



Sen. Gary Forby

**Filed: 10/27/2009**

09600HB0303sam001

LRB096 02944 HLH 30443 a

1 AMENDMENT TO HOUSE BILL 303

2 AMENDMENT NO. \_\_\_\_\_. Amend House Bill 303 by replacing  
3 everything after the enacting clause with the following:

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

6 (35 ILCS 105/3-5)

7 (Text of Section before amendment by P.A. 96-339)

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

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

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

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

19           (4) Personal property purchased by a governmental body, by  
20 a corporation, society, association, foundation, or  
21 institution organized and operated exclusively for charitable,  
22 religious, or educational purposes, or by a not-for-profit  
23 corporation, society, association, foundation, institution, or  
24 organization that has no compensated officers or employees and  
25 that is organized and operated primarily for the recreation of  
26 persons 55 years of age or older. A limited liability company

1 may qualify for the exemption under this paragraph only if the  
2 limited liability company is organized and operated  
3 exclusively for educational purposes. On and after July 1,  
4 1987, however, no entity otherwise eligible for this exemption  
5 shall make tax-free purchases unless it has an active exemption  
6 identification number issued by the Department.

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

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

20 (7) Farm chemicals.

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

25 (9) Personal property purchased from a teacher-sponsored  
26 student organization affiliated with an elementary or

1 secondary school located in Illinois.

2 (10) A motor vehicle of the first division, a motor vehicle  
3 of the second division that is a self-contained motor vehicle  
4 designed or permanently converted to provide living quarters  
5 for recreational, camping, or travel use, with direct walk  
6 through to the living quarters from the driver's seat, or a  
7 motor vehicle of the second division that is of the van  
8 configuration designed for the transportation of not less than  
9 7 nor more than 16 passengers, as defined in Section 1-146 of  
10 the Illinois Vehicle Code, that is used for automobile renting,  
11 as defined in the Automobile Renting Occupation and Use Tax  
12 Act.

13 (11) 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 to  
22 be registered under Section 3-809 of the Illinois Vehicle Code,  
23 but excluding other motor vehicles required to be registered  
24 under the Illinois Vehicle Code. Horticultural polyhouses or  
25 hoop houses used for propagating, growing, or overwintering  
26 plants shall be considered farm machinery and equipment under

1 this item (11). Agricultural chemical tender tanks and dry  
2 boxes shall include units sold separately from a motor vehicle  
3 required to be licensed and units sold mounted on a motor  
4 vehicle required to be licensed if the selling price of the  
5 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 (11) is exempt from the  
21 provisions of Section 3-90.

22 (12) Fuel and petroleum products sold to or used by an air  
23 common carrier, certified by the carrier to be used for  
24 consumption, shipment, or storage in the conduct of its  
25 business as an air common carrier, for a flight destined for or  
26 returning from a location or locations outside the United

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

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

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

25 (16) Until July 1, 2003, and beginning again on the  
26 effective date of this amendatory Act of the 96th General

1 Assembly and thereafter, coal and aggregate exploration,  
2 mining, offhighway hauling, processing, maintenance, and  
3 reclamation equipment, including replacement parts and  
4 equipment, and including equipment purchased for lease, but  
5 excluding motor vehicles required to be registered under the  
6 Illinois Vehicle Code. This item (16) is not subject to the  
7 provisions of Section 3-90.

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

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

25 (19) Personal property delivered to a purchaser or  
26 purchaser's donee inside Illinois when the purchase order for

1 that personal property was received by a florist located  
2 outside Illinois who has a florist located inside Illinois  
3 deliver the personal property.

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

6 (21) Horses, or interests in horses, registered with and  
7 meeting the requirements of any of the Arabian Horse Club  
8 Registry of America, Appaloosa Horse Club, American Quarter  
9 Horse Association, United States Trotting Association, or  
10 Jockey Club, as appropriate, used for purposes of breeding or  
11 racing for prizes. This item (21) is exempt from the provisions  
12 of Section 3-90, and the exemption provided for under this item  
13 (21) applies for all periods beginning May 30, 1995, but no  
14 claim for credit or refund is allowed on or after January 1,  
15 2008 for such taxes paid during the period beginning May 30,  
16 2000 and ending on January 1, 2008.

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



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

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

1 reimburse that lessor for the tax imposed by this Act or the  
2 Service Use Tax Act, as the case may be, if the tax has not been  
3 paid by the lessor. If a lessor improperly collects any such  
4 amount from the lessee, the lessee shall have a legal right to  
5 claim a refund of that amount from the lessor. If, however,  
6 that amount is not refunded to the lessee for any reason, the  
7 lessor is liable to pay that amount to the Department.

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

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

1 federally declared disaster in Illinois or bordering Illinois  
2 when such repairs are initiated on facilities located in the  
3 declared disaster area within 6 months after the disaster.

4 (26) Beginning July 1, 1999, game or game birds purchased  
5 at a "game breeding and hunting preserve area" or an "exotic  
6 game hunting area" as those terms are used in the Wildlife Code  
7 or at a hunting enclosure approved through rules adopted by the  
8 Department of Natural Resources. This paragraph is exempt from  
9 the provisions of Section 3-90.

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

1 industrial, business, or commercial occupation.

2 (28) Beginning January 1, 2000, personal property,  
3 including food, purchased through fundraising events for the  
4 benefit of a public or private elementary or secondary school,  
5 a group of those schools, or one or more school districts if  
6 the events are sponsored by an entity recognized by the school  
7 district that consists primarily of volunteers and includes  
8 parents and teachers of the school children. This paragraph  
9 does not apply to fundraising events (i) for the benefit of  
10 private home instruction or (ii) for which the fundraising  
11 entity purchases the personal property sold at the events from  
12 another individual or entity that sold the property for the  
13 purpose of resale by the fundraising entity and that profits  
14 from the sale to the fundraising entity. This paragraph is  
15 exempt from the provisions of Section 3-90.

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

26 (30) Beginning January 1, 2001 and through June 30, 2011,

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

11 (31) Beginning on the effective date of this amendatory Act  
12 of the 92nd General Assembly, computers and communications  
13 equipment utilized for any hospital purpose and equipment used  
14 in the diagnosis, analysis, or treatment of hospital patients  
15 purchased by a lessor who leases the equipment, under a lease  
16 of one year or longer executed or in effect at the time the  
17 lessor would otherwise be subject to the tax imposed by this  
18 Act, to a hospital that has been issued an active tax exemption  
19 identification number by the Department under Section 1g of the  
20 Retailers' Occupation Tax Act. If the equipment is leased in a  
21 manner that does not qualify for this exemption or is used in  
22 any other nonexempt manner, the lessor shall be liable for the  
23 tax imposed under this Act or the Service Use Tax Act, as the  
24 case may be, based on the fair market value of the property at  
25 the time the nonqualifying use occurs. No lessor shall collect  
26 or attempt to collect an amount (however designated) that

1 purports to reimburse that lessor for the tax imposed by this  
2 Act or the Service Use Tax Act, as the case may be, if the tax  
3 has not been paid by the lessor. If a lessor improperly  
4 collects any such amount from the lessee, the lessee shall have  
5 a legal right to claim a refund of that amount from the lessor.  
6 If, however, that amount is not refunded to the lessee for any  
7 reason, the lessor is liable to pay that amount to the  
8 Department. This paragraph is exempt from the provisions of  
9 Section 3-90.

