supplies, and breast pump kits. This  
6 item (33) is exempt from the provisions of Section 3-55. As  
7 used in this item (33):

8 "Breast pump" means an electrically controlled or  
9 manually controlled pump device designed or marketed to be  
10 used to express milk from a human breast during lactation,  
11 including the pump device and any battery, AC adapter, or  
12 other power supply unit that is used to power the pump  
13 device and is packaged and sold with the pump device at the  
14 time of sale.

15 "Breast pump collection and storage supplies" means  
16 items of tangible personal property designed or marketed  
17 to be used in conjunction with a breast pump to collect  
18 milk expressed from a human breast and to store collected  
19 milk until it is ready for consumption.

20 "Breast pump collection and storage supplies"  
21 includes, but is not limited to: breast shields and breast  
22 shield connectors; breast pump tubes and tubing adapters;  
23 breast pump valves and membranes; backflow protectors and  
24 backflow protector adaptors; bottles and bottle caps  
25 specific to the operation of the breast pump; and breast  
26 milk storage bags.

1 "Breast pump collection and storage supplies" does not  
2 include: (1) bottles and bottle caps not specific to the  
3 operation of the breast pump; (2) breast pump travel bags  
4 and other similar carrying accessories, including ice  
5 packs, labels, and other similar products; (3) breast pump  
6 cleaning supplies; (4) nursing bras, bra pads, breast  
7 shells, and other similar products; and (5) creams,  
8 ointments, and other similar products that relieve  
9 breastfeeding-related symptoms or conditions of the  
10 breasts or nipples, unless sold as part of a breast pump  
11 kit that is pre-packaged by the breast pump manufacturer  
12 or distributor.

13 "Breast pump kit" means a kit that: (1) contains no  
14 more than a breast pump, breast pump collection and  
15 storage supplies, a rechargeable battery for operating the  
16 breast pump, a breastmilk cooler, bottle stands, ice  
17 packs, and a breast pump carrying case; and (2) is  
18 pre-packaged as a breast pump kit by the breast pump  
19 manufacturer or distributor.

20 (34) ~~(33)~~ Tangible personal property sold by or on behalf  
21 of the State Treasurer pursuant to the Revised Uniform  
22 Unclaimed Property Act. This item (34) ~~(33)~~ is exempt from the  
23 provisions of Section 3-55.

24 (35) Qualified tangible personal property used in the  
25 construction or operation of a megaproject for which a  
26 certificate has been issued by the Department of Revenue as

1 described and defined in Division 22 of Article 10 of the  
2 Property Tax Code, whether that tangible personal property is  
3 purchased by the owner, operator, or tenant of the megaproject  
4 or by a contractor or subcontractor of the owner, operator, or  
5 tenant.

6 For the purposes of this item (35):

7 "Facility" means a building or series of buildings.

8 "Megaproject" means a facility that is rehabilitated or  
9 constructed as described in Division 22 of Article 10 of the  
10 Property Tax Code.

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



1 qualified tangible personal property; and all other tangible  
2 personal property that is essential to the operations of a  
3 megaproject. The term "qualified tangible personal property"  
4 also includes building materials to be incorporated into the  
5 megaproject. To document the exemption allowed under this  
6 Section, the retailer, contractor or subcontractor or supplier  
7 must obtain from the purchaser a copy of the certificate  
8 issued by the Department of Revenue for the megaproject as  
9 described and defined in Division 22 of Article 10 of the  
10 Property Tax Code.

11 This item (35) is exempt from the provisions of Section  
12 3-55.

13 (Source: P.A. 101-31, eff. 6-28-19; 101-81, eff. 7-12-19;  
14 101-629, eff. 2-5-20; 102-16, eff. 6-17-21; 102-700, Article  
15 70, Section 70-15, eff. 4-19-22; 102-700, Article 75, Section  
16 75-15, eff. 4-19-22; 102-1026, eff. 5-27-22; revised 8-9-22.)

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

19 (35 ILCS 120/2-5)

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

23 (1) Farm chemicals.

24 (2) Farm machinery and equipment, both new and used,

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

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

1 computers, monitors, software, global positioning and  
2 mapping systems, and other such equipment.

3 Farm machinery and equipment also includes computers,  
4 sensors, software, and related equipment used primarily in  
5 the computer-assisted operation of production agriculture  
6 facilities, equipment, and activities such as, but not  
7 limited to, the collection, monitoring, and correlation of  
8 animal and crop data for the purpose of formulating animal  
9 diets and agricultural chemicals. This item (2) is exempt  
10 from the provisions of Section 2-70.

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

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

1           upon a graphic arts product. Beginning on July 1, 2017,  
2           graphic arts machinery and equipment is included in the  
3           manufacturing and assembling machinery and equipment  
4           exemption under paragraph (14).

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

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

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

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

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

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

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

14 (11) Personal property sold to a governmental body, to  
15 a corporation, society, association, foundation, or  
16 institution organized and operated exclusively for  
17 charitable, religious, or educational purposes, or to a  
18 not-for-profit corporation, society, association,  
19 foundation, institution, or organization that has no  
20 compensated officers or employees and that is organized  
21 and operated primarily for the recreation of persons 55  
22 years of age or older. A limited liability company may  
23 qualify for the exemption under this paragraph only if the  
24 limited liability company is organized and operated  
25 exclusively for educational purposes. On and after July 1,  
26 1987, however, no entity otherwise eligible for this

1 exemption shall make tax-free purchases unless it has an  
2 active identification number issued by the Department.

3 (12) (Blank).

