

SB3127



103RD GENERAL ASSEMBLY

State of Illinois

2023 and 2024

SB3127

Introduced 2/2/2024, by Sen. Win Stoller

SYNOPSIS AS INTRODUCED:

35 ILCS 105/3-55	from Ch. 120, par. 439.3-55
35 ILCS 110/3-45	from Ch. 120, par. 439.33-45
35 ILCS 115/3-5	
35 ILCS 120/2-5	

Amends the Use Tax Act, the Service Use Tax Act, the Service Occupation Tax Act, and the Retailers' Occupation Tax Act. Reinstates the exemption for the use or sale of tangible personal property purchased from an Illinois retailer by a taxpayer engaged in centralized purchasing activities in Illinois. Provides that the exemption sunsets on June 30, 2029 (currently, June 30, 2016). Effective immediately.

LRB103 37896 HLH 68027 b

A BILL FOR

1 AN ACT concerning revenue.

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

4 Section 5. The Use Tax Act is amended by changing Section
5 3-55 as follows:

6 (35 ILCS 105/3-55) (from Ch. 120, par. 439.3-55)

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

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

16 (b) (Blank).

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

1 installed in or affixed to aircraft moving in interstate
2 commerce.

3 (d) The use, in this State, of tangible personal property
4 that is acquired outside this State and caused to be brought
5 into this State by a person who has already paid a tax in
6 another State in respect to the sale, purchase, or use of that
7 property, to the extent of the amount of the tax properly due
8 and paid in the other State.

9 (e) The temporary storage, in this State, of tangible
10 personal property that is acquired outside this State and
11 that, after being brought into this State and stored here
12 temporarily, is used solely outside this State or is
13 physically attached to or incorporated into other tangible
14 personal property that is used solely outside this State, or
15 is altered by converting, fabricating, manufacturing,
16 printing, processing, or shaping, and, as altered, is used
17 solely outside this State.

18 (f) The temporary storage in this State of building
19 materials and fixtures that are acquired either in this State
20 or outside this State by an Illinois registered combination
21 retailer and construction contractor, and that the purchaser
22 thereafter uses outside this State by incorporating that
23 property into real estate located outside this State.

24 (g) The use or purchase of tangible personal property by a
25 common carrier by rail or motor that receives the physical
26 possession of the property in Illinois, and that transports

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

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

18 (h-1) The exemption under subsection (h) does not apply if
19 the state in which the motor vehicle will be titled does not
20 allow a reciprocal exemption for the use in that state of a
21 motor vehicle sold and delivered in that state to an Illinois
22 resident but titled in Illinois. The tax collected under this
23 Act on the sale of a motor vehicle in this State to a resident
24 of another state that does not allow a reciprocal exemption
25 shall be imposed at a rate equal to the state's rate of tax on
26 taxable property in the state in which the purchaser is a

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

21 (h-2) The following exemptions apply with respect to
22 certain aircraft:

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

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

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

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

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

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

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

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

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

21 (B) the aircraft is not based or registered in
22 this State either before or after the post-sale
23 customization; and

24 (C) the purchaser provides the Department with a
25 signed and dated certification, on a form prescribed
26 by the Department, certifying that the requirements of

1 this item (3) are met. The certificate must also
2 include the name and address of the purchaser, the
3 address of the location where the aircraft is to be
4 titled or registered, the address of the primary
5 physical location of the aircraft, and other
6 information that the Department may reasonably
7 require.

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

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

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

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

24 "Prepurchase evaluation" means an examination of an
25 aircraft to provide a potential purchaser with information
26 relevant to the potential purchase.