10 (32) Beginning on the effective date of this amendatory Act  
11 of the 92nd General Assembly, personal property purchased by a  
12 lessor who leases the property, 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 governmental body that has been issued an active sales tax  
16 exemption identification number by the Department under  
17 Section 1g of the Retailers' Occupation Tax Act. If the  
18 property is leased in a manner that does not qualify for this  
19 exemption or used in any other nonexempt manner, the lessor  
20 shall be liable for the tax imposed under this Act or the  
21 Service Use Tax Act, as the case may be, based on the fair  
22 market value of the property at the time the nonqualifying use  
23 occurs. No lessor shall collect or attempt to collect an amount  
24 (however designated) that purports to reimburse that lessor for  
25 the tax imposed by this Act or the Service Use Tax Act, as the  
26 case may be, if the tax has not been paid by the lessor. If a

1 lessor improperly collects any such amount from the lessee, the  
2 lessee shall have a legal right to claim a refund of that  
3 amount from the lessor. If, however, that amount is not  
4 refunded to the lessee for any reason, the lessor is liable to  
5 pay that amount to the Department. This paragraph is exempt  
6 from the provisions of Section 3-90.

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

26 (34) Beginning January 1, 2008, tangible personal property

1 used in the construction or maintenance of a community water  
2 supply, as defined under Section 3.145 of the Environmental  
3 Protection Act, that is operated by a not-for-profit  
4 corporation that holds a valid water supply permit issued under  
5 Title IV of the Environmental Protection Act. This paragraph is  
6 exempt from the provisions of Section 3-90.

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



1 by a commercial air carrier providing scheduled passenger air  
2 service pursuant to authority issued under Part 121 or Part 129  
3 of the Federal Aviation Regulations.

4 ~~(36)~~<sup>(35)</sup> 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 instruments  
13 issued by the public-facilities corporation in connection with  
14 the development of the municipal convention hall. This  
15 exemption includes existing public-facilities corporations as  
16 provided in Section 11-65-25 of the Illinois Municipal Code.  
17 This paragraph is exempt from the provisions of Section 3-90.

18 (Source: P.A. 95-88, eff. 1-1-08; 95-538, eff. 1-1-08; 95-876,  
19 eff. 8-21-08; 96-116, eff. 7-31-09; 96-532, eff. 8-14-09;  
20 96-759, eff. 1-1-10; revised 9-25-09.)

21 (Text of Section after amendment by P.A. 96-339)

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

24 (1) Personal property purchased from a corporation,  
25 society, association, foundation, institution, or

1 organization, other than a limited liability company, that is  
2 organized and operated as a not-for-profit service enterprise  
3 for the benefit of persons 65 years of age or older if the  
4 personal property was not purchased by the enterprise for the  
5 purpose of resale by the enterprise.

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

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

24 (4) Personal property purchased by a governmental body, by  
25 a corporation, society, association, foundation, or  
26 institution organized and operated exclusively for charitable,

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

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

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

25 (7) Farm chemicals.

26 (8) 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 (9) Personal property purchased from a teacher-sponsored  
5 student organization affiliated with an elementary or  
6 secondary school located in Illinois.

7 (10) A motor vehicle of the first division, a motor vehicle  
8 of the second division that is a self-contained motor vehicle  
9 designed or permanently converted to provide living quarters  
10 for recreational, camping, or travel use, with direct walk  
11 through to the living quarters from the driver's seat, or a  
12 motor vehicle of the second division that is of the van  
13 configuration designed for the transportation of not less than  
14 7 nor more than 16 passengers, as defined in Section 1-146 of  
15 the Illinois Vehicle Code, that is used for automobile renting,  
16 as defined in the Automobile Renting Occupation and Use Tax  
17 Act.

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

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

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

19 Farm machinery and equipment also includes computers,  
20 sensors, software, and related equipment used primarily in the  
21 computer-assisted operation of production agriculture  
22 facilities, equipment, and activities such as, but not limited  
23 to, the collection, monitoring, and correlation of animal and  
24 crop data for the purpose of formulating animal diets and  
25 agricultural chemicals. This item (11) is exempt from the  
26 provisions of Section 3-90.

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

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

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

25           (15) Photoprocessing machinery and equipment, including  
26 repair and replacement parts, both new and used, including that

1 manufactured on special order, certified by the purchaser to be  
2 used primarily for photoprocessing, and including  
3 photoprocessing machinery and equipment purchased for lease.

4 (16) Until July 1, 2003, and beginning again on the  
5 effective date of this amendatory Act of the 96th General  
6 Assembly and thereafter, coal and aggregate exploration,  
7 mining, offhighway hauling, processing, maintenance, and  
8 reclamation equipment, including replacement parts and  
9 equipment, and including equipment purchased for lease, but  
10 excluding motor vehicles required to be registered under the  
11 Illinois Vehicle Code. This item (16) is not subject to the  
12 provisions of Section 3-90.

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

19 (18) Manufacturing and assembling machinery and equipment  
20 used primarily in the process of manufacturing or assembling  
21 tangible personal property for wholesale or retail sale or  
22 lease, whether that sale or lease is made directly by the  
23 manufacturer or by some other person, whether the materials  
24 used in the process are owned by the manufacturer or some other  
25 person, or whether that sale or lease is made apart from or as  
26 an incident to the seller's engaging in the service occupation

1 of producing machines, tools, dies, jigs, patterns, gauges, or  
2 other similar items of no commercial value on special order for  
3 a particular purchaser.

4 (19) Personal property delivered to a purchaser or  
5 purchaser's donee inside Illinois when the purchase order for  
6 that personal property was received by a florist located  
7 outside Illinois who has a florist located inside Illinois  
8 deliver the personal property.

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

11 (21) Horses, or interests in horses, registered with and  
12 meeting the requirements of any of the Arabian Horse Club  
13 Registry of America, Appaloosa Horse Club, American Quarter  
14 Horse Association, United States Trotting Association, or  
15 Jockey Club, as appropriate, used for purposes of breeding or  
16 racing for prizes. This item (21) is exempt from the provisions  
17 of Section 3-90, and the exemption provided for under this item  
18 (21) applies for all periods beginning May 30, 1995, but no  
19 claim for credit or refund is allowed on or after January 1,  
20 2008 for such taxes paid during the period beginning May 30,  
21 2000 and ending on January 1, 2008.

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



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

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

1 manner, the lessor shall be liable for the tax imposed under  
2 this Act or the Service Use Tax Act, as the case may be, based  
3 on the fair market value of the property at the time the  
4 non-qualifying 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 Service Use Tax Act, as the case may be, if the tax has not been  
8 paid by the lessor. If a lessor improperly collects any such  
9 amount from the lessee, the lessee shall have a legal right to  
10 claim a refund of that amount from the lessor. If, however,  
11 that amount is not refunded to the lessee for any reason, the  
12 lessor is liable to pay that amount to the Department.

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

23 (25) Beginning with taxable years ending on or after  
24 December 31, 1995 and ending with taxable years ending on or  
25 before December 31, 2004, personal property that is used in the  
26 performance of infrastructure repairs in this State, including

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

9 (26) Beginning July 1, 1999, game or game birds purchased  
10 at a "game breeding and hunting preserve area" or an "exotic  
11 game hunting area" as those terms are used in the Wildlife Code  
12 or at a hunting enclosure approved through rules adopted by the  
13 Department of Natural Resources. This paragraph is exempt from  
14 the provisions of Section 3-90.

