

# HB4777



## 96TH GENERAL ASSEMBLY

### State of Illinois

2009 and 2010

**HB4777**

Introduced 1/12/2010, by Rep. Donald L. Moffitt

#### SYNOPSIS AS INTRODUCED:

35 ILCS 105/3-5  
35 ILCS 110/3-5  
35 ILCS 115/3-5  
35 ILCS 120/2-5

Amends the Use Tax Act, the Service Use Tax Act, the Service Occupation Tax Act, and the Retailers' Occupation Tax Act. Provides that, for a period of 10 years beginning on the effective date of the amendatory Act, new flexible fuel vehicles, as defined in provisions of the Alternate Fuels Act, new hybrid vehicles, and new electric vehicles are exempt from taxation under the Acts. Effective July 1, 2010.

LRB096 16497 HLH 31767 b

FISCAL NOTE ACT  
MAY APPLY

A BILL FOR

1 AN ACT concerning revenue.

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

4 Section 5. The Use Tax Act is amended by changing Section  
5 3-5 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.

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

20 (3) Personal property purchased by 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

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

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

26 (5) Until July 1, 2003, a passenger car that is a

1 replacement vehicle to the extent that the purchase price of  
2 the car is subject to the Replacement Vehicle Tax.

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

13 (7) Farm chemicals.

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

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

21 (10) A motor vehicle of the first division, a motor vehicle  
22 of the second division that is a self-contained motor vehicle  
23 designed or permanently converted to provide living quarters  
24 for recreational, camping, or travel use, with direct walk  
25 through to the living quarters from the driver's seat, or a  
26 motor vehicle of the second division that is of the van

1 configuration designed for the transportation of not less than  
2 7 nor more than 16 passengers, as defined in Section 1-146 of  
3 the Illinois Vehicle Code, that is used for automobile renting,  
4 as defined in the Automobile Renting Occupation and Use Tax  
5 Act.

6 (11) 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 (11). Agricultural chemical tender tanks and dry  
21 boxes 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 (11) is exempt from the  
14 provisions of Section 3-90.

15 (12) 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 (13) Proceeds of mandatory service charges separately  
23 stated on customers' bills for the purchase and consumption of  
24 food and beverages purchased at retail from a retailer, to the  
25 extent that the proceeds of the service charge are in fact  
26 turned over as tips or as a substitute for tips to the

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

4 (14) 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 (15) 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 (16) Until July 1, 2003, coal exploration, mining,  
19 offhighway hauling, processing, maintenance, and reclamation  
20 equipment, including replacement parts and equipment, and  
21 including equipment purchased for lease, but excluding motor  
22 vehicles required to be registered under the Illinois Vehicle  
23 Code.

24 (17) Until July 1, 2003, distillation machinery and  
25 equipment, sold as a unit or kit, assembled or installed by the  
26 retailer, certified by the user to be used only for the

1 production of ethyl alcohol that will be used for consumption  
2 as motor fuel or as a component of motor fuel for the personal  
3 use of the user, and not subject to sale or resale.

4 (18) Manufacturing and assembling machinery and equipment  
5 used primarily in the process of manufacturing or assembling  
6 tangible personal property for wholesale or retail sale or  
7 lease, whether that sale or lease is made directly by the  
8 manufacturer or by some other person, whether the materials  
9 used in the process are owned by the manufacturer or some other  
10 person, or whether that sale or lease is made apart from or as  
11 an incident to the seller's engaging in the service occupation  
12 of producing machines, tools, dies, jigs, patterns, gauges, or  
13 other similar items of no commercial value on special order for  
14 a particular purchaser.

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

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

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



1 racing for prizes. This item (21) is exempt from the provisions  
2 of Section 3-90, and the exemption provided for under this item  
3 (21) applies for all periods beginning May 30, 1995, but no  
4 claim for credit or refund is allowed on or after January 1,  
5 2008 for such taxes paid during the period beginning May 30,  
6 2000 and ending on January 1, 2008.

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

1 If, however, that amount is not refunded to the lessee for any  
2 reason, the lessor is liable to pay that amount to the  
3 Department.

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

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

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

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

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

26 (27) A motor vehicle, as that term is defined in Section

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

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

1 entity purchases the personal property sold at the events from  
2 another individual or entity that sold the property for the  
3 purpose of resale by the fundraising entity and that profits  
4 from the sale to the fundraising entity. This paragraph is  
5 exempt from the provisions of Section 3-90.

6 (29) Beginning January 1, 2000 and through December 31,  
7 2001, new or used automatic vending machines that prepare and  
8 serve hot food and beverages, including coffee, soup, and other  
9 items, and replacement parts for these machines. Beginning  
10 January 1, 2002 and through June 30, 2003, machines and parts  
11 for machines used in commercial, coin-operated amusement and  
12 vending business if a use or occupation tax is paid on the  
13 gross receipts derived from the use of the commercial,  
14 coin-operated amusement and vending machines. This paragraph  
15 is exempt from the provisions of Section 3-90.

16 (30) Beginning January 1, 2001 and through June 30, 2011,  
17 food for human consumption that is to be consumed off the  
18 premises where it is sold (other than alcoholic beverages, soft  
19 drinks, and food that has been prepared for immediate  
20 consumption) and prescription and nonprescription medicines,  
21 drugs, medical appliances, and insulin, urine testing  
22 materials, syringes, and needles used by diabetics, for human  
23 use, when purchased for use by a person receiving medical  
24 assistance under Article 5 of the Illinois Public Aid Code who  
25 resides in a licensed long-term care facility, as defined in  
26 the Nursing Home Care Act.