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

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

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

12 (j) Beginning on January 1, 2002 and through June 30,
13 2016, and beginning again on July 1, 2024 and through June 30,
14 2029, the use of tangible personal property purchased ~~from an~~
15 ~~Illinois retailer~~ by a taxpayer engaged in centralized
16 purchasing activities in Illinois who will, upon receipt of
17 the property in Illinois, temporarily store the property in
18 Illinois (i) for the purpose of subsequently transporting it
19 outside this State for use or consumption thereafter solely
20 outside this State or (ii) for the purpose of being processed,
21 fabricated, or manufactured into, attached to, or incorporated
22 into other tangible personal property to be transported
23 outside this State and thereafter used or consumed solely
24 outside this State. The Director of Revenue shall, pursuant to
25 rules adopted in accordance with the Illinois Administrative
26 Procedure Act, issue a permit to any taxpayer in good standing

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

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

11 Section 10. The Service Use Tax Act is amended by changing
12 Section 3-45 as follows:

13 (35 ILCS 110/3-45) (from Ch. 120, par. 439.33-45)

14 Sec. 3-45. Multistate exemption. To prevent actual or
15 likely multistate taxation, the tax imposed by this Act does
16 not apply to the use of tangible personal property in this
17 State under the following circumstances:

18 (a) The use, in this State, of property acquired outside
19 this State by a nonresident individual and brought into this
20 State by the individual for his or her own use while
21 temporarily within this State or while passing through this
22 State.

23 (b) The use, in this State, of property that is acquired
24 outside this State and that is moved into this State for use as

1 rolling stock moving in interstate commerce.

2 (c) The use, in this State, of property that is acquired
3 outside this State and caused to be brought into this State by
4 a person who has already paid a tax in another state in respect
5 to the sale, purchase, or use of that property, to the extent
6 of the amount of the tax properly due and paid in the other
7 state.

8 (d) The temporary storage, in this State, of property that
9 is acquired outside this State and that after being brought
10 into this State and stored here temporarily, is used solely
11 outside this State or is physically attached to or
12 incorporated into other property that is used solely outside
13 this State, or is altered by converting, fabricating,
14 manufacturing, printing, processing, or shaping, and, as
15 altered, is used solely outside this State.

16 (e) Beginning July 1, 1999, the use, in this State, of fuel
17 acquired outside this State and brought into this State in the
18 fuel supply tanks of locomotives engaged in freight hauling
19 and passenger service for interstate commerce. This subsection
20 is exempt from the provisions of Section 3-75.

21 (f) Beginning on January 1, 2002 and through June 30,
22 2016, and beginning again on July 1, 2024 and through June 30,
23 2029, the use of tangible personal property purchased ~~from an~~
24 ~~Illinois retailer~~ by a taxpayer engaged in centralized
25 purchasing activities in Illinois who will, upon receipt of
26 the property in Illinois, temporarily store the property in

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

19 (Source: P.A. 97-73, eff. 6-30-11.)

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

22 (35 ILCS 115/3-5)

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

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

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

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

26 (4) Legal tender, currency, medallions, or gold or silver

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

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

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

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

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

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

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

1 Beginning on January 1, 2024, farm machinery and equipment
2 also includes electrical power generation equipment used
3 primarily for production agriculture.

4 This item (7) is exempt from the provisions of Section
5 3-55.

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

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

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

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

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

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

20 (12) Until July 1, 2028, coal and aggregate exploration,
21 mining, off-highway hauling, processing, maintenance, and
22 reclamation equipment, including replacement parts and
23 equipment, and including equipment purchased for lease, but
24 excluding motor vehicles required to be registered under the
25 Illinois Vehicle Code. The changes made to this Section by
26 Public Act 97-767 apply on and after July 1, 2003, but no claim

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 from the sale to the fundraising entity. This paragraph is
2 exempt from the provisions of Section 3-55.

3 (23) Beginning January 1, 2000 and through December 31,
4 2001, new or used automatic vending machines that prepare and
5 serve hot food and beverages, including coffee, soup, and
6 other items, and replacement parts for these machines.
7 Beginning January 1, 2002 and through June 30, 2003, machines
8 and parts for machines used in commercial, coin-operated
9 amusement and vending business if a use or occupation tax is
10 paid on the gross receipts derived from the use of the
11 commercial, coin-operated amusement and vending machines. This
12 paragraph is exempt from the provisions of Section 3-55.

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

23 (25) Beginning on August 2, 2001 (the effective date of
24 Public Act 92-227), personal property sold to a lessor who
25 leases the property, under a lease of one year or longer
26 executed or in effect at the time of the purchase, to a

1 governmental body that has been issued an active tax exemption
2 identification number by the Department under Section 1g of
3 the Retailers' Occupation Tax Act. This paragraph is exempt
4 from the provisions of Section 3-55.