4 (12-5) On and after July 1, 2003 and through June 30,  
5 2004, motor vehicles of the second division with a gross  
6 vehicle weight in excess of 8,000 pounds that are subject  
7 to the commercial distribution fee imposed under Section  
8 3-815.1 of the Illinois Vehicle Code. Beginning on July 1,  
9 2004 and through June 30, 2005, the use in this State of  
10 motor vehicles of the second division: (i) with a gross  
11 vehicle weight rating in excess of 8,000 pounds; (ii) that  
12 are subject to the commercial distribution fee imposed  
13 under Section 3-815.1 of the Illinois Vehicle Code; and  
14 (iii) that are primarily used for commercial purposes.  
15 Through June 30, 2005, this exemption applies to repair  
16 and replacement parts added after the initial purchase of  
17 such a motor vehicle if that motor vehicle is used in a  
18 manner that would qualify for the rolling stock exemption  
19 otherwise provided for in this Act. For purposes of this  
20 paragraph, "used for commercial purposes" means the  
21 transportation of persons or property in furtherance of  
22 any commercial or industrial enterprise whether for-hire  
23 or not.

24 (13) Proceeds from sales to owners, lessors, or  
25 shippers of tangible personal property that is utilized by  
26 interstate carriers for hire for use as rolling stock

1 moving in interstate commerce and equipment operated by a  
2 telecommunications provider, licensed as a common carrier  
3 by the Federal Communications Commission, which is  
4 permanently installed in or affixed to aircraft moving in  
5 interstate commerce.

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

1 existing law as to the meaning and scope of this  
2 exemption. Beginning on July 1, 2017, the exemption  
3 provided by this paragraph (14) includes, but is not  
4 limited to, graphic arts machinery and equipment, as  
5 defined in paragraph (4) of this Section.

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

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

18 (17) Tangible personal property sold to a common  
19 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  
23 standard uniform bill of lading showing the seller of the  
24 property as the shipper or consignor of the property to a  
25 destination outside Illinois, for use outside Illinois.

26 (18) Legal tender, currency, medallions, or gold or



1 silver coinage issued by the State of Illinois, the  
2 government of the United States of America, or the  
3 government of any foreign country, and bullion.

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

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

20 (21) Until July 1, 2028, coal and aggregate  
21 exploration, mining, off-highway hauling, processing,  
22 maintenance, and reclamation equipment, including  
23 replacement parts and equipment, and including equipment  
24 purchased for lease, but excluding motor vehicles required  
25 to be registered under the Illinois Vehicle Code. The  
26 changes made to this Section by Public Act 97-767 apply on

1 and after July 1, 2003, but no claim for credit or refund  
2 is allowed on or after August 16, 2013 (the effective date  
3 of Public Act 98-456) for such taxes paid during the  
4 period beginning July 1, 2003 and ending on August 16,  
5 2013 (the effective date of Public Act 98-456).

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

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

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

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

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

20           (25-5) The exemption under item (25) does not apply if  
21 the state in which the motor vehicle will be titled does  
22 not allow a reciprocal exemption for a motor vehicle sold  
23 and delivered in that state to an Illinois resident but  
24 titled in Illinois. The tax collected under this Act on  
25 the sale of a motor vehicle in this State to a resident of  
26 another state that does not allow a reciprocal exemption

1 shall be imposed at a rate equal to the state's rate of tax  
2 on taxable property in the state in which the purchaser is  
3 a resident, except that the tax shall not exceed the tax  
4 that would otherwise be imposed under this Act. At the  
5 time of the sale, the purchaser shall execute a statement,  
6 signed under penalty of perjury, of his or her intent to  
7 title the vehicle in the state in which the purchaser is a  
8 resident within 30 days after the sale and of the fact of  
9 the payment to the State of Illinois of tax in an amount  
10 equivalent to the state's rate of tax on taxable property  
11 in his or her state of residence and shall submit the  
12 statement to the appropriate tax collection agency in his  
13 or her state of residence. In addition, the retailer must  
14 retain a signed copy of the statement in his or her  
15 records. Nothing in this item shall be construed to  
16 require the removal of the vehicle from this state  
17 following the filing of an intent to title the vehicle in  
18 the purchaser's state of residence if the purchaser titles  
19 the vehicle in his or her state of residence within 30 days  
20 after the date of sale. The tax collected under this Act in  
21 accordance with this item (25-5) shall be proportionately  
22 distributed as if the tax were collected at the 6.25%  
23 general rate imposed under this Act.

24 (25-7) Beginning on July 1, 2007, no tax is imposed  
25 under this Act on the sale of an aircraft, as defined in  
26 Section 3 of the Illinois Aeronautics Act, if all of the

1 following conditions are met:

2 (1) the aircraft leaves this State within 15 days  
3 after the later of either the issuance of the final  
4 billing for the sale of the aircraft, or the  
5 authorized approval for return to service, completion  
6 of the maintenance record entry, and completion of the  
7 test flight and ground test for inspection, as  
8 required by 14 CFR ~~C.F.R.~~ 91.407;

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

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

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

23 "Based in this State" means hangared, stored, or  
24 otherwise used, excluding post-sale customizations as  
25 defined in this Section, for 10 or more days in each  
26 12-month period immediately following the date of the sale

1 of the aircraft.

2 "Registered in this State" means an aircraft  
3 registered with the Department of Transportation,  
4 Aeronautics Division, or titled or registered with the  
5 Federal Aviation Administration to an address located in  
6 this State.