1           (31) Beginning on the effective date of this amendatory Act  
2 of the 92nd General Assembly, computers and communications  
3 equipment utilized for any hospital purpose and equipment used  
4 in the diagnosis, analysis, or treatment of hospital patients  
5 purchased by a lessor who leases the equipment, under a lease  
6 of one year or longer executed or in effect at the time the  
7 lessor would otherwise be subject to the tax imposed by this  
8 Act, to a hospital that has been issued an active tax exemption  
9 identification number by the Department under Section 1g of the  
10 Retailers' Occupation Tax Act. If the equipment is leased in a  
11 manner that does not qualify for this exemption or is used in  
12 any other nonexempt manner, the lessor shall be liable for the  
13 tax imposed under this Act or the Service Use Tax Act, as the  
14 case may be, based on the fair market value of the property at  
15 the time the nonqualifying use occurs. No lessor shall collect  
16 or attempt to collect an amount (however designated) that  
17 purports to reimburse that lessor for the tax imposed by this  
18 Act or the Service Use Tax Act, as the case may be, if the tax  
19 has not been paid by the lessor. If a lessor improperly  
20 collects any such amount from the lessee, the lessee shall have  
21 a legal right to claim a refund of that amount from the lessor.  
22 If, however, that amount is not refunded to the lessee for any  
23 reason, the lessor is liable to pay that amount to the  
24 Department. This paragraph is exempt from the provisions of  
25 Section 3-90.

26           (32) Beginning on the effective date of this amendatory Act

1 of the 92nd General Assembly, personal property purchased by a  
2 lessor who leases the property, under a lease of one year or  
3 longer executed or in effect at the time the lessor would  
4 otherwise be subject to the tax imposed by this Act, to a  
5 governmental body that has been issued an active sales tax  
6 exemption identification number by the Department under  
7 Section 1g of the Retailers' Occupation Tax Act. If the  
8 property is leased in a manner that does not qualify for this  
9 exemption or used in any other nonexempt manner, the lessor  
10 shall be liable for the tax imposed under this Act or the  
11 Service Use Tax Act, as the case may be, based on the fair  
12 market value of the property at the time the nonqualifying use  
13 occurs. No lessor shall collect or attempt to collect an amount  
14 (however designated) that purports to reimburse that lessor for  
15 the tax imposed by this Act or the Service Use Tax Act, as the  
16 case may be, if the tax has not been paid by the lessor. If a  
17 lessor improperly collects any such amount from the lessee, the  
18 lessee shall have a legal right to claim a refund of that  
19 amount from the lessor. If, however, that amount is not  
20 refunded to the lessee for any reason, the lessor is liable to  
21 pay that amount to the Department. This paragraph is exempt  
22 from the provisions of Section 3-90.

23 (33) On and after July 1, 2003 and through June 30, 2004,  
24 the use in this State of motor vehicles of the second division  
25 with a gross vehicle weight in excess of 8,000 pounds and that  
26 are subject to the commercial distribution fee imposed under

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

16 (34) Beginning January 1, 2008, tangible personal property  
17 used in the construction or maintenance of a community water  
18 supply, as defined under Section 3.145 of the Environmental  
19 Protection Act, that is operated by a not-for-profit  
20 corporation that holds a valid water supply permit issued under  
21 Title IV of the Environmental Protection Act. This paragraph is  
22 exempt from the provisions of Section 3-90.

23 (35) Beginning January 1, 2010, materials, parts,  
24 equipment, components, and furnishings incorporated into or  
25 upon an aircraft as part of the modification, refurbishment,  
26 completion, replacement, repair, or maintenance of the



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

20 (36) ~~(35)~~ Tangible personal property purchased by a  
21 public-facilities corporation, as described in Section  
22 11-65-10 of the Illinois Municipal Code, for purposes of  
23 constructing or furnishing a municipal convention hall, but  
24 only if the legal title to the municipal convention hall is  
25 transferred to the municipality without any further  
26 consideration by or on behalf of the municipality at the time

1 of the completion of the municipal convention hall or upon the  
2 retirement or redemption of any bonds or other debt instruments  
3 issued by the public-facilities corporation in connection with  
4 the development of the municipal convention hall. This  
5 exemption includes existing public-facilities corporations as  
6 provided in Section 11-65-25 of the Illinois Municipal Code.  
7 This paragraph is exempt from the provisions of Section 3-90.

8 (37) For a period of 10 years, beginning on the effective  
9 date of this amendatory Act of the 96th General Assembly, new  
10 flexible fuel vehicles, as defined in Section 22 of the  
11 Alternate Fuels Act, new hybrid vehicles, and new electric  
12 vehicles. To qualify for an exemption under this item (37), the  
13 vehicle's final assembly point must be located within the  
14 State.

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 not-for-profit  
4 Illinois county fair association for use in conducting,  
5 operating, or 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) Personal property purchased by a governmental body, by  
22 a corporation, society, association, foundation, or  
23 institution organized and operated exclusively for charitable,  
24 religious, or educational purposes, or by a not-for-profit  
25 corporation, society, association, foundation, institution, or  
26 organization that has no compensated officers or employees and

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

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

12 (6) 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,  
16 certified by the purchaser to be used primarily for graphic  
17 arts production, and including machinery and equipment  
18 purchased for lease. Equipment includes chemicals or chemicals  
19 acting as catalysts but only if the chemicals or chemicals  
20 acting as catalysts effect a direct and immediate change upon a  
21 graphic arts product.

22 (7) Farm chemicals.

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

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

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

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

1 hoop houses used for propagating, growing, or overwintering  
2 plants shall be considered farm machinery and equipment under  
3 this item (11). Agricultural chemical tender tanks and dry  
4 boxes shall include units sold separately from a motor vehicle  
5 required to be licensed and units sold mounted on a motor  
6 vehicle required to be licensed if the selling price of the  
7 tender is separately stated.

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

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

24 (12) Fuel and petroleum products sold to or used by an air  
25 common carrier, certified by the carrier to be used for  
26 consumption, shipment, or storage in the conduct of its

1 business as an air common carrier, for a flight destined for or  
2 returning from a location or locations outside the United  
3 States without regard to previous or subsequent domestic  
4 stopovers.

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

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

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

1           (16) Until July 1, 2003, coal exploration, mining,  
2 offhighway hauling, processing, maintenance, and reclamation  
3 equipment, including replacement parts and equipment, and  
4 including equipment purchased for lease, but excluding motor  
5 vehicles required to be registered under the Illinois Vehicle  
6 Code.

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

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

24           (19) Personal property delivered to a purchaser or  
25 purchaser's donee inside Illinois when the purchase order for  
26 that personal property was received by a florist located



1 outside Illinois who has a florist located inside Illinois  
2 deliver the personal property.