15 (27) 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 Department  
19 to be organized and operated exclusively for educational  
20 purposes. For purposes of this exemption, "a corporation,  
21 limited liability company, society, association, foundation,  
22 or institution organized and operated exclusively for  
23 educational purposes" means all tax-supported public schools,  
24 private schools that offer systematic instruction in useful  
25 branches of learning by methods common to public schools and  
26 that compare favorably in their scope and intensity with the

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

7 (28) Beginning January 1, 2000, personal property,  
8 including food, purchased through fundraising events for the  
9 benefit of a public or private elementary or secondary school,  
10 a group of those schools, or one or more school districts if  
11 the events are sponsored by an entity recognized by the school  
12 district that consists primarily of volunteers and includes  
13 parents and teachers of the school children. This paragraph  
14 does not apply to fundraising events (i) for the benefit of  
15 private home instruction or (ii) for which the fundraising  
16 entity purchases the personal property sold at the events from  
17 another individual or entity that sold the property for the  
18 purpose of resale by the fundraising entity and that profits  
19 from the sale to the fundraising entity. This paragraph is  
20 exempt from the provisions of Section 3-90.

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

1 vending business if a use or occupation tax is paid on the  
2 gross receipts derived from the use of the commercial,  
3 coin-operated amusement and vending machines. This paragraph  
4 is exempt from the provisions of Section 3-90.

5 (30) Beginning January 1, 2001 and through June 30, 2011,  
6 food for human consumption that is to be consumed off the  
7 premises where it is sold (other than alcoholic beverages, soft  
8 drinks, and food that has been prepared for immediate  
9 consumption) and prescription and nonprescription 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 MR/DD Community Care Act.

17 (31) Beginning on the effective date of this amendatory Act  
18 of the 92nd General Assembly, computers and communications  
19 equipment utilized for any hospital purpose and equipment used  
20 in the diagnosis, analysis, or treatment of hospital patients  
21 purchased by a lessor who leases the equipment, under a lease  
22 of one year or longer executed or in effect at the time the  
23 lessor would otherwise be subject to the tax imposed by this  
24 Act, to a hospital that has been issued an active tax exemption  
25 identification number by the Department under Section 1g of the  
26 Retailers' Occupation Tax Act. If the equipment is leased in a

1 manner that does not qualify for this exemption or is used in  
2 any other nonexempt manner, the lessor shall be liable for the  
3 tax imposed under this Act or the Service Use Tax Act, as the  
4 case may be, based on the fair market value of the property at  
5 the time the nonqualifying use occurs. No lessor shall collect  
6 or attempt to collect an amount (however designated) that  
7 purports to reimburse that lessor for the tax imposed by this  
8 Act or the Service Use Tax Act, as the case may be, if the tax  
9 has not been paid by the lessor. If a lessor improperly  
10 collects any such amount from the lessee, the lessee shall have  
11 a legal right to claim a refund of that amount from the lessor.  
12 If, however, that amount is not refunded to the lessee for any  
13 reason, the lessor is liable to pay that amount to the  
14 Department. This paragraph is exempt from the provisions of  
15 Section 3-90.

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

1 Service Use Tax Act, as the case may be, based on the fair  
2 market value of the property at the time the nonqualifying use  
3 occurs. No lessor shall collect or attempt to collect an amount  
4 (however designated) that purports to reimburse that lessor for  
5 the tax imposed by this Act or the Service Use Tax Act, as the  
6 case may be, if the tax has not been paid by the lessor. If a  
7 lessor improperly collects any such amount from the lessee, the  
8 lessee shall have a legal right to claim a refund of that  
9 amount from the lessor. If, however, that amount is not  
10 refunded to the lessee for any reason, the lessor is liable to  
11 pay that amount to the Department. This paragraph is exempt  
12 from the provisions of Section 3-90.

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

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

6 (34) Beginning January 1, 2008, tangible personal property  
7 used in the construction or maintenance of a community water  
8 supply, as defined under Section 3.145 of the Environmental  
9 Protection Act, that is operated by a not-for-profit  
10 corporation that holds a valid water supply permit issued under  
11 Title IV of the Environmental Protection Act. This paragraph is  
12 exempt from the provisions of Section 3-90.

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



1 films. This exemption applies only to those organizations that  
2 (i) hold an Air Agency Certificate and are empowered to operate  
3 an approved repair station by the Federal Aviation  
4 Administration, (ii) have a Class IV Rating, and (iii) conduct  
5 operations in accordance with Part 145 of the Federal Aviation  
6 Regulations. The exemption does not include aircraft operated  
7 by a commercial air carrier providing scheduled passenger air  
8 service pursuant to authority issued under Part 121 or Part 129  
9 of the Federal Aviation Regulations.

10 ~~(36)-(35)~~ 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 instruments  
19 issued by the public-facilities corporation in connection with  
20 the development of the municipal convention hall. This  
21 exemption includes existing public-facilities corporations as  
22 provided in Section 11-65-25 of the Illinois Municipal Code.  
23 This paragraph is exempt from the provisions of Section 3-90.

24 (Source: P.A. 95-88, eff. 1-1-08; 95-538, eff. 1-1-08; 95-876,  
25 eff. 8-21-08; 96-116, eff. 7-31-09; 96-339, eff. 7-1-10;  
26 96-532, eff. 8-14-09; 96-759, eff. 1-1-10; revised 9-25-09.)

1           Section 10. The Service Use Tax Act is amended by changing  
2 Section 3-5 as follows:

3           (35 ILCS 110/3-5)

4           (Text of Section before amendment by P.A. 96-339)

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

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

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

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

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

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

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

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 to  
7 be registered under Section 3-809 of the Illinois Vehicle Code,  
8 but excluding other motor vehicles required to be registered  
9 under the Illinois Vehicle Code. Horticultural polyhouses or  
10 hoop houses used for propagating, growing, or overwintering  
11 plants shall be considered farm machinery and equipment under  
12 this item (7). Agricultural chemical tender tanks and dry boxes  
13 shall include units sold separately from a motor vehicle  
14 required to be licensed and units sold mounted on a motor  
15 vehicle required to be licensed if the selling price of the  
16 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) Fuel and petroleum products sold to or used by an air  
8 common carrier, certified by the carrier to be used for  
9 consumption, shipment, or storage in the conduct of its  
10 business as an air common carrier, for a flight destined for or  
11 returning from a location or locations outside the United  
12 States without regard to previous or subsequent domestic  
13 stopovers.

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

23 (10) Until July 1, 2003, oil field exploration, drilling,  
24 and production equipment, including (i) rigs and parts of rigs,  
25 rotary rigs, cable tool rigs, and workover rigs, (ii) pipe and  
26 tubular goods, including casing and drill strings, (iii) pumps

1 and pump-jack units, (iv) storage tanks and flow lines, (v) any  
2 individual replacement part for oil field exploration,  
3 drilling, and production equipment, and (vi) machinery and  
4 equipment purchased for lease; but excluding motor vehicles  
5 required to be registered under the Illinois Vehicle Code.

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

12 (12) Until July 1, 2003, and beginning again on the  
13 effective date of this amendatory Act of the 96th General  
14 Assembly and thereafter, coal and aggregate exploration,  
15 mining, offhighway hauling, processing, maintenance, and  
16 reclamation equipment, including replacement parts and  
17 equipment, and including equipment purchased for lease, but  
18 excluding motor vehicles required to be registered under the  
19 Illinois Vehicle Code. This item (12) is not subject to the  
20 provisions of Section 3-75.