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

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

11 (27) Horses, or interests in horses, registered with  
12 and meeting the requirements of any of the Arabian Horse  
13 Club Registry of America, Appaloosa Horse Club, American  
14 Quarter Horse Association, United States Trotting  
15 Association, or Jockey Club, as appropriate, used for  
16 purposes of breeding or racing for prizes. This item (27)  
17 is exempt from the provisions of Section 2-70, and the  
18 exemption provided for under this item (27) applies for  
19 all periods beginning May 30, 1995, but no claim for  
20 credit or refund is allowed on or after January 1, 2008  
21 (the effective date of Public Act 95-88) for such taxes  
22 paid during the period beginning May 30, 2000 and ending  
23 on January 1, 2008 (the effective date of Public Act  
24 95-88).

25 (28) Computers and communications equipment utilized  
26 for any hospital purpose and equipment used in the

1 diagnosis, analysis, or treatment of hospital patients  
2 sold to a lessor who leases the equipment, under a lease of  
3 one year or longer executed or in effect at the time of the  
4 purchase, to a hospital that has been issued an active tax  
5 exemption identification number by the Department under  
6 Section 1g of this Act.

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

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

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

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

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

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



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

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

24 (35) Beginning January 1, 2000 and through December  
25 31, 2001, new or used automatic vending machines that  
26 prepare and serve hot food and beverages, including

1 coffee, soup, and other items, and replacement parts for  
2 these machines. Beginning January 1, 2002 and through June  
3 30, 2003, machines and parts for machines used in  
4 commercial, coin-operated amusement and vending business  
5 if a use or occupation tax is paid on the gross receipts  
6 derived from the use of the commercial, coin-operated  
7 amusement and vending machines. This paragraph is exempt  
8 from the provisions of Section 2-70.

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

23 (36) Beginning August 2, 2001, computers and  
24 communications equipment utilized for any hospital purpose  
25 and equipment used in the diagnosis, analysis, or  
26 treatment of hospital patients sold to a lessor who leases

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

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

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

1           accordance with the Illinois Administrative Procedure Act,  
2           issue a permit to any taxpayer in good standing with the  
3           Department who is eligible for the exemption under this  
4           paragraph (38). The permit issued under this paragraph  
5           (38) shall authorize the holder, to the extent and in the  
6           manner specified in the rules adopted under this Act, to  
7           purchase tangible personal property from a retailer exempt  
8           from the taxes imposed by this Act. Taxpayers shall  
9           maintain all necessary books and records to substantiate  
10          the use and consumption of all such tangible personal  
11          property outside of the State of Illinois.

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

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

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

1 disallowance of this exemption on or after January 1, 2015  
2 and prior to February 5, 2020 (the effective date of  
3 Public Act 101-629) ~~this amendatory Act of the 101st~~  
4 ~~General Assembly.~~

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

20 (42) Beginning January 1, 2017 and through December  
21 31, 2026, menstrual pads, tampons, and menstrual cups.

22 (43) Merchandise that is subject to the Rental  
23 Purchase Agreement Occupation and Use Tax. The purchaser  
24 must certify that the item is purchased to be rented  
25 subject to a rental purchase agreement, as defined in the  
26 Rental Purchase Agreement Act, and provide proof of

1 registration under the Rental Purchase Agreement  
2 Occupation and Use Tax Act. This paragraph is exempt from  
3 the provisions of Section 2-70.

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

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

26 For the purposes of this item (44):

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

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



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

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

9 (45) Beginning January 1, 2020 and through December  
10 31, 2020, sales of tangible personal property made by a  
11 marketplace seller over a marketplace for which tax is due  
12 under this Act but for which use tax has been collected and  
13 remitted to the Department by a marketplace facilitator  
14 under Section 2d of the Use Tax Act are exempt from tax  
15 under this Act. A marketplace seller claiming this  
16 exemption shall maintain books and records demonstrating  
17 that the use tax on such sales has been collected and  
18 remitted by a marketplace facilitator. Marketplace sellers  
19 that have properly remitted tax under this Act on such  
20 sales may file a claim for credit as provided in Section 6  
21 of this Act. No claim is allowed, however, for such taxes  
22 for which a credit or refund has been issued to the  
23 marketplace facilitator under the Use Tax Act, or for  
24 which the marketplace facilitator has filed a claim for  
25 credit or refund under the Use Tax Act.

26 (46) Beginning July 1, 2022, breast pumps, breast pump

1 collection and storage supplies, and breast pump kits.  
2 This item (46) is exempt from the provisions of Section  
3 2-70. As used in this item (46):

4 "Breast pump" means an electrically controlled or  
5 manually controlled pump device designed or marketed to be  
6 used to express milk from a human breast during lactation,  
7 including the pump device and any battery, AC adapter, or  
8 other power supply unit that is used to power the pump  
9 device and is packaged and sold with the pump device at the  
10 time of sale.

11 "Breast pump collection and storage supplies" means  
12 items of tangible personal property designed or marketed  
13 to be used in conjunction with a breast pump to collect  
14 milk expressed from a human breast and to store collected  
15 milk until it is ready for consumption.

16 "Breast pump collection and storage supplies"  
17 includes, but is not limited to: breast shields and breast  
18 shield connectors; breast pump tubes and tubing adapters;  
19 breast pump valves and membranes; backflow protectors and  
20 backflow protector adaptors; bottles and bottle caps  
21 specific to the operation of the breast pump; and breast  
22 milk storage bags.

23 "Breast pump collection and storage supplies" does not  
24 include: (1) bottles and bottle caps not specific to the  
25 operation of the breast pump; (2) breast pump travel bags  
26 and other similar carrying accessories, including ice

1 packs, labels, and other similar products; (3) breast pump  
2 cleaning supplies; (4) nursing bras, bra pads, breast  
3 shells, and other similar products; and (5) creams,  
4 ointments, and other similar products that relieve  
5 breastfeeding-related symptoms or conditions of the  
6 breasts or nipples, unless sold as part of a breast pump  
7 kit that is pre-packaged by the breast pump manufacturer  
8 or distributor.