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

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

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

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

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

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

7 (24) 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 donated for  
10 disaster relief to be used in a State or federally declared  
11 disaster area in Illinois or bordering Illinois by a  
12 manufacturer or retailer that is registered in this State to a  
13 corporation, society, association, foundation, or institution  
14 that has been issued a sales tax exemption identification  
15 number by the Department that assists victims of the disaster  
16 who reside within the declared disaster area.

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

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

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

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

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

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

25           (30) Beginning January 1, 2001 and through June 30, 2011,  
26 food for human consumption that is to be consumed off the

1 premises where it is sold (other than alcoholic beverages, soft  
2 drinks, and food that has been prepared for immediate  
3 consumption) and prescription and nonprescription medicines,  
4 drugs, medical appliances, and insulin, urine testing  
5 materials, syringes, and needles used by diabetics, for human  
6 use, when purchased for use by a person receiving medical  
7 assistance under Article V of the Illinois Public Aid Code who  
8 resides in a licensed long-term care facility, as defined in  
9 the Nursing Home Care Act, or in a licensed facility as defined  
10 in the MR/DD Community 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) ~~(35)~~ 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 (37) For a period of 10 years, beginning on the effective  
19 date of this amendatory Act of the 96th General Assembly, new  
20 flexible fuel vehicles, as defined in Section 22 of the  
21 Alternate Fuels Act, new hybrid vehicles, and new electric  
22 vehicles. To qualify for an exemption under this item (37), the  
23 vehicle's final assembly point must be located within the  
24 State.

25 (Source: P.A. 95-88, eff. 1-1-08; 95-538, eff. 1-1-08; 95-876,  
26 eff. 8-21-08; 96-116, eff. 7-31-09; 96-339, eff. 7-1-10;

1 96-532, eff. 8-14-09; 96-759, eff. 1-1-10; revised 9-25-09.)

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

4 (35 ILCS 110/3-5)

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

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

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

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

18 (3) Personal property purchased by a not-for-profit arts or  
19 cultural organization that establishes, by proof required by  
20 the Department by rule, that it has received an exemption under  
21 Section 501(c)(3) of the Internal Revenue Code and that is  
22 organized and operated primarily for the presentation or  
23 support of arts or cultural programming, activities, or  
24 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 (4) Legal tender, currency, medallions, or gold or silver  
10 coinage issued by the State of Illinois, the government of the  
11 United States of America, or the government of any foreign  
12 country, and bullion.

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

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

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

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

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

26 Farm machinery and equipment also includes computers,

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

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

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

24 (10) Until July 1, 2003, oil field exploration, drilling,  
25 and production equipment, including (i) rigs and parts of rigs,  
26 rotary rigs, cable tool rigs, and workover rigs, (ii) pipe and

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

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

13 (12) Until July 1, 2003, coal exploration, mining,  
14 offhighway hauling, processing, maintenance, and reclamation  
15 equipment, including replacement parts and equipment, and  
16 including equipment purchased for lease, but excluding motor  
17 vehicles required to be registered under the Illinois Vehicle  
18 Code.

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

21 (14) Horses, or interests in horses, registered with and  
22 meeting the requirements of any of the Arabian Horse Club  
23 Registry of America, Appaloosa Horse Club, American Quarter  
24 Horse Association, United States Trotting Association, or  
25 Jockey Club, as appropriate, used for purposes of breeding or  
26 racing for prizes. This item (14) is exempt from the provisions

1 of Section 3-75, and the exemption provided for under this item  
2 (14) applies for all periods beginning May 30, 1995, but no  
3 claim for credit or refund is allowed on or after the effective  
4 date of this amendatory Act of the 95th General Assembly for  
5 such taxes paid during the period beginning May 30, 2000 and  
6 ending on the effective date of this amendatory Act of the 95th  
7 General Assembly.

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



1 refund of that amount from the lessor. If, however, that amount  
2 is not refunded to the lessee for any reason, the lessor is  
3 liable to pay that amount to the Department.

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

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

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

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

20 (19) Beginning July 1, 1999, game or game birds purchased  
21 at a "game breeding and hunting preserve area" or an "exotic  
22 game hunting area" as those terms are used in the Wildlife Code  
23 or at a hunting enclosure approved through rules adopted by the  
24 Department of Natural Resources. This paragraph is exempt from  
25 the provisions of Section 3-75.

26 (20) A motor vehicle, as that term is defined in Section

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

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

1 entity purchases the personal property sold at the events from  
2 another individual or entity that sold the property for the  
3 purpose of resale by the fundraising entity and that profits  
4 from the sale to the fundraising entity. This paragraph is  
5 exempt from the provisions of Section 3-75.

6 (22) Beginning January 1, 2000 and through December 31,  
7 2001, new or used automatic vending machines that prepare and  
8 serve hot food and beverages, including coffee, soup, and other  
9 items, and replacement parts for these machines. Beginning  
10 January 1, 2002 and through June 30, 2003, machines and parts  
11 for machines used in commercial, coin-operated amusement and  
12 vending business if a use or occupation tax is paid on the  
13 gross receipts derived from the use of the commercial,  
14 coin-operated amusement and vending machines. This paragraph  
15 is exempt from the provisions of Section 3-75.

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

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

25           (25) Beginning on the effective date of this amendatory Act  
26 of the 92nd General Assembly, personal property purchased by a

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

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

1 exempt from the provisions of Section 3-75.

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

25 (28) ~~(27)~~ Tangible personal property purchased by 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 3-75.

13 (29) For a period of 10 years, beginning on the effective  
14 date of this amendatory Act of the 96th General Assembly, new  
15 flexible fuel vehicles, as defined in Section 22 of the  
16 Alternate Fuels Act, new hybrid vehicles, and new electric  
17 vehicles. To qualify for an exemption under this item (29), the  
18 vehicle's final assembly point must be located within the  
19 State.

20 (Source: P.A. 95-88, eff. 1-1-08; 95-538, eff. 1-1-08; 95-876,  
21 eff. 8-21-08; 96-116, eff. 7-31-09; 96-532, eff. 8-14-09;  
22 96-759, eff. 1-1-10; revised 9-25-09.)