5 (26) Beginning on January 1, 2002 and through June 30,
6 2016, and beginning again on June 30, 2024 and through June 30,
7 2029, tangible personal property purchased ~~from an Illinois~~
8 ~~retailer~~ by a taxpayer engaged in centralized purchasing
9 activities in Illinois who will, upon receipt of the property
10 in Illinois, temporarily store the property in Illinois (i)
11 for the purpose of subsequently transporting it outside this
12 State for use or consumption thereafter solely outside this
13 State or (ii) for the purpose of being processed, fabricated,
14 or manufactured into, attached to, or incorporated into other
15 tangible personal property to be transported outside this
16 State and thereafter used or consumed solely outside this
17 State. The Director of Revenue shall, pursuant to rules
18 adopted in accordance with the Illinois Administrative
19 Procedure Act, issue a permit to any taxpayer in good standing
20 with the Department who is eligible for the exemption under
21 this paragraph (26). The permit issued under this paragraph
22 (26) shall authorize the holder, to the extent and in the
23 manner specified in the rules adopted under this Act, to
24 purchase tangible personal property from a retailer exempt
25 from the taxes imposed by this Act. Taxpayers shall maintain
26 all necessary books and records to substantiate the use and

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

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

10 (28) Tangible personal property sold to 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 3-55.

25 (29) Beginning January 1, 2010 and continuing through
26 December 31, 2029, materials, parts, equipment, components,

1 and furnishings incorporated into or upon an aircraft as part
2 of the modification, refurbishment, completion, replacement,
3 repair, or maintenance of the aircraft. This exemption
4 includes consumable supplies used in the modification,
5 refurbishment, completion, replacement, repair, and
6 maintenance of aircraft. However, until January 1, 2024, this
7 exemption excludes any materials, parts, equipment,
8 components, and consumable supplies used in the modification,
9 replacement, repair, and maintenance of aircraft engines or
10 power plants, whether such engines or power plants are
11 installed or uninstalled upon any such aircraft. "Consumable
12 supplies" include, but are not limited to, adhesive, tape,
13 sandpaper, general purpose lubricants, cleaning solution,
14 latex gloves, and protective films.

15 Beginning January 1, 2010 and continuing through December
16 31, 2023, this exemption applies only to the transfer of
17 qualifying tangible personal property incident to the
18 modification, refurbishment, completion, replacement, repair,
19 or maintenance of an aircraft by persons 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. From January 1, 2024
2 through December 31, 2029, this exemption applies only to the
3 use of qualifying tangible personal property by: (A) persons
4 who modify, refurbish, complete, repair, replace, or maintain
5 aircraft and who (i) hold an Air Agency Certificate and are
6 empowered to operate an approved repair station by the Federal
7 Aviation Administration, (ii) have a Class IV Rating, and
8 (iii) conduct operations in accordance with Part 145 of the
9 Federal Aviation Regulations; and (B) persons who engage in
10 the modification, replacement, repair, and maintenance of
11 aircraft engines or power plants without regard to whether or
12 not those persons meet the qualifications of item (A).

13 The changes made to this paragraph (29) by Public Act
14 98-534 are declarative of existing law. It is the intent of the
15 General Assembly that the exemption under this paragraph (29)
16 applies continuously from January 1, 2010 through December 31,
17 2024; however, no claim for credit or refund is allowed for
18 taxes paid as a result of the disallowance of this exemption on
19 or after January 1, 2015 and prior to February 5, 2020 (the
20 effective date of Public Act 101-629).

21 (30) Beginning January 1, 2017 and through December 31,
22 2026, menstrual pads, tampons, and menstrual cups.

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

26 (32) Qualified tangible personal property used in the

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

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 into ~~in to~~ the qualifying data center. To
21 document the exemption allowed under this Section, the
22 retailer must obtain from the purchaser a copy of the
23 certificate of eligibility issued by the Department of
24 Commerce and Economic Opportunity.