21 (13) Semen used for artificial insemination of livestock  
22 for direct agricultural production.

23 (14) Horses, or interests in horses, registered with and  
24 meeting the requirements of any of the Arabian Horse Club  
25 Registry of America, Appaloosa Horse Club, American Quarter  
26 Horse Association, United States Trotting Association, or

1 Jockey Club, as appropriate, used for purposes of breeding or  
2 racing for prizes. This item (14) is exempt from the provisions  
3 of Section 3-75, and the exemption provided for under this item  
4 (14) applies for all periods beginning May 30, 1995, but no  
5 claim for credit or refund is allowed on or after the effective  
6 date of this amendatory Act of the 95th General Assembly for  
7 such taxes paid during the period beginning May 30, 2000 and  
8 ending on the effective date of this amendatory Act of the 95th  
9 General Assembly.

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

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

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

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



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

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

22 (19) Beginning July 1, 1999, game or game birds purchased  
23 at a "game breeding and hunting preserve area" or an "exotic  
24 game hunting area" as those terms are used in the Wildlife Code  
25 or at a hunting enclosure approved through rules adopted by the  
26 Department of Natural Resources. This paragraph is exempt from

1 the provisions of Section 3-75.

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

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

1 does not apply to fundraising events (i) for the benefit of  
2 private home instruction or (ii) for which the fundraising  
3 entity purchases the personal property sold at the events from  
4 another individual or entity that sold the property for the  
5 purpose of resale by the fundraising entity and that profits  
6 from the sale to the fundraising entity. This paragraph is  
7 exempt from the provisions of Section 3-75.

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

18 (23) Beginning August 23, 2001 and through June 30, 2011,  
19 food for human consumption that is to be consumed off the  
20 premises where it is sold (other than alcoholic beverages, soft  
21 drinks, and food that has been prepared for immediate  
22 consumption) and prescription and nonprescription medicines,  
23 drugs, medical appliances, and insulin, urine testing  
24 materials, syringes, and needles used by diabetics, for human  
25 use, when purchased for use by a person receiving medical  
26 assistance under Article 5 of the Illinois Public Aid Code who

1 resides in a licensed long-term care facility, as defined in  
2 the Nursing Home Care Act.

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

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

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

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

4 (27) Beginning January 1, 2010, materials, parts,  
5 equipment, components, and furnishings incorporated into or  
6 upon an aircraft as part of the modification, refurbishment,  
7 completion, replacement, repair, or maintenance of the  
8 aircraft. This exemption includes consumable supplies used in  
9 the modification, refurbishment, completion, replacement,  
10 repair, and maintenance of aircraft, but excludes any  
11 materials, parts, equipment, components, and consumable  
12 supplies used in the modification, replacement, repair, and  
13 maintenance of aircraft engines or power plants, whether such  
14 engines or power plants are installed or uninstalled upon any  
15 such aircraft. "Consumable supplies" include, but are not  
16 limited to, adhesive, tape, sandpaper, general purpose  
17 lubricants, cleaning solution, latex gloves, and protective  
18 films. This exemption applies only to those organizations that  
19 (i) hold an Air Agency Certificate and are empowered to operate  
20 an approved repair station by the Federal Aviation  
21 Administration, (ii) have a Class IV Rating, and (iii) conduct  
22 operations in accordance with Part 145 of the Federal Aviation  
23 Regulations. The exemption does not include aircraft operated  
24 by a commercial air carrier providing scheduled passenger air  
25 service pursuant to authority issued under Part 121 or Part 129  
26 of the Federal Aviation Regulations.

1        ~~(27)~~ (28) Tangible personal property purchased by a  
2 public-facilities corporation, as described in Section  
3 11-65-10 of the Illinois Municipal Code, for purposes of  
4 constructing or furnishing a municipal convention hall, but  
5 only if the legal title to the municipal convention hall is  
6 transferred to the municipality without any further  
7 consideration by or on behalf of the municipality at the time  
8 of the completion of the municipal convention hall or upon the  
9 retirement or redemption of any bonds or other debt instruments  
10 issued by the public-facilities corporation in connection with  
11 the development of the municipal convention hall. This  
12 exemption includes existing public-facilities corporations as  
13 provided in Section 11-65-25 of the Illinois Municipal Code.  
14 This paragraph is exempt from the provisions of Section 3-75.

15 (Source: P.A. 95-88, eff. 1-1-08; 95-538, eff. 1-1-08; 95-876,  
16 eff. 8-21-08; 96-116, eff. 7-31-09; 96-532, eff. 8-14-09;  
17 96-759, eff. 1-1-10; revised 9-25-09.)

18 (Text of Section after amendment by P.A. 96-339)

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

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

1 personal property was not purchased by the enterprise for the  
2 purpose of resale by the enterprise.

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

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

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

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



1 equipment, including repair and replacement parts, both new and  
2 used, and including that manufactured on special order or  
3 purchased for lease, certified by the purchaser to be used  
4 primarily for graphic arts production. Equipment includes  
5 chemicals or chemicals acting as catalysts but only if the  
6 chemicals or chemicals acting as catalysts effect a direct and  
7 immediate change upon a graphic arts product.

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

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

1 required to be licensed and units sold mounted on a motor  
2 vehicle required to be licensed if the selling price of the  
3 tender is separately stated.

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

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

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

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

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

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

25           (12) Until July 1, 2003, and beginning again on the  
26 effective date of this amendatory Act of the 96th General

1 Assembly and thereafter, coal and aggregate exploration,  
2 mining, offhighway hauling, processing, maintenance, and  
3 reclamation equipment, including replacement parts and  
4 equipment, and including equipment purchased for lease, but  
5 excluding motor vehicles required to be registered under the  
6 Illinois Vehicle Code. This item (12) is not subject to the  
7 provisions of Section 3-75.

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 provisions  
16 of Section 3-75, and the exemption provided for under this item  
17 (14) applies for all periods beginning May 30, 1995, but no  
18 claim for credit or refund is allowed on or after the effective  
19 date of this amendatory Act of the 95th General Assembly for  
20 such taxes paid during the period beginning May 30, 2000 and  
21 ending on the effective date of this amendatory Act of the 95th  
22 General Assembly.

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

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

1 manner, the lessor shall be liable for the tax imposed under  
2 this Act or the Use Tax Act, as the case may be, based on the  
3 fair market value of the property at the time the  
4 non-qualifying 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 by  
8 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 amount  
11 is not refunded to the lessee for any reason, the lessor is  
12 liable to pay that amount to the Department.

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

23 (18) Beginning with taxable years ending on or after  
24 December 31, 1995 and ending with taxable years ending on or  
25 before December 31, 2004, personal property that is used in the  
26 performance of infrastructure repairs in this State, including

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

9 (19) Beginning July 1, 1999, game or game birds purchased  
10 at a "game breeding and hunting preserve area" or an "exotic  
11 game hunting area" as those terms are used in the Wildlife Code  
12 or at a hunting enclosure approved through rules adopted by the  
13 Department of Natural Resources. This paragraph is exempt from  
14 the 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 Department  
19 to be organized and operated exclusively for educational  
20 purposes. For purposes of this exemption, "a corporation,  
21 limited liability company, society, association, foundation,  
22 or institution organized and operated exclusively for  
23 educational purposes" means all tax-supported public schools,  
24 private schools that offer systematic instruction in useful  
25 branches of learning by methods common to public schools and  
26 that compare favorably in their scope and intensity with the

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

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

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



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

5 (23) Beginning August 23, 2001 and through June 30, 2011,  
6 food for human consumption that is to be consumed off the  
7 premises where it is sold (other than alcoholic beverages, soft  
8 drinks, and food that has been prepared for immediate  
9 consumption) and prescription and nonprescription 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 MR/DD Community Care Act.