9 "Breast pump kit" means a kit that: (1) contains no  
10 more than a breast pump, breast pump collection and  
11 storage supplies, a rechargeable battery for operating the  
12 breast pump, a breastmilk cooler, bottle stands, ice  
13 packs, and a breast pump carrying case; and (2) is  
14 pre-packaged as a breast pump kit by the breast pump  
15 manufacturer or distributor.

16 (47) ~~(46)~~ Tangible personal property sold by or on  
17 behalf of the State Treasurer pursuant to the Revised  
18 Uniform Unclaimed Property Act. This item (47) ~~(46)~~ is  
19 exempt from the provisions of Section 2-70.

20 (48) Qualified tangible personal property used in the  
21 construction or operation of a megaproject for which a  
22 certificate has been issued by the Department of Revenue  
23 as described and defined in Division 22 of Article 10 of  
24 the Property Tax Code, whether that tangible personal  
25 property is purchased by the owner, operator, or tenant of  
26 the megaproject or by a contractor or subcontractor of the

1 owner, operator, or tenant. For the purposes of this item  
2 (48):

3 "Facility" means a building or series of buildings.

4 "Megaproject" means a facility that is rehabilitated  
5 or constructed as described in Division 22 of Article 10  
6 of the Property Tax Code.

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

1 megaproject. The term "qualified tangible personal  
2 property" also includes building materials to be  
3 incorporated into the megaproject. To document the  
4 exemption allowed under this Section, the retailer,  
5 contractor or subcontractor or supplier must obtain from  
6 the purchaser a copy of the certificate issued by the  
7 Department of Revenue for the megaproject as described and  
8 defined in Division 22 of Article 10 of the Property Tax  
9 Code.

10 This item (48) is exempt from the provisions of  
11 Section 2-70.

12 (Source: P.A. 101-31, eff. 6-28-19; 101-81, eff. 7-12-19;  
13 101-629, eff. 2-5-20; 102-16, eff. 6-17-21; 102-634, eff.  
14 8-27-21; 102-700, Article 70, Section 70-20, eff. 4-19-22;  
15 102-700, Article 75, Section 75-20, eff. 4-19-22; 102-813,  
16 eff. 5-13-22; 102-1026, eff. 5-27-22; revised 8-15-22.)

17 Section 25. The Property Tax Code is amended by adding  
18 Division 22 to Article 10 as follows:

19 (35 ILCS 200/Art. 10 Div. 22 heading new)

20 Division 22. Megaprojects

21 (35 ILCS 200/10-900 new)

22 Sec. 10-900. Findings. The State's economy is highly  
23 vulnerable to other states that have major financial incentive

1 programs and competitive tax incentives. Certain businesses  
2 and commercial operations that generate significant economic  
3 activity bear a disproportionately high property tax burden  
4 compared to their impact on government services and compared  
5 to their positive economic benefits to the State and the local  
6 economy and their derivative benefits to taxing districts. To  
7 incentivize the significant capital investment and economic  
8 activity of certain large-scale businesses and industrial and  
9 commercial operations, the State finds that a valuation  
10 procedure for real property taxes on special properties, known  
11 as megaprojects, will reduce barriers to investment and  
12 economic activity in Illinois. The General Assembly finds that  
13 it is in the best interest of Illinois to establish a new  
14 category of valuation for megaprojects that recognizes their  
15 complexity and encourages local development at underutilized  
16 properties.

17 (35 ILCS 200/10-910 new)

18 Sec. 10-910. Megaproject Assessment Freeze and Payment  
19 Law; definitions. This Division 22 may be cited as the  
20 Megaproject Assessment Freeze and Payment Law.

21 As used in this Division:

22 "Assessment officer" means the chief county assessment  
23 officer of the county in which the megaproject is located.

24 "Assessment period" means the period beginning on the  
25 first day of the calendar year after the calendar year in which

1 a megaproject is placed in service and ending on the date when  
2 the megaproject no longer qualifies as a megaproject under  
3 this Division.

4 "Base tax year" means the tax year prior to the first  
5 calendar year during which the Department issues a megaproject  
6 certificate under this Division.

7 "Base year" means:

8 (1) the calendar year prior to the calendar year in  
9 which the Department issues the megaproject certificate,  
10 if the Department issues a megaproject certificate for a  
11 project located on the property without granting  
12 preliminary approval for the project pursuant to Section  
13 10-940; or

14 (2) the calendar year prior to the calendar year in  
15 which the Department grants that preliminary approval, if  
16 the Department grants preliminary approval pursuant to  
17 Section 10-940 for a megaproject located on the property.

18 "Base year valuation" means the assessed value, in the  
19 base year, of the property comprising the megaproject.

20 "Company" means one or more entities whose aggregate  
21 investment in the megaproject meets the minimum investment  
22 required under this Division. The term company includes a  
23 company affiliate unless the context clearly indicates  
24 otherwise.

25 "Company affiliate" means an entity that joins with or is  
26 an affiliate of a company and that participates in the

1 investment in, or financing of, a megaproject.

2 "Consumer Price Index" means the index published by the  
3 Bureau of Labor Statistics of the United States Department of  
4 Labor that measures the average change in prices of goods and  
5 services purchased by all urban consumers, United States city  
6 average, all items, 1982-84 = 100.

7 "Department" means the Department of Revenue.

8 "Eligible costs" means all costs incurred by or on behalf  
9 of, or allocated to, a company, prior to the Department's  
10 issuance of the megaproject certificate or during the  
11 investment period, to create or construct a megaproject.