25 This item (32) is exempt from the provisions of Section
26 3-55.

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

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

21 (35) Beginning on January 1, 2024, tangible personal
22 property purchased by an active duty member of the armed
23 forces of the United States who presents valid military
24 identification and purchases the property using a form of
25 payment where the federal government is the payor. The member
26 of the armed forces must complete, at the point of sale, a form

1 prescribed by the Department of Revenue documenting that the
2 transaction is eligible for the exemption under this
3 paragraph. Retailers must keep the form as documentation of
4 the exemption in their records for a period of not less than 6
5 years. "Armed forces of the United States" means the United
6 States Army, Navy, Air Force, Marine Corps, or Coast Guard.
7 This paragraph is exempt from the provisions of Section 3-55.

8 (Source: P.A. 102-16, eff. 6-17-21; 102-700, Article 70,
9 Section 70-15, eff. 4-19-22; 102-700, Article 75, Section
10 75-15, eff. 4-19-22; 102-1026, eff. 5-27-22; 103-9, Article 5,
11 Section 5-15, eff. 6-7-23; 103-9, Article 15, Section 15-15,
12 eff. 6-7-23; 103-154, eff. 6-30-23; 103-384, eff. 1-1-24;
13 revised 12-12-23.)

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

16 (35 ILCS 120/2-5)

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

20 (1) Farm chemicals.

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

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

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

26 Farm machinery and equipment also includes computers,

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

7 Beginning on January 1, 2024, farm machinery and
8 equipment also includes electrical power generation
9 equipment used primarily for production agriculture.

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

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

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

1 acting as catalysts effect a direct and immediate change
2 upon a graphic arts product. Beginning on July 1, 2017,
3 graphic arts machinery and equipment is included in the
4 manufacturing and assembling machinery and equipment
5 exemption under paragraph (14).

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

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

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

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

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

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

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

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

1 exclusively for educational purposes. On and after July 1,
2 1987, however, no entity otherwise eligible for this
3 exemption shall make tax-free purchases unless it has an
4 active identification number issued by the Department.

5 (12) (Blank).

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

26 (13) Proceeds from sales to owners, lessors, or

1 shippers of tangible personal property that is utilized by
2 interstate carriers for hire for use as rolling stock
3 moving in interstate commerce and equipment operated by a
4 telecommunications provider, licensed as a common carrier
5 by the Federal Communications Commission, which is
6 permanently installed in or affixed to aircraft moving in
7 interstate commerce.

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

1 customers through pipes, pipelines, or mains. The
2 provisions of Public Act 98-583 are declaratory of
3 existing law as to the meaning and scope of this
4 exemption. Beginning on July 1, 2017, the exemption
5 provided by this paragraph (14) includes, but is not
6 limited to, graphic arts machinery and equipment, as
7 defined in paragraph (4) of this Section.

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

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

20 (17) Tangible personal property sold to a common
21 carrier by rail or motor that receives the physical
22 possession of the property in Illinois and that transports
23 the property, or shares with another common carrier in the
24 transportation of the property, out of Illinois on a
25 standard uniform bill of lading showing the seller of the
26 property as the shipper or consignor of the property to a

1 destination outside Illinois, for use outside Illinois.

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

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

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

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

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

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

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

25 (23) A transaction in which the purchase order is
26 received by a florist who is located outside Illinois, but

1 who has a florist located in Illinois deliver the property
2 to the purchaser or the purchaser's donee in Illinois.

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

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

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

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

26 (25-7) Beginning on July 1, 2007, no tax is imposed

1 under this Act on the sale of an aircraft, as defined in
2 Section 3 of the Illinois Aeronautics Act, if all of the
3 following conditions are met:

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

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

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

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

25 "Based in this State" means hangared, stored, or
26 otherwise used, excluding post-sale customizations as

1 defined in this Section, for 10 or more days in each
2 12-month period immediately following the date of the sale
3 of the aircraft.