17 (24) Beginning on the effective date of this amendatory Act  
18 of the 92nd General Assembly, computers and communications  
19 equipment utilized for any hospital purpose and equipment used  
20 in the diagnosis, analysis, or treatment of hospital patients  
21 purchased by a lessor who leases the equipment, under a lease  
22 of one year or longer executed or in effect at the time the  
23 lessor would otherwise be subject to the tax imposed by this  
24 Act, to a hospital that has been issued an active tax exemption  
25 identification number by the Department under Section 1g of the  
26 Retailers' Occupation Tax Act. If the equipment is leased in a

1 manner that does not qualify for this exemption or is used in  
2 any other nonexempt manner, the lessor shall be liable for the  
3 tax imposed under this Act or the Use Tax Act, as the case may  
4 be, based on the fair market value of the property at the time  
5 the nonqualifying use occurs. No lessor shall collect or  
6 attempt to collect an amount (however designated) that purports  
7 to 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 by  
9 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 amount  
12 is not refunded to the lessee for any reason, the lessor is  
13 liable to pay that amount to the Department. This paragraph is  
14 exempt from the provisions of Section 3-75.

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

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

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

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

1 maintenance of aircraft engines or power plants, whether such  
2 engines or power plants are installed or uninstalled upon any  
3 such aircraft. "Consumable supplies" include, but are not  
4 limited to, adhesive, tape, sandpaper, general purpose  
5 lubricants, cleaning solution, latex gloves, and protective  
6 films. This exemption applies only to those organizations that  
7 (i) hold an Air Agency Certificate and are empowered to operate  
8 an approved repair station by the Federal Aviation  
9 Administration, (ii) have a Class IV Rating, and (iii) conduct  
10 operations in accordance with Part 145 of the Federal Aviation  
11 Regulations. The exemption does not include aircraft operated  
12 by a commercial air carrier providing scheduled passenger air  
13 service pursuant to authority issued under Part 121 or Part 129  
14 of the Federal Aviation Regulations.

15 ~~(28)-(27)~~ Tangible personal property purchased by a  
16 public-facilities corporation, as described in Section  
17 11-65-10 of the Illinois Municipal Code, for purposes of  
18 constructing or furnishing a municipal convention hall, but  
19 only if the legal title to the municipal convention hall is  
20 transferred to the municipality without any further  
21 consideration by or on behalf of the municipality at the time  
22 of the completion of the municipal convention hall or upon the  
23 retirement or redemption of any bonds or other debt instruments  
24 issued by the public-facilities corporation in connection with  
25 the development of the municipal convention hall. This  
26 exemption includes existing public-facilities corporations as

1 provided in Section 11-65-25 of the Illinois Municipal Code.  
2 This paragraph is exempt from the provisions of Section 3-75.  
3 (Source: P.A. 95-88, eff. 1-1-08; 95-538, eff. 1-1-08; 95-876,  
4 eff. 8-21-08; 96-116, eff. 7-31-09; 96-339, eff. 7-1-10;  
5 96-532, eff. 8-14-09; 96-759, eff. 1-1-10; revised 9-25-09.)

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

8 (35 ILCS 115/3-5)

9 (Text of Section before amendment by P.A. 96-339)

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

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

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

22 (3) Personal property purchased by any not-for-profit arts  
23 or cultural organization that establishes, by proof required by  
24 the Department by rule, that it has received an exemption under

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

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

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

26 (6) Personal property sold by a teacher-sponsored student

1 organization affiliated with an elementary or secondary school  
2 located in Illinois.

3 (7) 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 to  
12 be registered under Section 3-809 of the Illinois Vehicle Code,  
13 but excluding other motor vehicles required to be registered  
14 under the Illinois Vehicle Code. Horticultural polyhouses or  
15 hoop houses used for propagating, growing, or overwintering  
16 plants shall be considered farm machinery and equipment under  
17 this item (7). Agricultural chemical tender tanks and dry boxes  
18 shall include units sold separately from a motor vehicle  
19 required to be licensed and units sold mounted on a motor  
20 vehicle required to be licensed if the selling price of the  
21 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 (7) is exempt from the  
11 provisions of Section 3-55.

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

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



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

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

15 (12) Until July 1, 2003, and beginning again on the  
16 effective date of this amendatory Act of the 96th General  
17 Assembly and thereafter, coal and aggregate exploration,  
18 mining, offhighway hauling, processing, maintenance, and  
19 reclamation equipment, including replacement parts and  
20 equipment, and including equipment purchased for lease, but  
21 excluding motor vehicles required to be registered under the  
22 Illinois Vehicle Code. This item (12) is not subject to the  
23 provisions of Section 3-55.

24 (13) Beginning January 1, 1992 and through June 30, 2011,  
25 food for human consumption that is to be consumed off the  
26 premises where it is sold (other than alcoholic beverages, soft

1 drinks and food that has been prepared for immediate  
2 consumption) and prescription and non-prescription medicines,  
3 drugs, medical appliances, and insulin, urine testing  
4 materials, syringes, and needles used by diabetics, for human  
5 use, when purchased for use by a person receiving medical  
6 assistance under Article 5 of the Illinois Public Aid Code who  
7 resides in a licensed long-term care facility, as defined in  
8 the Nursing Home Care Act.

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

11 (15) Horses, or interests in horses, registered with and  
12 meeting the requirements of any of the Arabian Horse Club  
13 Registry of America, Appaloosa Horse Club, American Quarter  
14 Horse Association, United States Trotting Association, or  
15 Jockey Club, as appropriate, used for purposes of breeding or  
16 racing for prizes. This item (15) is exempt from the provisions  
17 of Section 3-55, and the exemption provided for under this item  
18 (15) applies for all periods beginning May 30, 1995, but no  
19 claim for credit or refund is allowed on or after January 1,  
20 2008 (the effective date of Public Act 95-88) for such taxes  
21 paid during the period beginning May 30, 2000 and ending on  
22 January 1, 2008 (the effective date of Public Act 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 the  
4 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' Occupation  
10 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 for  
14 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 the  
24 performance of infrastructure repairs in this State, including  
25 but not limited to municipal roads and streets, access roads,  
26 bridges, sidewalks, waste disposal systems, water and sewer

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

7 (20) Beginning July 1, 1999, game or game birds sold at a  
8 "game breeding and hunting preserve area" or an "exotic game  
9 hunting area" as those terms are used in the Wildlife Code or  
10 at a hunting enclosure approved through rules adopted by the  
11 Department of Natural Resources. This paragraph is exempt from  
12 the provisions of Section 3-55.

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

1 operated exclusively to provide a course of study of not less  
2 than 6 weeks duration and designed to prepare individuals to  
3 follow a trade or to pursue a manual, technical, mechanical,  
4 industrial, business, or commercial 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 other  
22 items, and replacement parts for these machines. Beginning  
23 January 1, 2002 and through June 30, 2003, machines and parts  
24 for machines used in commercial, coin-operated amusement and  
25 vending business if a use or occupation tax is paid on the  
26 gross receipts derived from the use of the commercial,

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

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

13 (25) Beginning on the effective date of this amendatory Act  
14 of the 92nd General Assembly, personal property sold to a  
15 lessor who leases the property, under a lease of one year or  
16 longer 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 the  
19 Retailers' Occupation Tax Act. This paragraph is exempt from  
20 the provisions of Section 3-55.