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

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



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

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

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

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

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

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

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

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

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

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

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

25 (8) Fuel and petroleum products sold to or used by an air  
26 common carrier, certified by the carrier to be used for

1 consumption, shipment, or storage in the conduct of its  
2 business as an air common carrier, for a flight destined for or  
3 returning from a location or locations outside the United  
4 States without regard to previous or subsequent domestic  
5 stopovers.

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

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

24 (11) Proceeds from the sale of photoprocessing machinery  
25 and equipment, including repair and replacement parts, both new  
26 and used, including that manufactured on special order,

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

4 (12) Until July 1, 2003, coal exploration, mining,  
5 offhighway hauling, processing, maintenance, and reclamation  
6 equipment, including replacement parts and equipment, and  
7 including equipment purchased for lease, but excluding motor  
8 vehicles required to be registered under the Illinois Vehicle  
9 Code.

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

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

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

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

21 (16) Personal property purchased by a lessor who leases the  
22 property, under a lease of one year or longer executed or in  
23 effect at the time the lessor would otherwise be subject to the  
24 tax imposed by this Act, to a governmental body that has been  
25 issued an active tax exemption identification number by the  
26 Department under Section 1g of the Retailers' Occupation Tax

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

15 (17) 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 (18) 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 (19) Beginning July 1, 1999, game or game birds purchased  
12 at a "game breeding and hunting preserve area" or an "exotic  
13 game hunting area" as those terms are used in the Wildlife Code  
14 or 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 3-75.

17 (20) 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  
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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.

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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 3-75.

23 (22) 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  
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5 coin-operated amusement and vending machines. This paragraph  
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8 food for human consumption that is to be consumed off the  
9 premises where it is sold (other than alcoholic beverages, soft  
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12 drugs, medical appliances, and insulin, urine testing  
13 materials, syringes, and needles used by diabetics, for human  
14 use, when purchased for use by a person receiving medical  
15 assistance under Article V of the Illinois Public Aid Code who  
16 resides in a licensed long-term care facility, as defined in  
17 the Nursing Home Care Act, or in a licensed facility as defined  
18 in the MR/DD Community Care Act.

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

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2 Retailers' Occupation Tax Act. If the equipment is leased in a  
3 manner that does not qualify for this exemption or is used in  
4 any other nonexempt manner, the lessor shall be liable for the  
5 tax imposed under this Act or the Use Tax Act, as the case may  
6 be, based on the fair market value of the property at the time  
7 the nonqualifying use occurs. No lessor shall collect or  
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11 the lessor. If a lessor improperly collects any such amount  
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13 refund of that amount from the lessor. If, however, that amount  
14 is not refunded to the lessee for any reason, the lessor is  
15 liable to pay that amount to the Department. This paragraph is  
16 exempt from the provisions of Section 3-75.

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19 lessor who leases the property, under a lease of one year or  
20 longer executed or in effect at the time the lessor would  
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22 governmental body that has been issued an active tax exemption  
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20 (27) Beginning January 1, 2010, materials, parts,  
21 equipment, components, and furnishings incorporated into or  
22 upon an aircraft as part of the modification, refurbishment,  
23 completion, replacement, repair, or maintenance of the  
24 aircraft. This exemption includes consumable supplies used in  
25 the modification, refurbishment, completion, replacement,  
26 repair, and maintenance of aircraft, but excludes any

1 materials, parts, equipment, components, and consumable  
2 supplies used in the modification, replacement, repair, and  
3 maintenance of aircraft engines or power plants, whether such  
4 engines or power plants are installed or uninstalled upon any  
5 such aircraft. "Consumable supplies" include, but are not  
6 limited to, adhesive, tape, sandpaper, general purpose  
7 lubricants, cleaning solution, latex gloves, and protective  
8 films. This exemption applies only to those organizations that  
9 (i) hold an Air Agency Certificate and are empowered to operate  
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12 operations in accordance with Part 145 of the Federal Aviation  
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22 transferred to the municipality without any further  
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24 of the completion of the municipal convention hall or upon the  
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26 issued by the public-facilities corporation in connection with

1 the development of the municipal convention hall. This  
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13 eff. 8-21-08; 96-116, eff. 7-31-09; 96-339, eff. 7-1-10;  
14 96-532, eff. 8-14-09; 96-759, eff. 1-1-10; revised 9-25-09.)

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

17 (35 ILCS 115/3-5)

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

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

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

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

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

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

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

26 (5) Until July 1, 2003 and beginning again on September 1,

1 2004 through August 30, 2014, graphic arts machinery and  
2 equipment, including repair and replacement parts, both new and  
3 used, and including that manufactured on special order or  
4 purchased for lease, certified by the purchaser to be used  
5 primarily for graphic arts production. Equipment includes  
6 chemicals or chemicals acting as catalysts but only if the  
7 chemicals or chemicals acting as catalysts effect a direct and  
8 immediate change upon a graphic arts product.

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

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



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

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

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

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

1 stopovers.

2 (9) Proceeds of mandatory service charges separately  
3 stated on customers' bills for the purchase and consumption of  
4 food and beverages, to the extent that the proceeds of the  
5 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) Photoprocessing machinery and equipment, including  
20 repair and replacement parts, both new and used, including that  
21 manufactured on special order, certified by the purchaser to be  
22 used primarily for photoprocessing, and including  
23 photoprocessing machinery and equipment purchased for lease.

24 (12) Until July 1, 2003, coal exploration, mining,  
25 offhighway hauling, processing, maintenance, and reclamation  
26 equipment, including replacement parts and equipment, and

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

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

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

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

1 paid during the period beginning May 30, 2000 and ending on  
2 January 1, 2008 (the effective date of Public Act 95-88).

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

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

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

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

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

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

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

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

25 (23) Beginning January 1, 2000 and through December 31,  
26 2001, new or used automatic vending machines that prepare and

1 serve hot food and beverages, including coffee, soup, and other  
2 items, and replacement parts for these machines. Beginning  
3 January 1, 2002 and through June 30, 2003, machines and parts  
4 for machines used in commercial, coin-operated amusement and  
5 vending business if a use or occupation tax is paid on the  
6 gross receipts derived from the use of the commercial,  
7 coin-operated amusement and vending machines. This paragraph  
8 is exempt from the provisions of Section 3-55.