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

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

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

13 (27) Horses, or interests in horses, registered with
14 and meeting the requirements of any of the Arabian Horse
15 Club Registry of America, Appaloosa Horse Club, American
16 Quarter Horse Association, United States Trotting
17 Association, or Jockey Club, as appropriate, used for
18 purposes of breeding or racing for prizes. This item (27)
19 is exempt from the provisions of Section 2-70, and the
20 exemption provided for under this item (27) applies for
21 all periods beginning May 30, 1995, but no claim for
22 credit or refund is allowed on or after January 1, 2008
23 (the effective date of Public Act 95-88) for such taxes
24 paid during the period beginning May 30, 2000 and ending
25 on January 1, 2008 (the effective date of Public Act
26 95-88).

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

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

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

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

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

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

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

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

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

26 (35) Beginning January 1, 2000 and through December

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

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

25 (36) Beginning August 2, 2001, computers and
26 communications equipment utilized for any hospital purpose

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

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

16 (38) Beginning on January 1, 2002 and through June 30,
17 2016, and beginning again on July 1, 2024 and through June
18 30, 2029, tangible personal property purchased ~~from an~~
19 ~~Illinois retailer~~ by a taxpayer engaged in centralized
20 purchasing activities in Illinois who will, upon receipt
21 of the property in Illinois, temporarily store the
22 property in Illinois (i) for the purpose of subsequently
23 transporting it outside this State for use or consumption
24 thereafter solely outside this State or (ii) for the
25 purpose of being processed, fabricated, or manufactured
26 into, attached to, or incorporated into other tangible

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

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

23 (40) Beginning January 1, 2010 and continuing through
24 December 31, 2029, materials, parts, equipment,
25 components, and furnishings incorporated into or upon an
26 aircraft as part of the modification, refurbishment,

1 completion, replacement, repair, or maintenance of the
2 aircraft. This exemption includes consumable supplies used
3 in the modification, refurbishment, completion,
4 replacement, repair, and maintenance of aircraft. However,
5 until January 1, 2024, this exemption excludes any
6 materials, parts, equipment, components, and consumable
7 supplies used in the modification, replacement, repair,
8 and maintenance of aircraft engines or power plants,
9 whether such engines or power plants are installed or
10 uninstalled upon any such aircraft. "Consumable supplies"
11 include, but are not limited to, adhesive, tape,
12 sandpaper, general purpose lubricants, cleaning solution,
13 latex gloves, and protective films.

14 Beginning January 1, 2010 and continuing through
15 December 31, 2023, this exemption applies only to the sale
16 of qualifying tangible personal property to persons who
17 modify, refurbish, complete, replace, or maintain an
18 aircraft and who (i) hold an Air Agency Certificate and
19 are empowered to operate an approved repair station by the
20 Federal Aviation Administration, (ii) have a Class IV
21 Rating, and (iii) conduct operations in accordance with
22 Part 145 of the Federal Aviation Regulations. The
23 exemption does not include aircraft operated by a
24 commercial air carrier providing scheduled passenger air
25 service pursuant to authority issued under Part 121 or
26 Part 129 of the Federal Aviation Regulations. From January

1 1, 2024 through December 31, 2029, this exemption applies
2 only to the use of qualifying tangible personal property
3 by: (A) persons who modify, refurbish, complete, repair,
4 replace, or maintain aircraft and who (i) hold an Air
5 Agency Certificate and are empowered to operate an
6 approved repair station by the Federal Aviation
7 Administration, (ii) have a Class IV Rating, and (iii)
8 conduct operations in accordance with Part 145 of the
9 Federal Aviation Regulations; and (B) persons who engage
10 in the modification, replacement, repair, and maintenance
11 of aircraft engines or power plants without regard to
12 whether or not those persons meet the qualifications of
13 item (A).

14 The changes made to this paragraph (40) by Public Act
15 98-534 are declarative of existing law. It is the intent
16 of the General Assembly that the exemption under this
17 paragraph (40) applies continuously from January 1, 2010
18 through December 31, 2024; however, no claim for credit or
19 refund is allowed for taxes paid as a result of the
20 disallowance of this exemption on or after January 1, 2015
21 and prior to February 5, 2020 (the effective date of
22 Public Act 101-629).

23 (41) Tangible personal property sold to a
24 public-facilities corporation, as described in Section
25 11-65-10 of the Illinois Municipal Code, for purposes of
26 constructing or furnishing a municipal convention hall,

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

12 (42) Beginning January 1, 2017 and through December
13 31, 2026, menstrual pads, tampons, and menstrual cups.