21 (26) Beginning on January 1, 2002 and through June 30,  
22 2011, 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) for  
26 the purpose of subsequently transporting it outside this State

1 for use or consumption thereafter solely outside this State or  
2 (ii) for the purpose of being processed, fabricated, or  
3 manufactured into, attached to, or incorporated into other  
4 tangible personal property to be transported outside this State  
5 and thereafter used or consumed solely outside this State. The  
6 Director of Revenue shall, pursuant to rules adopted in  
7 accordance with the Illinois Administrative Procedure Act,  
8 issue a permit to any taxpayer in good standing with the  
9 Department who is eligible for the exemption under this  
10 paragraph (26). The permit issued under this paragraph (26)  
11 shall authorize the holder, to the extent and in the manner  
12 specified in the rules adopted under this Act, to purchase  
13 tangible personal property from a retailer exempt from the  
14 taxes imposed by this Act. Taxpayers shall maintain all  
15 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 under  
23 Title IV of the Environmental Protection Act. This paragraph is  
24 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 instruments  
8 issued by the public-facilities corporation in connection with  
9 the development of the municipal convention hall. This  
10 exemption includes existing public-facilities corporations as  
11 provided in Section 11-65-25 of the Illinois Municipal Code.  
12 This paragraph is exempt from the provisions of Section 3-55.

13 (29)~~(28)~~ Beginning January 1, 2010, materials, parts,  
14 equipment, components, and furnishings incorporated into or  
15 upon an aircraft as part of the modification, refurbishment,  
16 completion, replacement, repair, or maintenance of the  
17 aircraft. This exemption includes consumable supplies used in  
18 the modification, refurbishment, completion, replacement,  
19 repair, and maintenance of aircraft, but excludes any  
20 materials, parts, equipment, components, and consumable  
21 supplies used in the modification, replacement, repair, and  
22 maintenance of aircraft engines or power plants, whether such  
23 engines or power plants are installed or uninstalled upon any  
24 such aircraft. "Consumable supplies" include, but are not  
25 limited to, adhesive, tape, sandpaper, general purpose  
26 lubricants, cleaning solution, latex gloves, and protective



1 films. This exemption applies only to those organizations that  
2 (i) hold an Air Agency Certificate and are empowered to operate  
3 an approved repair station by the Federal Aviation  
4 Administration, (ii) have a Class IV Rating, and (iii) conduct  
5 operations in accordance with Part 145 of the Federal Aviation  
6 Regulations. The exemption does not include aircraft operated  
7 by a commercial air carrier providing scheduled passenger air  
8 service pursuant to authority issued under Part 121 or Part 129  
9 of the Federal Aviation Regulations.

10 (Source: P.A. 95-88, eff. 1-1-08; 95-538, eff. 1-1-08; 95-876,  
11 eff. 8-21-08; 96-116, eff. 7-31-09; 96-532, eff. 8-14-09;  
12 96-759, eff. 1-1-10; revised 9-25-09.)

13 (Text of Section after amendment by P.A. 96-339)

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

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

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

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

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

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

1 chemicals or chemicals acting as catalysts effect a direct and  
2 immediate change upon a graphic arts product.

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

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

25 Farm machinery and equipment shall include precision  
26 farming equipment that is installed or purchased to be

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

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

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

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

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

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

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

18 (12) Until July 1, 2003, and beginning again on the  
19 effective date of this amendatory Act of the 96th General  
20 Assembly and thereafter, coal and aggregate exploration,  
21 mining, offhighway 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. This item (12) is not subject to the  
26 provisions of Section 3-55.

1           (13) Beginning January 1, 1992 and through June 30, 2011,  
2 food for human consumption that is to be consumed off the  
3 premises where it is sold (other than alcoholic beverages, soft  
4 drinks and food that has been prepared for immediate  
5 consumption) and prescription and non-prescription medicines,  
6 drugs, medical appliances, and insulin, urine testing  
7 materials, syringes, and needles used by diabetics, for human  
8 use, when purchased for use by a person receiving medical  
9 assistance under Article V of the Illinois Public Aid Code who  
10 resides in a licensed long-term care facility, as defined in  
11 the Nursing Home Care Act, or in a licensed facility as defined  
12 in the MR/DD Community Care Act.

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

15           (15) Horses, or interests in horses, registered with and  
16 meeting the requirements of any of the Arabian Horse Club  
17 Registry of America, Appaloosa Horse Club, American Quarter  
18 Horse Association, United States Trotting Association, or  
19 Jockey Club, as appropriate, used for purposes of breeding or  
20 racing for prizes. This item (15) is exempt from the provisions  
21 of Section 3-55, and the exemption provided for under this item  
22 (15) applies for all periods beginning May 30, 1995, but no  
23 claim for credit or refund is allowed on or after January 1,  
24 2008 (the effective date of Public Act 95-88) for such taxes  
25 paid during the period beginning May 30, 2000 and ending on  
26 January 1, 2008 (the effective date of Public Act 95-88).

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

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

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

25           (19) Beginning with taxable years ending on or after  
26 December 31, 1995 and ending with taxable years ending on or

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

11 (20) Beginning July 1, 1999, game or game birds sold at a  
12 "game breeding and hunting preserve area" or an "exotic game  
13 hunting area" as those terms are used in the Wildlife Code or  
14 at a hunting enclosure approved through rules adopted by the  
15 Department of Natural Resources. This paragraph is exempt from  
16 the provisions of Section 3-55.

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



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

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

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

1 January 1, 2002 and through June 30, 2003, machines and parts  
2 for machines used in commercial, coin-operated amusement and  
3 vending business if a use or occupation tax is paid on the  
4 gross receipts derived from the use of the commercial,  
5 coin-operated amusement and vending machines. This paragraph  
6 is exempt from the provisions of Section 3-55.

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

17 (25) Beginning on the effective date of this amendatory Act  
18 of the 92nd General Assembly, personal property sold to a  
19 lessor who leases the property, under a lease of one year or  
20 longer executed or in effect at the time of the purchase, to a  
21 governmental body that has been issued an active tax exemption  
22 identification number by the Department under Section 1g of the  
23 Retailers' Occupation Tax Act. This paragraph is exempt from  
24 the provisions of Section 3-55.

25 (26) Beginning on January 1, 2002 and through June 30,  
26 2011, tangible personal property purchased from an Illinois

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

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

1 Title IV of the Environmental Protection Act. This paragraph is  
2 exempt from the provisions of Section 3-55.

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

17 ~~(29)-(28)~~ Beginning January 1, 2010, materials, parts,  
18 equipment, components, and furnishings incorporated into or  
19 upon an aircraft as part of the modification, refurbishment,  
20 completion, replacement, repair, or maintenance of the  
21 aircraft. This exemption includes consumable supplies used in  
22 the modification, refurbishment, completion, replacement,  
23 repair, and maintenance of aircraft, but excludes any  
24 materials, parts, equipment, components, and consumable  
25 supplies used in the modification, replacement, repair, and  
26 maintenance of aircraft engines or power plants, whether such

1 engines or power plants are installed or uninstalled upon any  
2 such aircraft. "Consumable supplies" include, but are not  
3 limited to, adhesive, tape, sandpaper, general purpose  
4 lubricants, cleaning solution, latex gloves, and protective  
5 films. This exemption applies only to those organizations that  
6 (i) hold an Air Agency Certificate and are empowered to operate  
7 an approved repair station by the Federal Aviation  
8 Administration, (ii) have a Class IV Rating, and (iii) conduct  
9 operations in accordance with Part 145 of the Federal Aviation  
10 Regulations. The exemption does not include aircraft operated  
11 by a commercial air carrier providing scheduled passenger air  
12 service pursuant to authority issued under Part 121 or Part 129  
13 of the Federal Aviation Regulations.