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

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

1           (26) Beginning on January 1, 2002 and through June 30,  
2 2011, tangible personal property purchased from an Illinois  
3 retailer by a taxpayer engaged in centralized purchasing  
4 activities in Illinois who will, upon receipt of the property  
5 in Illinois, temporarily store the property in Illinois (i) for  
6 the purpose of subsequently transporting it outside this State  
7 for use or consumption thereafter solely outside this State or  
8 (ii) for the purpose of being processed, fabricated, or  
9 manufactured into, attached to, or incorporated into other  
10 tangible personal property to be transported outside this State  
11 and thereafter used or consumed solely outside this State. The  
12 Director of Revenue shall, pursuant to rules adopted in  
13 accordance with the Illinois Administrative Procedure Act,  
14 issue a permit to any taxpayer in good standing with the  
15 Department who is eligible for the exemption under this  
16 paragraph (26). The permit issued under this paragraph (26)  
17 shall authorize the holder, to the extent and in the manner  
18 specified in the rules adopted under this Act, to purchase  
19 tangible personal property from a retailer exempt from the  
20 taxes imposed by this Act. Taxpayers shall maintain all  
21 necessary books and records to substantiate the use and  
22 consumption of all such tangible personal property outside of  
23 the State of Illinois.

24           (27) Beginning January 1, 2008, tangible personal property  
25 used in the construction or maintenance of a community water  
26 supply, as defined under Section 3.145 of the Environmental



1 Protection Act, that is operated by a not-for-profit  
2 corporation that holds a valid water supply permit issued under  
3 Title IV of the Environmental Protection Act. This paragraph is  
4 exempt from the provisions of Section 3-55.

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

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

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

16 (30) For a period of 10 years, beginning on the effective  
17 date of this amendatory Act of the 96th General Assembly, new  
18 flexible fuel vehicles, as defined in Section 22 of the  
19 Alternate Fuels Act, new hybrid vehicles, and new electric  
20 vehicles. To qualify for an exemption under this item (30), the  
21 vehicle's final assembly point must be located within the  
22 State.

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

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

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

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

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

14 (3) Personal property purchased by any not-for-profit arts  
15 or 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 (4) Legal tender, currency, medallions, or gold or silver  
4 coinage issued by the State of Illinois, the government of the  
5 United States of America, or the government of any foreign  
6 country, and bullion.

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

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

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

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

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

20 Farm machinery and equipment also includes computers,  
21 sensors, software, and related equipment used primarily in the  
22 computer-assisted operation of production agriculture  
23 facilities, equipment, and activities such as, but not limited  
24 to, the collection, monitoring, and correlation of animal and  
25 crop data for the purpose of formulating animal diets and  
26 agricultural chemicals. This item (7) is exempt from the

1 provisions of Section 3-55.

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

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

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

26 (11) Photoprocessing machinery and equipment, including

1 repair and replacement parts, both new and used, including that  
2 manufactured on special order, certified by the purchaser to be  
3 used primarily for photoprocessing, and including  
4 photoprocessing machinery and equipment purchased for lease.

5 (12) Until July 1, 2003, coal exploration, mining,  
6 offhighway hauling, processing, maintenance, and reclamation  
7 equipment, including replacement parts and equipment, and  
8 including equipment purchased for lease, but excluding motor  
9 vehicles required to be registered under the Illinois Vehicle  
10 Code.

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

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

25 (15) Horses, or interests in horses, registered with and  
26 meeting the requirements of any of the Arabian Horse Club

1 Registry of America, Appaloosa Horse Club, American Quarter  
2 Horse Association, United States Trotting Association, or  
3 Jockey Club, as appropriate, used for purposes of breeding or  
4 racing for prizes. This item (15) is exempt from the provisions  
5 of Section 3-55, and the exemption provided for under this item  
6 (15) applies for all periods beginning May 30, 1995, but no  
7 claim for credit or refund is allowed on or after January 1,  
8 2008 (the effective date of Public Act 95-88) for such taxes  
9 paid during the period beginning May 30, 2000 and ending on  
10 January 1, 2008 (the effective date of Public Act 95-88).

11 (16) Computers and communications equipment utilized for  
12 any hospital purpose and equipment used in the diagnosis,  
13 analysis, or treatment of hospital patients sold to a lessor  
14 who leases the equipment, under a lease of one year or longer  
15 executed or in effect at the time of the purchase, 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.

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

25 (18) 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 donated for  
2 disaster relief to be used in a State or federally declared  
3 disaster area in Illinois or bordering Illinois by a  
4 manufacturer or retailer that is registered in this State to a  
5 corporation, society, association, foundation, or institution  
6 that has been issued a sales tax exemption identification  
7 number by the Department that assists victims of the disaster  
8 who reside within the declared disaster area.

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

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

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

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

1 private home instruction or (ii) for which the fundraising  
2 entity purchases the personal property sold at the events from  
3 another individual or entity that sold the property for the  
4 purpose of resale by the fundraising entity and that profits  
5 from the sale to the fundraising entity. This paragraph is  
6 exempt from the provisions of Section 3-55.

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

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 sold to a lessor who leases the equipment, under a lease of one  
22 year or longer executed or in effect at the time of the  
23 purchase, to a hospital that has been issued an active tax  
24 exemption identification number by the Department under  
25 Section 1g of the Retailers' Occupation Tax Act. This paragraph  
26 is exempt from the provisions of Section 3-55.