12 "Eligible costs" includes, without limitation:

13 (1) the purchase, site preparation, renovation,  
14 rehabilitation and construction of land, buildings,  
15 structures, equipment and furnishings used for or in the  
16 megaproject;

17 (2) any goods or services for the megaproject that are  
18 purchased and capitalized under generally accepted  
19 accounting principles, including any organizational costs  
20 and research and development costs incurred in Illinois;

21 (3) capitalized lease costs for land, buildings,  
22 structures and equipment valued at their present value  
23 using the interest rate at which the company borrows funds  
24 prevailing at the time the company entered into the lease;

25 (4) infrastructure development costs;

26 (5) debt service and project financing costs;



1           (6) non-capitalized research and development costs;

2           (7) job training and education costs;

3           (8) lease and relocation costs; and

4           (9) amounts expended by a company or company affiliate  
5           as a non-responsible party pursuant to a voluntary program  
6           of site remediation, including amounts expended to obtain  
7           a certification of completion, if completion of  
8           remediation is certified by the Illinois Environmental  
9           Protection Agency.

10          "Entity" means a sole proprietor, partnership, firm,  
11          corporation, limited liability company, association, or other  
12          business enterprise.

13          "Incentive agreement" means an agreement between a company  
14          and an oversight board obligating the company to make the  
15          special payment under this Division, in addition to paying  
16          property taxes, during the incentive period for a megaproject.

17          "Incentive period" means the period beginning on the first  
18          day of the calendar year after the calendar year in which the  
19          megaproject is placed in service and each calendar year  
20          thereafter until the earlier of (i) the expiration or  
21          termination of the incentive agreement or (ii) the revocation  
22          of the megaproject certificate.

23          "Inducement resolution" means a resolution adopted by the  
24          local municipality setting forth the commitment of the local  
25          municipality to enter into an incentive agreement.

26          "Investment period" means the period ending 7 years after

1 the date on which the Department issues the megaproject  
2 certificate, or such other longer period of time as the  
3 oversight board and the company may agree to, not to exceed an  
4 initial period of 10 years.

5 "Local municipality" means the city, village, or  
6 incorporated town in which the megaproject is located or, if  
7 the megaproject is located in an unincorporated area, the  
8 county in which the megaproject is located.

9 "Local taxing district means a taxing district that levies  
10 taxes for the levy year prior to the year in which the  
11 application is submitted under Section 10-920 totaling 5% or  
12 more of the total property tax bill for the property on which  
13 the megaproject is located.

14 "Megaproject" means a project that satisfies the minimum  
15 investment, investment period, and other requirements of this  
16 Division.

17 "Megaproject certificate" means a certificate issued by  
18 the Department that authorizes an assessment freeze as  
19 provided in this Division.

20 "Minimum investment" means an investment in the  
21 megaproject of at least \$250,000,000 in eligible costs within  
22 the investment period.

23 "Minority person" means a person who is a citizen or  
24 lawful permanent resident of the United States and who is any  
25 of the following:

26 (1) American Indian or Alaska Native (a person having

1 origins in any of the original peoples of North and South  
2 America, including Central America, and who maintains  
3 tribal affiliation or community attachment).

4 (2) Asian (a person having origins in any of the  
5 original peoples of the Far East, Southeast Asia, or the  
6 Indian subcontinent, including, but not limited to,  
7 Cambodia, China, India, Japan, Korea, Malaysia, Pakistan,  
8 the Philippine Islands, Thailand, and Vietnam).

9 (3) Black or African American (a person having origins  
10 in any of the black racial groups of Africa).

11 (4) Hispanic or Latino (a person of Cuban, Mexican,  
12 Puerto Rican, South or Central American, or other Spanish  
13 culture or origin, regardless of race).

14 (5) Native Hawaiian or Other Pacific Islander (a  
15 person having origins in any of the original peoples of  
16 Hawaii, Guam, Samoa, or other Pacific Islands).

17 "Minority-owned business" means a business that is at  
18 least 51% owned by one or more minority persons, or in the case  
19 of a corporation, at least 51% of the stock in which is owned  
20 by one or more minority persons; and the management and daily  
21 business operations of which are controlled by one or more of  
22 the minority individuals who own it.

23 "Oversight board" means the board established under  
24 Section 10-920.

25 "Placed in service" means that construction of the  
26 megaproject is substantially complete, which may be evidenced

1 by issuance of a certificate of occupancy for the megaproject  
2 by the local municipality or any other governmental body  
3 having jurisdiction over construction of the megaproject or,  
4 if no certificate of occupancy is required as to the  
5 megaproject, commencement of operations at the megaproject  
6 site.

7 "Project" means land, buildings, and other improvements on  
8 the land, including water, sewage treatment and disposal  
9 facilities, air pollution control facilities, and all other  
10 machinery, apparatus, equipment, office facilities, related  
11 infrastructure, and furnishings which are considered  
12 necessary, suitable, or useful by a company and comprise the  
13 megaproject, including all such property subject to assessment  
14 under the Property Tax Code.

15 "Special payment" means the annual amount paid in addition  
16 to property taxes paid during the incentive period as provided  
17 in the incentive agreement.

18 "Taxing district" has the meaning set forth in Section  
19 1-150.

20 "Termination date" means the last day of a calendar year  
21 that is no later than the 23rd year following the first  
22 calendar year in which a megaproject is placed in service. A  
23 company may apply to the oversight board prior to the  
24 termination date for an extension of the termination date  
25 beyond the 23rd year for up to 17 additional years, for a total  
26 of 40 years. The oversight board shall approve an extension by

1 resolution upon a finding of substantial public benefit. A  
2 copy of the resolution must be delivered to the Department  
3 within 30 days of the date the resolution was adopted. If the  
4 incentive agreement is terminated under Section 10-937, then  
5 the termination date is the date the agreement is terminated.