14 (Source: P.A. 95-88, eff. 1-1-08; 95-538, eff. 1-1-08; 95-876,  
15 eff. 8-21-08; 96-116, eff. 7-31-09; 96-339, eff. 7-1-10;  
16 96-532, eff. 8-14-09; 96-759, eff. 1-1-10; revised 9-25-09.)

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

19 (35 ILCS 120/2-5)

20 (Text of Section before amendment by P.A. 96-339)

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

24 (1) Farm chemicals.

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

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

1 such equipment.

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

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

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

25 (5) A motor vehicle of the first division, a motor vehicle  
26 of the second division that is a self contained motor vehicle

1 designed or permanently converted to provide living quarters  
2 for recreational, camping, or travel use, with direct walk  
3 through access to the living quarters from the driver's seat,  
4 or a motor vehicle of the second division that is of the van  
5 configuration designed for the transportation of not less than  
6 7 nor more than 16 passengers, as defined in Section 1-146 of  
7 the Illinois Vehicle Code, that is used for automobile renting,  
8 as defined in the Automobile Renting Occupation and Use Tax  
9 Act. This paragraph is exempt from the provisions of Section  
10 2-70.

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

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

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

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



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

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

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

1 1987, however, no entity otherwise eligible for this exemption  
2 shall make tax-free purchases unless it has an active  
3 identification number issued by the Department.

4 (12) Tangible personal property sold to interstate  
5 carriers for hire for use as rolling stock moving in interstate  
6 commerce or to lessors under leases of one year or longer  
7 executed or in effect at the time of purchase by interstate  
8 carriers for hire for use as rolling stock moving in interstate  
9 commerce and equipment operated by a telecommunications  
10 provider, licensed as a common carrier by the Federal  
11 Communications Commission, which is permanently installed in  
12 or affixed to aircraft moving in interstate commerce.

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

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

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

12 (14) Machinery and equipment that will be used by the  
13 purchaser, or a lessee of the purchaser, primarily in the  
14 process of manufacturing or assembling tangible personal  
15 property for wholesale or retail sale or lease, whether the  
16 sale or lease is made directly by the manufacturer or by some  
17 other person, whether the materials used in the process are  
18 owned by the manufacturer or some other person, or whether the  
19 sale or lease is made apart from or as an incident to the  
20 seller's engaging in the service occupation of producing  
21 machines, tools, dies, jigs, patterns, gauges, or other similar  
22 items of no commercial value on special order for a particular  
23 purchaser.

24 (15) Proceeds of mandatory service charges separately  
25 stated on customers' bills for purchase and consumption of food  
26 and beverages, to the extent that the proceeds of the service

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

5 (16) Petroleum products sold to a purchaser if the seller  
6 is prohibited by federal law from charging tax to the  
7 purchaser.

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

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

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

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

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

8 (21) Until July 1, 2003, and beginning again on the  
9 effective date of this amendatory Act of the 96th General  
10 Assembly and thereafter, coal and aggregate exploration,  
11 mining, offhighway 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. This item (21) is not subject to the  
16 provisions of Section 2-70.

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

23 (23) A transaction in which the purchase order is received  
24 by a florist who is located outside Illinois, but who has a  
25 florist located in Illinois deliver the property to the  
26 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 for  
4 hire on rivers bordering on this State if the fuel is delivered  
5 by the seller to the purchaser's barge, ship, or vessel while  
6 it is afloat upon that bordering river.

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

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

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

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

25 (1) the aircraft leaves this State within 15 days after  
26 the later of either the issuance of the final billing for

1 the sale of the aircraft, or the authorized approval for  
2 return to service, completion of the maintenance record  
3 entry, and completion of the test flight and ground test  
4 for inspection, as required by 14 C.F.R. 91.407;

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

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

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

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

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

26 This paragraph (25-7) is exempt from the provisions of



1 Section 2-70.

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

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

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

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

1 has been issued an active tax exemption identification number  
2 by the Department under Section 1g of this Act.

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

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

25 (32) Beginning July 1, 1999, game or game birds sold at a  
26 "game breeding and hunting preserve area" or an "exotic game

1 hunting area" as those terms are used in the Wildlife Code or  
2 at a hunting enclosure approved through rules adopted by the  
3 Department of Natural Resources. This paragraph is exempt from  
4 the provisions of Section 2-70.

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

23 (34) Beginning January 1, 2000, personal property,  
24 including food, purchased through fundraising events for the  
25 benefit of a public or private elementary or secondary school,  
26 a group of those schools, or one or more school districts if

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

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

21 (35-5) Beginning August 23, 2001 and through June 30, 2011,  
22 food for human consumption that is to be consumed off the  
23 premises where it is sold (other than alcoholic beverages, soft  
24 drinks, and food that has been prepared for immediate  
25 consumption) and prescription and nonprescription 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 5 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.

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

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

22 (38) Beginning on January 1, 2002 and through June 30,  
23 2011, tangible personal property purchased from an Illinois  
24 retailer by a taxpayer engaged in centralized purchasing  
25 activities in Illinois who will, upon receipt of the property  
26 in Illinois, temporarily store the property in Illinois (i) for

1 the purpose of subsequently transporting it outside this State  
2 for use or consumption thereafter solely outside this State or  
3 (ii) for the purpose of being processed, fabricated, or  
4 manufactured into, attached to, or incorporated into other  
5 tangible personal property to be transported outside this State  
6 and thereafter used or consumed solely outside this State. The  
7 Director of Revenue shall, pursuant to rules adopted in  
8 accordance with the Illinois Administrative Procedure Act,  
9 issue a permit to any taxpayer in good standing with the  
10 Department who is eligible for the exemption under this  
11 paragraph (38). The permit issued under this paragraph (38)  
12 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 (39) Beginning January 1, 2008, tangible personal property  
20 used in the construction or maintenance of a community water  
21 supply, as defined under Section 3.145 of the Environmental  
22 Protection Act, that is operated by a not-for-profit  
23 corporation that holds a valid water supply permit issued under  
24 Title IV of the Environmental Protection Act. This paragraph is  
25 exempt from the provisions of Section 2-70.

26 (40) Beginning January 1, 2010, materials, parts,

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

23 ~~(41)-(40)~~ 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, but

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

11 (Source: P.A. 95-88, eff. 1-1-08; 95-233, eff. 8-16-07; 95-304,  
12 eff. 8-20-07; 95-538, eff. 1-1-08; 95-707, eff. 1-11-08;  
13 95-876, eff. 8-21-08; 96-116, eff. 7-31-09; 96-532, eff.  
14 8-14-09; 96-759, eff. 1-1-10.)

15 (Text of Section after amendment by P.A. 96-339)

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

19 (1) Farm chemicals.

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



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

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

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

1 crop data for the purpose of formulating animal diets and  
2 agricultural chemicals. This item (7) is exempt from the  
3 provisions of Section 2-70.

