



## 96TH GENERAL ASSEMBLY

### State of Illinois

2009 and 2010

SB0293

Introduced 2/6/2009, by Sen. Michael Noland

#### SYNOPSIS AS INTRODUCED:

20 ILCS 689/10	
20 ILCS 689/15	
20 ILCS 689/15-b new	
20 ILCS 689/20	
20 ILCS 689/20-a new	
30 ILCS 105/5.719 new	
30 ILCS 105/6z-76 new	
35 ILCS 105/3-5	from Ch. 120, par. 439.3-5
35 ILCS 110/3-5	from Ch. 120, par. 439.33-5
35 ILCS 115/3-5	from Ch. 120, par. 439.103-5
35 ILCS 120/2-5	from Ch. 120, par. 441-5

Amends the Illinois Renewable Fuels Development Program Act. Requires the Department of Commerce and Economic Opportunity to establish and administer the Illinois Corn Grain to Fuel Research Consortium Assistance Program. Sets forth the purposes and conditions for the grant program. Sets forth the amounts of the grants. Specifies how these grant funds shall be allocated. Sets forth certain limitations on spending on the various Program grants. Amends the State Finance Act to create the Renewable Fuels Development Program Fund as a special fund in the State treasury to fund these grant programs. Sets forth certain conditions for the operation of this Fund. Provides for certain annual payments from the General Revenue Fund to the Renewable Fuels Development Program Fund. Amends the Use Tax Act, the Service Use Tax Act, the Service Occupation Tax Act, and the Retailers' Occupation Tax Act. Exempts from taxation under the Acts, that part of the selling price of motor fuel or gasohol that exceeds \$2.50 per gallon. Makes other changes. Effective immediately.

LRB096 05586 JDS 15652 b

FISCAL NOTE ACT  
MAY APPLY

A BILL FOR

1 AN ACT concerning fuels.

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

4 Section 5. The Illinois Renewable Fuels Development  
5 Program Act is amended by changing Sections 10, 15, and 20 and  
6 by adding Sections 15-b, 20-a, and 35 as follows:

7 (20 ILCS 689/10)

8 Sec. 10. Definitions. As used in this Act:

9 "Biodiesel" means a renewable diesel fuel derived from  
10 biomass that is intended for use in diesel engines.

11 "Biodiesel blend" means a blend of biodiesel with  
12 petroleum-based diesel fuel in which the resultant product  
13 contains no less than 1% and no more than 99% biodiesel.

14 "Biomass" means non-fossil organic materials that have an  
15 intrinsic chemical energy content. "Biomass" includes, but is  
16 not limited to, soybean oil, other vegetable oils, and ethanol.

17 "Department" means the Department of Commerce and Economic  
18 Opportunity.

19 "Diesel fuel" means any product intended for use or offered  
20 for sale as a fuel for engines in which the fuel is injected  
21 into the combustion chamber and ignited by pressure without  
22 electric spark.

23 "Director" means the Director of Commerce and Economic

1 Opportunity.

2 "Denatured ethanol" means an agriculturally derived ethyl  
3 alcohol for blending with gasoline for use as automotive  
4 spark-ignition engine fuel.

5 "Ethanol" means a product produced from agricultural  
6 commodities or by-products used as a fuel or to be blended with  
7 other fuels for use in motor vehicles.

8 "Fuel" means fuel as defined in Section 1.19 of the Motor  
9 Fuel Tax Law.

10 "Gasohol" means motor fuel that is no more than 90%  
11 gasoline and at least 10% denatured ethanol that contains no  
12 more than 1.25% water by weight.

13 "Gasoline" means all products commonly or commercially  
14 known or sold as gasoline (including casing head and absorption  
15 or natural gasoline).

16 "Illinois agricultural product" means any agricultural  
17 commodity grown in Illinois that is used by a production  
18 facility to produce renewable fuel in Illinois, including, but  
19 not limited to, corn, barley, and soy beans.

20 "Labor Organization" means any organization defined as a  
21 "labor organization" under Section 2 of the National Labor  
22 Relations Act (29 U.S.C. 152).