6 (35 ILCS 200/10-915 new)

7 Sec. 10-915. Valuation during incentive period;  
8 eligibility.

9 (a) Property certified by the Department as megaproject  
10 property pursuant to this Division is eligible for an  
11 assessment freeze, as provided in this Division, eliminating  
12 from consideration, for assessment purposes during the  
13 incentive period, the value added to the property by the  
14 project and limiting the total valuation of the property  
15 during the incentive period to the base year valuation. If the  
16 company does not anticipate completing the project within the  
17 investment period, then the oversight board may approve one or  
18 more extensions of time to complete the project. However, the  
19 oversight board may not extend the project for a period that  
20 exceeds 5 years after the last day of the investment period.  
21 Unless approved as part of the original incentive agreement,  
22 the oversight board may approve an extension under this  
23 subsection by resolution, a copy of which must be delivered to  
24 the Department within 30 days after the date the resolution is  
25 adopted.

1       (b) To qualify for a megaproject certificate, the company  
2 must:

3           (1) make the minimum investment in the megaproject  
4 during the investment period; minimum investment  
5 requirements shall be construed broadly for purposes of  
6 this Division;

7           (2) enter into an incentive agreement with the  
8 oversight board as described in this Division;

9           (3) enter into a project labor agreement with the  
10 applicable local building trades council prior to the  
11 commencement of any demolition, building construction, or  
12 building renovation related to the project; and

13           (4) establish the goal of awarding 20% of the total  
14 dollar amount of contracts that are related to the project  
15 and are awarded by the company during each calendar year  
16 to minority-owned businesses.

17       (c) For purposes of this Division, if a single company  
18 enters into a financing arrangement of the type described in  
19 subsection (b) of Section 10-950, the investment in or  
20 financing of the property by a developer, lessor, financing  
21 entity, or other third party in accordance with this  
22 arrangement is considered investment by the company.  
23 Investment by a related person to the company is considered  
24 investment by the company.

1       Sec. 10-920. Incentive agreement; assessment freeze for  
2 megaprojects; incentive period; inducement resolution;  
3 location of the project; criteria to qualify.

4       (a) To obtain the benefits provided in this Division, the  
5 company shall apply in writing to the local municipality to  
6 enter into an incentive agreement with the local municipality  
7 and the local taxing districts, in the form and manner  
8 required by the local municipality, and shall certify to the  
9 facts asserted in the application.

10       (b) Upon receipt of the application, the local  
11 municipality shall notify each local taxing district that the  
12 local municipality has received a megaproject application, and  
13 the local municipality and the local taxing districts shall  
14 establish an oversight board. The membership of the oversight  
15 board and the terms of office of its members shall be  
16 determined by the local municipality and the local taxing  
17 districts, provided that at least 50% of the voting members of  
18 the board shall represent local taxing districts that are  
19 school districts.

20       (c) The oversight board, prior to entering into an  
21 incentive agreement under this Section, shall hold a public  
22 hearing to consider the application. The amount and terms of  
23 the proposed special payment and the duration of the incentive  
24 agreement shall be considered at the public hearing.

25       (d) Copies of the completed application shall be provided  
26 to each local taxing district. Those copies shall be provided

1 at least 30 days prior to the scheduled public hearing under  
2 subsection (c).

3 (e) The company and the oversight board shall enter into  
4 an incentive agreement requiring the special payment described  
5 in Section 10-925. That agreement shall not take effect unless  
6 the corporate authorities of the local municipality and each  
7 local taxing district each adopt an ordinance approving the  
8 incentive agreement.

9 (f) If an incentive agreement is not executed within 5  
10 years after the local municipality's adoption of an inducement  
11 resolution, expenditures incurred by the company more than 5  
12 years prior to the execution of the incentive agreement shall  
13 not qualify as part of the minimum investment.

14 (g) To be eligible to enter into an incentive agreement  
15 under this Division, the company must commit to a project that  
16 meets the minimum investment set forth in this Division.

17 (35 ILCS 200/10-925 new)

18 Sec. 10-925. Contents of incentive agreement.

19 (a) The incentive agreement under Section 10-920 must  
20 require the company to pay, or be responsible for the payment  
21 of, annual special payments to the local municipality and each  
22 local taxing district, beginning with the first tax year for  
23 which the assessment freeze under this Division is applied to  
24 the megaproject. The amount of the special payment shall be  
25 set forth in the incentive agreement and shall be increased



1 annually by the lesser of (i) 5% or (ii) the percentage  
2 increase, if any, in the Consumer Price Index for the 12 months  
3 ending in September of the immediately preceding calendar  
4 year, and may be further increased or decreased every 5 years  
5 upon renegotiation by the parties as provided in subsection  
6 (e).

7 (b) The incentive agreement shall obligate the company to  
8 operate the megaproject at the designated project location for  
9 a minimum of 20 years or until the termination of the agreement  
10 as provided in Section 10-937, whichever occurs earlier.

11 (c) The incentive agreement may contain such other terms  
12 and conditions as are mutually agreeable to the oversight  
13 board and the company and are consistent with the requirements  
14 of this Division, including, without limitation, operational  
15 and job creation requirements.

16 (d) In addition, all incentive agreements entered into  
17 pursuant to Section 10-920 must include, as the first portion  
18 of the document, a recapitulation of the remaining contents of  
19 the document which includes, but is not limited to, the  
20 following:

21 (1) the legal name of each party to the agreement;

22 (2) the street address of the project and the property  
23 subject to the agreement;

24 (3) the agreed minimum investment;

25 (4) the term of the agreement;

26 (5) a schedule showing the amount of the special

1 payment and its calculation for each year of the  
2 agreement;

3 (6) a schedule showing the amount to be distributed  
4 annually to the local municipality and each local taxing  
5 district;

6 (7) any other feature or aspect of the agreement which  
7 may affect the calculation of items (5) and (6) of this  
8 subsection; and

9 (8) the party or parties to the agreement who are  
10 responsible for updating the information contained in the  
11 summary document.