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

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

1 tenant of the data center or by a contractor or
2 subcontractor of the owner, operator, or tenant. Data
3 centers that would have qualified for a certificate of
4 exemption prior to January 1, 2020 had Public Act 101-31
5 been in effect, may apply for and obtain an exemption for
6 subsequent purchases of computer equipment or enabling
7 software purchased or leased to upgrade, supplement, or
8 replace computer equipment or enabling software purchased
9 or leased in the original investment that would have
10 qualified.

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

17 For the purposes of this item (44):

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

22 "Qualified tangible personal property" means:
23 electrical systems and equipment; climate control and
24 chilling equipment and systems; mechanical systems and
25 equipment; monitoring and secure systems; emergency
26 generators; hardware; computers; servers; data storage

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

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

26 (45) Beginning January 1, 2020 and through December

1 31, 2020, sales of tangible personal property made by a
2 marketplace seller over a marketplace for which tax is due
3 under this Act but for which use tax has been collected and
4 remitted to the Department by a marketplace facilitator
5 under Section 2d of the Use Tax Act are exempt from tax
6 under this Act. A marketplace seller claiming this
7 exemption shall maintain books and records demonstrating
8 that the use tax on such sales has been collected and
9 remitted by a marketplace facilitator. Marketplace sellers
10 that have properly remitted tax under this Act on such
11 sales may file a claim for credit as provided in Section 6
12 of this Act. No claim is allowed, however, for such taxes
13 for which a credit or refund has been issued to the
14 marketplace facilitator under the Use Tax Act, or for
15 which the marketplace facilitator has filed a claim for
16 credit or refund under the Use Tax Act.

17 (46) Beginning July 1, 2022, breast pumps, breast pump
18 collection and storage supplies, and breast pump kits.
19 This item (46) is exempt from the provisions of Section
20 2-70. As used in this item (46):

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

1 time of sale.

2 "Breast pump collection and storage supplies" means
3 items of tangible personal property designed or marketed
4 to be used in conjunction with a breast pump to collect
5 milk expressed from a human breast and to store collected
6 milk until it is ready for consumption.

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

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

26 "Breast pump kit" means a kit that: (1) contains no

1 more than a breast pump, breast pump collection and
2 storage supplies, a rechargeable battery for operating the
3 breast pump, a breastmilk cooler, bottle stands, ice
4 packs, and a breast pump carrying case; and (2) is
5 pre-packaged as a breast pump kit by the breast pump
6 manufacturer or distributor.

7 (47) Tangible personal property sold by or on behalf
8 of the State Treasurer pursuant to the Revised Uniform
9 Unclaimed Property Act. This item (47) is exempt from the
10 provisions of Section 2-70.

11 (48) Beginning on January 1, 2024, tangible personal
12 property purchased by an active duty member of the armed
13 forces of the United States who presents valid military
14 identification and purchases the property using a form of
15 payment where the federal government is the payor. The
16 member of the armed forces must complete, at the point of
17 sale, a form prescribed by the Department of Revenue
18 documenting that the transaction is eligible for the
19 exemption under this paragraph. Retailers must keep the
20 form as documentation of the exemption in their records
21 for a period of not less than 6 years. "Armed forces of the
22 United States" means the United States Army, Navy, Air
23 Force, Marine Corps, or Coast Guard. This paragraph is
24 exempt from the provisions of Section 2-70.

25 (Source: P.A. 102-16, eff. 6-17-21; 102-634, eff. 8-27-21;
26 102-700, Article 70, Section 70-20, eff. 4-19-22; 102-700,

1 Article 75, Section 75-20, eff. 4-19-22; 102-813, eff.
2 5-13-22; 102-1026, eff. 5-27-22; 103-9, Article 5, Section
3 5-20, eff. 6-7-23; 103-9, Article 15, Section 15-20, eff.
4 6-7-23; 103-154, eff. 6-30-23; 103-384, eff. 1-1-24; revised
5 12-12-23.)

6 Section 99. Effective date. This Act takes effect upon
7 becoming law.