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

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

19 (5) A motor vehicle of the first division, a motor vehicle  
20 of the second division that is a self contained motor vehicle  
21 designed or permanently converted to provide living quarters  
22 for recreational, camping, or travel use, with direct walk  
23 through access to the living quarters from the driver's seat,  
24 or a motor vehicle of the second division that is of the van  
25 configuration designed for the transportation of not less than  
26 7 nor more than 16 passengers, as defined in Section 1-146 of

1 the Illinois Vehicle Code, that is used for automobile renting,  
2 as defined in the Automobile Renting Occupation and Use Tax  
3 Act. This paragraph is exempt from the provisions of Section  
4 2-70.

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

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

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

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

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

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

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

24 (12) Tangible personal property sold to interstate  
25 carriers for hire for use as rolling stock moving in interstate  
26 commerce or to lessors under leases of one year or longer

1 executed or in effect at the time of purchase by interstate  
2 carriers for hire for use as rolling stock moving in interstate  
3 commerce and equipment operated by a telecommunications  
4 provider, licensed as a common carrier by the Federal  
5 Communications Commission, which is permanently installed in  
6 or affixed to aircraft moving in interstate commerce.

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

25 (13) Proceeds from sales to owners, lessors, or shippers of  
26 tangible personal property that is utilized by interstate

1 carriers for hire for use as rolling stock moving in interstate  
2 commerce and equipment operated by a telecommunications  
3 provider, licensed as a common carrier by the Federal  
4 Communications Commission, which is permanently installed in  
5 or affixed to aircraft moving in 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 the  
10 sale or lease is made directly by the manufacturer or by some  
11 other person, whether the materials used in the process are  
12 owned by the manufacturer or some other person, or whether the  
13 sale or lease is made apart from or as an incident to the  
14 seller's engaging in the service occupation of producing  
15 machines, tools, dies, jigs, patterns, gauges, or other similar  
16 items of no commercial value on special order for a particular  
17 purchaser.

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

25 (16) Petroleum products sold to a purchaser if the seller  
26 is prohibited by federal law from charging tax to the

1 purchaser.

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

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

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

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

1 photoprocessing machinery and equipment purchased for lease.

2 (21) Until July 1, 2003, and beginning again on the  
3 effective date of this amendatory Act of the 96th General  
4 Assembly and thereafter, coal and aggregate exploration,  
5 mining, offhighway hauling, processing, maintenance, and  
6 reclamation equipment, including replacement parts and  
7 equipment, and including equipment purchased for lease, but  
8 excluding motor vehicles required to be registered under the  
9 Illinois Vehicle Code. This item (21) is not subject to the  
10 provisions of Section 2-70.

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

24          (27) 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 (27) is exempt from the provisions  
4 of Section 2-70, and the exemption provided for under this item  
5 (27) applies for all periods beginning May 30, 1995, but no  
6 claim for credit or refund is allowed on or after January 1,  
7 2008 (the effective date of Public Act 95-88) for such taxes  
8 paid during the period beginning May 30, 2000 and ending on  
9 January 1, 2008 (the effective date of Public Act 95-88).

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

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

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

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

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

19 (32) Beginning July 1, 1999, game or game birds sold at a  
20 "game breeding and hunting preserve area" or an "exotic game  
21 hunting area" as those terms are used in the Wildlife Code or  
22 at a hunting enclosure approved through rules adopted by the  
23 Department of Natural Resources. This paragraph is exempt from  
24 the provisions of Section 2-70.

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

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

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

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

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

15 (35-5) Beginning August 23, 2001 and through June 30, 2011,  
16 food for human consumption that is to be consumed off the  
17 premises where it is sold (other than alcoholic beverages, soft  
18 drinks, and food that has been prepared for immediate  
19 consumption) and prescription and nonprescription medicines,  
20 drugs, medical appliances, and insulin, urine testing  
21 materials, syringes, and needles used by diabetics, for human  
22 use, when purchased for use by a person receiving medical  
23 assistance under Article V of the Illinois Public Aid Code who  
24 resides in a licensed long-term care facility, as defined in  
25 the Nursing Home Care Act, or a licensed facility as defined in  
26 the MR/DD Community Care Act.

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

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

17           (38) Beginning on January 1, 2002 and through June 30,  
18 2011, tangible personal property purchased from an Illinois  
19 retailer by a taxpayer engaged in centralized purchasing  
20 activities in Illinois who will, upon receipt of the property  
21 in Illinois, temporarily store the property in Illinois (i) for  
22 the purpose of subsequently transporting it outside this State  
23 for use or consumption thereafter solely outside this State or  
24 (ii) for the purpose of being processed, fabricated, or  
25 manufactured into, attached to, or incorporated into other  
26 tangible personal property to be transported outside this State



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

14 (39) 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 under  
19 Title IV of the Environmental Protection Act. This paragraph is  
20 exempt from the provisions of Section 2-70.

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

1 repair, and maintenance of aircraft, but excludes any  
2 materials, parts, equipment, components, and consumable  
3 supplies used in the modification, replacement, repair, and  
4 maintenance of aircraft engines or power plants, whether such  
5 engines or power plants are installed or uninstalled upon any  
6 such aircraft. "Consumable supplies" include, but are not  
7 limited to, adhesive, tape, sandpaper, general purpose  
8 lubricants, cleaning solution, latex gloves, and protective  
9 films. This exemption applies only to those organizations that  
10 (i) hold an Air Agency Certificate and are empowered to operate  
11 an approved repair station by the Federal Aviation  
12 Administration, (ii) have a Class IV Rating, and (iii) conduct  
13 operations in accordance with Part 145 of the Federal Aviation  
14 Regulations. The exemption does not include aircraft operated  
15 by a commercial air carrier providing scheduled passenger air  
16 service pursuant to authority issued under Part 121 or Part 129  
17 of the Federal Aviation Regulations.

18 ~~(41)-(40)~~ Tangible personal property sold to a  
19 public-facilities corporation, as described in Section  
20 11-65-10 of the Illinois Municipal Code, for purposes of  
21 constructing or furnishing a municipal convention hall, but  
22 only if the legal title to the municipal convention hall is  
23 transferred to the municipality without any further  
24 consideration by or on behalf of the municipality at the time  
25 of the completion of the municipal convention hall or upon the  
26 retirement or redemption of any bonds or other debt instruments

1 issued by the public-facilities corporation in connection with  
2 the development of the municipal convention hall. This  
3 exemption includes existing public-facilities corporations as  
4 provided in Section 11-65-25 of the Illinois Municipal Code.  
5 This paragraph is exempt from the provisions of Section 2-70.

6 (Source: P.A. 95-88, eff. 1-1-08; 95-233, eff. 8-16-07; 95-304,  
7 eff. 8-20-07; 95-538, eff. 1-1-08; 95-707, eff. 1-11-08;  
8 95-876, eff. 8-21-08; 96-116, eff. 7-31-09; 96-339, eff.  
9 7-1-10; 96-532, eff. 8-14-09; 96-759, eff. 1-1-10; revised  
10 9-25-09.)

11 Section 95. No acceleration or delay. Where this Act makes  
12 changes in a statute that is represented in this Act by text  
13 that is not yet or no longer in effect (for example, a Section  
14 represented by multiple versions), the use of that text does  
15 not accelerate or delay the taking effect of (i) the changes  
16 made by this Act or (ii) provisions derived from any other  
17 Public Act.

18 Section 99. Effective date. This Act takes effect upon  
19 becoming law."