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

9           (26) Beginning on January 1, 2002 and through June 30,  
10 2011, tangible personal property purchased from an Illinois  
11 retailer by a taxpayer engaged in centralized purchasing  
12 activities in Illinois who will, upon receipt of the property  
13 in Illinois, temporarily store the property in Illinois (i) for  
14 the purpose of subsequently transporting it outside this State  
15 for use or consumption thereafter solely outside this State or  
16 (ii) for the purpose of being processed, fabricated, or  
17 manufactured into, attached to, or incorporated into other  
18 tangible personal property to be transported outside this State  
19 and thereafter used or consumed solely outside this State. The  
20 Director of Revenue shall, pursuant to rules adopted in  
21 accordance with the Illinois Administrative Procedure Act,  
22 issue a permit to any taxpayer in good standing with the  
23 Department who is eligible for the exemption under this  
24 paragraph (26). The permit issued under this paragraph (26)  
25 shall authorize the holder, to the extent and in the manner  
26 specified in the rules adopted under this Act, to purchase

1 tangible personal property from a retailer exempt from the  
2 taxes imposed by this Act. Taxpayers shall maintain all  
3 necessary books and records to substantiate the use and  
4 consumption of all such tangible personal property outside of  
5 the State of Illinois.

6 (27) 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 3-55.

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

1        (29) ~~(28)~~ Beginning January 1, 2010, materials, parts,  
2 equipment, components, and furnishings incorporated into or  
3 upon an aircraft as part of the modification, refurbishment,  
4 completion, replacement, repair, or maintenance of the  
5 aircraft. This exemption includes consumable supplies used in  
6 the modification, refurbishment, completion, replacement,  
7 repair, and maintenance of aircraft, but excludes any  
8 materials, parts, equipment, components, and consumable  
9 supplies used in the modification, replacement, repair, and  
10 maintenance of aircraft engines or power plants, whether such  
11 engines or power plants are installed or uninstalled upon any  
12 such aircraft. "Consumable supplies" include, but are not  
13 limited to, adhesive, tape, sandpaper, general purpose  
14 lubricants, cleaning solution, latex gloves, and protective  
15 films. This exemption applies only to those organizations that  
16 (i) hold an Air Agency Certificate and are empowered to operate  
17 an approved repair station by the Federal Aviation  
18 Administration, (ii) have a Class IV Rating, and (iii) conduct  
19 operations in accordance with Part 145 of the Federal Aviation  
20 Regulations. The exemption does not include aircraft operated  
21 by a commercial air carrier providing scheduled passenger air  
22 service pursuant to authority issued under Part 121 or Part 129  
23 of the Federal Aviation Regulations.

24        (30) For a period of 10 years, beginning on the effective  
25 date of this amendatory Act of the 96th General Assembly, new  
26 flexible fuel vehicles, as defined in Section 22 of the

1 Alternate Fuels Act, new hybrid vehicles, and new electric  
2 vehicles. To qualify for an exemption under this item (30), the  
3 vehicle's final assembly point must be located within the  
4 State.

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

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

10 (35 ILCS 120/2-5)

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

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

15 (1) Farm chemicals.

16 (2) Farm machinery and equipment, both new and used,  
17 including that manufactured on special order, certified by the  
18 purchaser to be used primarily for production agriculture or  
19 State or federal agricultural programs, including individual  
20 replacement parts for the machinery and equipment, including  
21 machinery and equipment purchased for lease, and including  
22 implements of husbandry defined in Section 1-130 of the  
23 Illinois Vehicle Code, farm machinery and agricultural  
24 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 (2). Agricultural chemical tender tanks and dry boxes  
7 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 (7) is exempt from the  
26 provisions of Section 2-70.



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

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

16           (5) A motor vehicle of the first division, a motor vehicle  
17 of the second division that is a self contained motor vehicle  
18 designed or permanently converted to provide living quarters  
19 for recreational, camping, or travel use, with direct walk  
20 through access to the living quarters from the driver's seat,  
21 or a motor vehicle of the second division that is of the van  
22 configuration designed for the transportation of not less than  
23 7 nor more than 16 passengers, as defined in Section 1-146 of  
24 the Illinois Vehicle Code, that is used for automobile renting,  
25 as defined in the Automobile Renting Occupation and Use Tax  
26 Act. This paragraph is exempt from the provisions of Section

1 2-70.

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

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

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

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

26 (10) Personal property sold by a corporation, society,

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

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

21 (12) Tangible personal property sold to interstate  
22 carriers for hire for use as rolling stock moving in interstate  
23 commerce or to lessors under leases of one year or longer  
24 executed or in effect at the time of purchase by interstate  
25 carriers for hire for use as rolling stock moving in interstate  
26 commerce and equipment operated by a telecommunications

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

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

22 (13) Proceeds from sales to owners, lessors, or shippers of  
23 tangible personal property that is utilized by interstate  
24 carriers for hire for use as rolling stock moving in interstate  
25 commerce and equipment operated by a telecommunications  
26 provider, licensed as a common carrier by the Federal

1 Communications Commission, which is permanently installed in  
2 or affixed to aircraft moving in interstate commerce.

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

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

22 (16) Petroleum products sold to a purchaser if the seller  
23 is prohibited by federal law from charging tax to the  
24 purchaser.

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

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

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

11 (19) 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 (20) 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 (21) Until July 1, 2003, coal exploration, mining,  
26 offhighway hauling, processing, maintenance, and reclamation

1 equipment, including replacement parts and equipment, and  
2 including equipment purchased for lease, but excluding motor  
3 vehicles required to be registered under the Illinois Vehicle  
4 Code.

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

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

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

21 (25) Except as provided in item (25-5) of this Section, a  
22 motor vehicle sold in this State to a nonresident even though  
23 the motor vehicle is delivered to the nonresident in this  
24 State, if the motor vehicle is not to be titled in this State,  
25 and if a drive-away permit is issued to the motor vehicle as  
26 provided in Section 3-603 of the Illinois Vehicle Code or if

1 the nonresident purchaser has vehicle registration plates to  
2 transfer to the motor vehicle upon returning to his or her home  
3 state. The issuance of the drive-away permit or having the  
4 out-of-state registration plates to be transferred is prima  
5 facie evidence that the motor vehicle will not be titled in  
6 this State.

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



1 shall be construed to require the removal of the vehicle from  
2 this state following the filing of an intent to title the  
3 vehicle in the purchaser's state of residence if the purchaser  
4 titles the vehicle in his or her state of residence within 30  
5 days after the date of sale. The tax collected under this Act  
6 in accordance with this item (25-5) shall be proportionately  
7 distributed as if the tax were collected at the 6.25% general  
8 rate imposed under this Act.