12 (e) The incentive agreement shall also contain a  
13 renegotiation clause that requires the parties to the  
14 agreement to renegotiate the terms of the agreement no less  
15 often than once every 5 years.

16 (35 ILCS 200/10-930 new)

17 Sec. 10-930. Installment bills; distribution of special  
18 payments.

19 (a) The county collector shall prepare a bill for each  
20 installment of the special payment according to the schedule  
21 set forth in paragraph (5) of subsection (d) of Section  
22 10-925, or as modified pursuant to paragraph (7) of subsection  
23 (d) of Section 10-925, and that payment must be distributed to  
24 the local taxing entities according to the schedule in  
25 paragraph (6) of subsection (d) of Section 10-925 or as

1 modified in paragraph (7) of subsection (d) of Section 10-925.

2 (b) Distribution to the local municipality and local  
3 taxing districts of the special payments associated with a  
4 megaproject must be made within 30 days after receipt by the  
5 county collector of the special payment amounts.

6 (c) Misallocations of the distribution of the special  
7 payments may be corrected by adjusting later distributions,  
8 but these adjustments must be made in the next succeeding year  
9 following identification and resolution of the misallocation.  
10 To the extent that distributions have been made improperly in  
11 previous years, claims for adjustment must be made within one  
12 year of the distribution.

13 (35 ILCS 200/10-932 new)

14 Sec. 10-932. Revenue sharing agreements. The local taxing  
15 districts, including the local municipality, may enter into  
16 revenue sharing agreements among themselves. Those agreements  
17 must be based on the results of an impact study including, but  
18 not limited to, an analysis of environmental impacts, housing  
19 costs, traffic impacts, and police and fire costs.

20 (35 ILCS 200/10-935 new)

21 Sec. 10-935. Use of revenues. A taxing district that  
22 receives and retains revenues from a special payment under  
23 this Division may use all or a portion of the revenues for the  
24 purposes of financing the issuance of revenue bonds.

1 (35 ILCS 200/10-937 new)

2 Sec. 10-937. Termination of incentive agreement; automatic  
3 termination; minimum level of investment required to remain  
4 qualified for assessment freeze.

5 (a) The oversight board and the company may mutually agree  
6 to terminate the incentive agreement at any time. From the  
7 date of termination, the megaproject is subject to assessment  
8 on the basis of the then current fair cash value.

9 (b) An incentive agreement shall be terminated if the  
10 company fails to satisfy the minimum investment level provided  
11 in this Division. If the incentive agreement is terminated  
12 under this subsection, the megaproject is subject to  
13 assessment on the basis of the then current fair cash value  
14 beginning in the tax year during which the termination occurs.

15 (c) An incentive agreement shall terminate if, at any  
16 time, the company no longer has the minimum level of  
17 investment as provided in this Division, without regard to  
18 depreciation.

19 (35 ILCS 200/10-940 new)

20 Sec. 10-940. Megaproject applications; certification as a  
21 megaproject and revocation of certification.

22 (a) The Department shall receive applications for  
23 megaproject certificates under this Division in a form and  
24 manner provided by the Department by rule. The Department

1 shall promptly notify the chief county assessment officer when  
2 the Department receives an application under this Section. The  
3 Department's rules shall provide that an applicant may request  
4 preliminary approval of the megaproject before the project  
5 begins, before the applicant has entered into a fully executed  
6 incentive agreement with the oversight board, or before the  
7 project has been placed in service.

8 (b) An applicant for a megaproject certificate under this  
9 Division must provide evidence to the Department of a fully  
10 executed incentive agreement between the company and the  
11 oversight board as described in this Division.

12 (c) An applicant for a megaproject certificate under this  
13 Division must provide evidence to the Department of a fully  
14 executed project labor agreement entered into with the  
15 applicable local building trades council prior to the  
16 commencement of any demolition, building construction, or  
17 building renovation at the project. If the demolition,  
18 building construction, or building renovation begins after the  
19 application is approved, then the applicant must transmit a  
20 copy of the fully executed project labor agreement to the  
21 Department as soon as possible after the agreement is  
22 executed.

23 (d) An applicant for a megaproject certificate under this  
24 Division must provide evidence to the Department that the  
25 company has established the goal of awarding 20% of the total  
26 dollar amount of contracts awarded during each calendar year

1 by the company, that are related to the project, to  
2 minority-owned businesses.

3 (e) The Department shall approve an application for a  
4 megaproject certificate if the Department finds that the  
5 project meets the requirements of this Division.

6 (f) Upon approval of the application, the Department shall  
7 issue a megaproject certificate to the applicant and transmit  
8 a copy to the chief county assessment officer. The certificate  
9 shall identify the property on which the megaproject is  
10 located.

11 (g) For each calendar year following issuance of the  
12 megaproject certificate, until the minimum investment  
13 requirements have been met and the megaproject has been placed  
14 in service, the company shall deliver a report to the  
15 Department on the status of construction or creation of the  
16 megaproject and the amount of minimum investment made in the  
17 megaproject during the preceding calendar year. If the  
18 Department determines, in accordance with the Administrative  
19 Review Law and the Illinois Administrative Procedure Act, that  
20 a project for which a certificate has been issued has not met  
21 the minimum investment requirements of this Division within  
22 the investment period, the Department shall revoke the  
23 certificate by written notice to the taxpayer of record and  
24 transmit a copy of the revocation to the assessment officer.