9 (25-7) Beginning on July 1, 2007, no tax is imposed under  
10 this Act on the sale of an aircraft, as defined in Section 3 of  
11 the Illinois Aeronautics Act, if all of the following  
12 conditions are met:

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

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

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

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

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

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

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

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

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

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

1 2008 (the effective date of Public Act 95-88) for such taxes  
2 paid during the period beginning May 30, 2000 and ending on  
3 January 1, 2008 (the effective date of Public Act 95-88).

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

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

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

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

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

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

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

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

25 (35) Beginning January 1, 2000 and through December 31,  
26 2001, new or used automatic vending machines that prepare and

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

9 (35-5) Beginning August 23, 2001 and through June 30, 2011,  
10 food for human consumption that is to be consumed off the  
11 premises where it is sold (other than alcoholic beverages, soft  
12 drinks, and food that has been prepared for immediate  
13 consumption) and prescription and nonprescription medicines,  
14 drugs, medical appliances, and insulin, urine testing  
15 materials, syringes, and needles used by diabetics, for human  
16 use, when purchased for use by a person receiving medical  
17 assistance under Article 5 of the Illinois Public Aid Code who  
18 resides in a licensed long-term care facility, as defined in  
19 the Nursing Home Care Act.

20 (36) Beginning August 2, 2001, computers and  
21 communications equipment utilized for any hospital purpose and  
22 equipment used in the diagnosis, analysis, or treatment of  
23 hospital patients sold to a lessor who leases the equipment,  
24 under a lease of one year or longer executed or in effect at  
25 the time of the purchase, to a hospital that has been issued an  
26 active tax exemption identification number by the Department

1 under Section 1g of this Act. This paragraph is exempt from the  
2 provisions of Section 2-70.

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

10 (38) Beginning on January 1, 2002 and through June 30,  
11 2011, tangible personal property purchased from an Illinois  
12 retailer by a taxpayer engaged in centralized purchasing  
13 activities in Illinois who will, upon receipt of the property  
14 in Illinois, temporarily store the property in Illinois (i) for  
15 the purpose of subsequently transporting it outside this State  
16 for use or consumption thereafter solely outside this State or  
17 (ii) for the purpose of being processed, fabricated, or  
18 manufactured into, attached to, or incorporated into other  
19 tangible personal property to be transported outside this State  
20 and thereafter used or consumed solely outside this State. The  
21 Director of Revenue shall, pursuant to rules adopted in  
22 accordance with the Illinois Administrative Procedure Act,  
23 issue a permit to any taxpayer in good standing with the  
24 Department who is eligible for the exemption under this  
25 paragraph (38). The permit issued under this paragraph (38)  
26 shall authorize the holder, to the extent and in the manner

1 specified in the rules adopted under this Act, to purchase  
2 tangible personal property from a retailer exempt from the  
3 taxes imposed by this Act. Taxpayers shall maintain all  
4 necessary books and records to substantiate the use and  
5 consumption of all such tangible personal property outside of  
6 the State of Illinois.

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

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



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

11 (41) ~~(40)~~ Tangible personal property sold to a  
12 public-facilities corporation, as described in Section  
13 11-65-10 of the Illinois Municipal Code, for purposes of  
14 constructing or furnishing a municipal convention hall, but  
15 only if the legal title to the municipal convention hall is  
16 transferred to the municipality without any further  
17 consideration by or on behalf of the municipality at the time  
18 of the completion of the municipal convention hall or upon the  
19 retirement or redemption of any bonds or other debt instruments  
20 issued by the public-facilities corporation in connection with  
21 the development of the municipal convention hall. This  
22 exemption includes existing public-facilities corporations as  
23 provided in Section 11-65-25 of the Illinois Municipal Code.  
24 This paragraph is exempt from the provisions of Section 2-70.

25 (42) For a period of 10 years, beginning on the effective  
26 date of this amendatory Act of the 96th General Assembly, new

1 flexible fuel vehicles, as defined in Section 22 of the  
2 Alternate Fuels Act, new hybrid vehicles, and new electric  
3 vehicles. To qualify for an exemption under this item (42), the  
4 vehicle's final assembly point must be located within the  
5 State.

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; 96-532, eff.  
9 8-14-09; 96-759, eff. 1-1-10.)

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

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

14 (1) Farm chemicals.

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

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

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

17 Farm machinery and equipment also includes computers,  
18 sensors, software, and related equipment used primarily in the  
19 computer-assisted operation of production agriculture  
20 facilities, equipment, and activities such as, but not limited  
21 to, the collection, monitoring, and correlation of animal and  
22 crop data for the purpose of formulating animal diets and  
23 agricultural chemicals. This item (7) is exempt from the  
24 provisions of Section 2-70.

25 (3) Until July 1, 2003, distillation machinery and  
26 equipment, sold as a unit or kit, assembled or installed by the

1 retailer, certified by the user to be used only for the  
2 production of ethyl alcohol that will be used for consumption  
3 as motor fuel or as a component of motor fuel for the personal  
4 use of the user, and not subject to sale or resale.

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

14 (5) A motor vehicle of the first division, a motor vehicle  
15 of the second division that is a self contained motor vehicle  
16 designed or permanently converted to provide living quarters  
17 for recreational, camping, or travel use, with direct walk  
18 through access to the living quarters from the driver's seat,  
19 or a motor vehicle of the second division that is of the van  
20 configuration designed for the transportation of not less than  
21 7 nor more than 16 passengers, as defined in Section 1-146 of  
22 the Illinois Vehicle Code, that is used for automobile renting,  
23 as defined in the Automobile Renting Occupation and Use Tax  
24 Act. This paragraph is exempt from the provisions of Section  
25 2-70.

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

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

9 (9) Personal property sold to 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 (10) Personal property sold by a corporation, society,  
25 association, foundation, institution, or organization, other  
26 than a limited liability company, that is organized and

1 operated as a not-for-profit service enterprise for the benefit  
2 of persons 65 years of age or older if the personal property  
3 was not purchased by the enterprise for the purpose of resale  
4 by the enterprise.

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

19 (12) Tangible personal property sold to interstate  
20 carriers for hire for use as rolling stock moving in interstate  
21 commerce or to lessors under leases of one year or longer  
22 executed or in effect at the time of purchase by interstate  
23 carriers for hire for use as rolling stock moving in interstate  
24 commerce and equipment operated by a telecommunications  
25 provider, licensed as a common carrier by the Federal  
26 Communications Commission, which is permanently installed in

1 or affixed to aircraft moving in interstate commerce.

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

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

1           (14) Machinery and equipment that will be used by the  
2 purchaser, or a lessee of the purchaser, primarily in the  
3 process of manufacturing or assembling tangible personal  
4 property for wholesale or retail sale or lease, whether the  
5 sale or lease is made directly by the manufacturer or by some  
6 other person, whether the materials used in the process are  
7 owned by the manufacturer or some other person, or whether the  
8 sale or lease is made apart from or as an incident to the  
9 seller's engaging in the service occupation of producing  
10 machines, tools, dies, jigs, patterns, gauges, or other similar  
11 items of no commercial value on special order for a particular  
12 purchaser.

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

20           (16) Petroleum products sold to a purchaser if the seller  
21 is prohibited by federal law from charging tax to the  
22 purchaser.

23           (17) Tangible personal property sold to a common carrier by  
24 rail or motor that receives the physical possession of the  
25 property in Illinois and that transports the property, or  
26 shares with another common carrier in the transportation of the



1 property, out of Illinois on a standard uniform bill of lading  
2 showing the seller of the property as the shipper or consignor  
3 of the property to a destination outside Illinois, for use  
4 outside Illinois.

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

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

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

23 (21) Until July 1, 2003, coal exploration, mining,  
24 offhighway hauling, processing, maintenance, and reclamation  
25 equipment, including replacement parts and equipment, and  
26 including equipment purchased for lease, but excluding motor

1 vehicles required to be registered under the Illinois Vehicle  
2 Code.

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

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

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

19 (25) Except as provided in item (25-5) of this Section, a  
20 motor vehicle sold in this State to a nonresident even though  
21 the motor vehicle is delivered to the nonresident in this  
22 State, if the motor vehicle is not to be titled in this State,  
23 and if a drive-away permit is issued to the motor vehicle as  
24 provided in Section 3-603 of the Illinois Vehicle Code or if  
25 the nonresident purchaser has vehicle registration plates to  
26 transfer to the motor vehicle upon returning to his or her home

1 state. The issuance of the drive-away permit or having the  
2 out-of-state registration plates to be transferred is prima  
3 facie evidence that the motor vehicle will not be titled in  
4 this State.

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

1 vehicle in the purchaser's state of residence if the purchaser  
2 titles the vehicle in his or her state of residence within 30  
3 days after the date of sale. The tax collected under this Act  
4 in accordance with this item (25-5) shall be proportionately  
5 distributed as if the tax were collected at the 6.25% general  
6 rate imposed under this Act.

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

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

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

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

1 aircraft, and other information that the Department may  
2 reasonably require.

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

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

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

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

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

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

1 January 1, 2008 (the effective date of Public Act 95-88).

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

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

15 (30) 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 (31) 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 (32) 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 2-70.

17 (33) 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 (34) 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 2-70.

23 (35) 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 2-70.

7 (35-5) Beginning August 23, 2001 and through June 30, 2011,  
8 food for human consumption that is to be consumed off the  
9 premises where it is sold (other than alcoholic beverages, soft  
10 drinks, and food that has been prepared for immediate  
11 consumption) and prescription and nonprescription medicines,  
12 drugs, medical appliances, and insulin, urine testing  
13 materials, syringes, and needles used by diabetics, for human  
14 use, when purchased for use by a person receiving medical  
15 assistance under Article V of the Illinois Public Aid Code who  
16 resides in a licensed long-term care facility, as defined in  
17 the Nursing Home Care Act, or a licensed facility as defined in  
18 the MR/DD Community Care Act.

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

1 provisions of Section 2-70.

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

9 (38) Beginning on January 1, 2002 and through June 30,  
10 2011, tangible personal property purchased from an Illinois  
11 retailer by a taxpayer engaged in centralized purchasing  
12 activities in Illinois who will, upon receipt of the property  
13 in Illinois, temporarily store the property in Illinois (i) for  
14 the purpose of subsequently transporting it outside this State  
15 for use or consumption thereafter solely outside this State or  
16 (ii) for the purpose of being processed, fabricated, or  
17 manufactured into, attached to, or incorporated into other  
18 tangible personal property to be transported outside this State  
19 and thereafter used or consumed solely outside this State. The  
20 Director of Revenue shall, pursuant to rules adopted in  
21 accordance with the Illinois Administrative Procedure Act,  
22 issue a permit to any taxpayer in good standing with the  
23 Department who is eligible for the exemption under this  
24 paragraph (38). The permit issued under this paragraph (38)  
25 shall authorize the holder, to the extent and in the manner  
26 specified in the rules adopted under this Act, to purchase

1 tangible personal property from a retailer exempt from the  
2 taxes imposed by this Act. Taxpayers shall maintain all  
3 necessary books and records to substantiate the use and  
4 consumption of all such tangible personal property outside of  
5 the State of Illinois.

6 (39) 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 2-70.

13 (40) 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 (41) ~~(40)~~ Tangible personal property sold to a  
11 public-facilities corporation, as described in Section  
12 11-65-10 of the Illinois Municipal Code, for purposes of  
13 constructing or furnishing a municipal convention hall, but  
14 only if the legal title to the municipal convention hall is  
15 transferred to the municipality without any further  
16 consideration by or on behalf of the municipality at the time  
17 of the completion of the municipal convention hall or upon the  
18 retirement or redemption of any bonds or other debt 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 2-70.

24 (42) For a period of 10 years, beginning on the effective  
25 date of this amendatory Act of the 96th General Assembly, new  
26 flexible fuel vehicles, as defined in Section 22 of the

1 Alternate Fuels Act, new hybrid vehicles, and new electric  
2 vehicles. To qualify for an exemption under this item (42), the  
3 vehicle's final assembly point must be located within the  
4 State.

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

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

17 Section 99. Effective date. This Act takes effect July 1,  
18 2010.