25 (h) If the oversight board notifies the Department that  
26 the incentive agreement has been terminated, the Department

1 shall revoke the certificate by written notice to the taxpayer  
2 of record and transmit a copy of the revocation to the  
3 assessment officer.

4 (35 ILCS 200/10-945 new)

5 Sec. 10-945. Computation of valuation.

6 (a) Upon receipt of the megaproject certificate from the  
7 Department, the chief county assessment officer shall  
8 determine the base year valuation and shall make a notation on  
9 each statement of assessment during the assessment period that  
10 the valuation of the project is based upon the issuance of a  
11 megaproject certificate.

12 (b) Upon revocation of a megaproject certificate, the  
13 chief county assessment officer shall compute the assessed  
14 valuation of the project on the basis of the then current fair  
15 cash value of the property.

16 (35 ILCS 200/10-950 new)

17 Sec. 10-950. Transfers of interest in a megaproject;  
18 sale-leaseback arrangement; requirements.

19 (a) Subject to the terms of the incentive agreement  
20 between the company and the oversight board, ownership of or  
21 any interest in the megaproject and any and all related  
22 project property, including, without limitation, transfers of  
23 indirect beneficial interests and equity interests in a  
24 company owning a megaproject, shall not affect the assessment

1 freeze or the validity of the megaproject certificate issued  
2 under this Division. Notwithstanding the provisions of this  
3 subsection, the incentive agreement shall be a covenant  
4 running with the land.

5 (b) A company may enter into lending, financing, security,  
6 leasing, or similar arrangements, or a succession of such  
7 arrangements, with a financing entity concerning all or part  
8 of a project including, without limitation, a sale-leaseback  
9 arrangement, equipment lease, build-to-suit lease, synthetic  
10 lease, nordic lease, defeased tax benefit, or transfer lease,  
11 an assignment, sublease, or similar arrangement, or succession  
12 of those arrangements, with one or more financing entities  
13 concerning all or part of a project, regardless of the  
14 identity of the income tax or fee owner of the megaproject.  
15 Neither the original transfer to the financing entity nor the  
16 later transfer from the financing entity back to the company,  
17 pursuant to terms in the sale-leaseback agreement, shall  
18 affect the assessment freeze or the validity of the  
19 megaproject certificate issued under this Division, regardless  
20 of whether the income tax basis is changed for income tax  
21 purposes.

22 (c) The Department must receive notice of all transfers  
23 undertaken with respect to other projects to effect a  
24 financing. Notice shall be made in writing within 60 days  
25 after the transfer, identifying each transferee and containing  
26 other information required by the Department with the



1 appropriate returns. Failure to meet this notice requirement  
2 does not adversely affect the assessment freeze.

3 (35 ILCS 200/10-955 new)

4 Sec. 10-955. Minimum investment by company affiliates. To  
5 be eligible for the benefits of this Division, a company must  
6 make the minimum investment. Investments by company affiliates  
7 during the investment period may be applied toward the minimum  
8 investment under this Division regardless of whether the  
9 company affiliate was part of the project. To qualify for the  
10 assessment freeze, the minimum investments must be made at the  
11 megaproject site.

12 (35 ILCS 200/10-960 new)

13 Sec. 10-960. Projects to be valued at fair cash value for  
14 purposes of bonded indebtedness and limitations on property  
15 tax extensions. Projects to which an assessment freeze applies  
16 pursuant to this Division shall be valued at their fair cash  
17 value for purposes of calculating a municipality's general  
18 obligation bond limits and a taxing district's limitation on  
19 tax extensions.

20 (35 ILCS 200/10-965 new)

21 Sec. 10-965. Abatements. Any local taxing district, upon a  
22 majority vote of its governing authority, may, after the  
23 determination of the assessed valuation as set forth in this

1 Division, order the clerk of the appropriate municipality or  
2 county to abate any portion of real property taxes otherwise  
3 levied or extended by the taxing district on a megaproject.

4 (35 ILCS 200/10-970 new)

5 Sec. 10-970. Filing of returns, contracts, and other  
6 information; due date of payments and returns.

7 (a) The company and the oversight board shall file  
8 notices, reports, and other information as required by the  
9 Department.

10 (b) Special payments are due at the same time as property  
11 tax payments and property tax returns are due for the  
12 megaproject property.

13 (c) Failure to make a timely special payment results in  
14 the assessment of penalties as if the payment were a  
15 delinquent property tax payment or return.

16 (d) Within 30 days after the date of execution of an  
17 incentive agreement, a copy of the incentive agreement must be  
18 filed with the Department, the county assessor, and the county  
19 auditor for the county in which the megaproject is located.

20 (35 ILCS 200/10-980 new)

21 Sec. 10-980. Rules. The Department may issue rulings and  
22 adopt rules as necessary to carry out the purpose of this  
23 Division.

1 (35 ILCS 200/10-990 new)

2 Sec. 10-990. Invalidity. If all or any part of this  
3 Division is determined to be unconstitutional or otherwise  
4 unenforceable by a court of competent jurisdiction, a company  
5 has 180 days from the date of the determination to transfer  
6 title to a megaproject to an authorized economic development  
7 authority, which may qualify for property tax assessment under  
8 this Division or which may be exempt from property taxes.

9 Section 97. Severability. The provisions of this Act are  
10 severable under Section 1.31 of the Statute on Statutes.

11 Section 99. Effective date. This Act takes effect June 1,  
12 2024.

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- 8 22 heading new
- 9 35 ILCS 200/10-900 new
- 10 35 ILCS 200/10-910 new
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