23 "Majority blended ethanol fuel" means motor fuel that  
24 contains no less than 70% and no more than 90% denatured  
25 ethanol and no less than 10% and no more than 30% gasoline.

26 "Motor vehicles" means motor vehicles as defined in the

1 Illinois Vehicle Code and watercraft propelled by an internal  
2 combustion engine.

3 "Owner" means any individual, sole proprietorship, limited  
4 partnership, co-partnership, joint venture, corporation,  
5 cooperative, or other legal entity, including its agents, that  
6 operates or will operate a plant located within the State of  
7 Illinois.

8 "Plant" means a production facility that produces a  
9 renewable fuel. "Plant" includes land, any building or other  
10 improvement on or to land, and any personal properties deemed  
11 necessary or suitable for use, whether or not now in existence,  
12 in the processing of fuel from agricultural commodities or  
13 by-products.

14 "Renewable fuel" means ethanol, gasohol, majority blended  
15 ethanol fuel, biodiesel blend fuel, and biodiesel.

16 (Source: P.A. 93-15, eff. 6-11-03; 93-618, eff. 12-11-03;  
17 94-793, eff. 5-19-06.)

18 (20 ILCS 689/15)

19 Sec. 15. Illinois Renewable Fuels Development Program.

20 (a) The Department must develop and administer the Illinois  
21 Renewable Fuels Development Program to assist in the  
22 construction, modification, alteration, or retrofitting of  
23 renewable fuel plants in Illinois. The recipient of a grant  
24 under this Section must:

25 (1) be constructing, modifying, altering, or

1 retrofitting a plant in the State of Illinois;

2 (2) be constructing, modifying, altering, or  
3 retrofitting (i) an ethanol a plant that has annual  
4 production capacity of no less than 30,000,000 gallons of  
5 renewable fuel per year or (ii) a biodiesel plant; and

6 (3) enter into a project labor agreement as prescribed  
7 by Section 25 of this Act.

8 (b) Grant applications must be made on forms provided by  
9 and in accordance with procedures established by the  
10 Department.

11 (c) The Department must give preference to applicants that  
12 use Illinois agricultural products in the production of  
13 renewable fuel at the plant for which the grant is being  
14 requested.

15 (Source: P.A. 93-15, eff. 6-11-03.)

16 (20 ILCS 689/15-b new)

17 Sec. 15-b. Illinois Corn Grain to Fuel Research Consortium  
18 Assistance Program. The Department shall develop and  
19 administer a grant program to assist members of the Illinois  
20 Corn Grain to Fuel Research Consortium in research and support  
21 efforts on behalf of corn kernel to fuel alcohol and value  
22 added co-products, corn stover to fuel alcohol, and cellulosic  
23 fuel alcohol production. The Department shall solicit  
24 proposals for funding if they provide for research in the  
25 Consortium member's own laboratories, for research

1 collaborations among Consortium members, or for members  
2 outside the Consortium conducting pilot testing at the National  
3 Corn-to-Ethanol Research Center. Preference will be given to  
4 projects in partnership with industry or for project pilot  
5 scale demonstration that advance Illinois leadership in the  
6 development of a bio-based economy.

7 (20 ILCS 689/20)

8 Sec. 20. Grants. Subject to appropriation, the Director is  
9 authorized to award Renewable Fuels Development Program Fund  
10 grants to eligible applicants. The annual aggregate amount of  
11 grants awarded for:

12 (1) the Illinois Renewable Fuels Development Program  
13 may ~~shall~~ not exceed \$25,000,000 in Fiscal Years 2010  
14 through 2014 ~~\$20,000,000~~. For the purposes of this item  
15 (1): in Fiscal Year 2010 and 2011, 70% of annual grant  
16 funds must be used for ethanol facilities and 30% must be  
17 used for biodiesel facilities; and in Fiscal Year 2012 and  
18 thereafter, no more than \$5,000,000 annually may be used  
19 for biodiesel facilities. If, in any one year, the  
20 Department determines that there are not sufficient  
21 proposed facilities for ethanol or biodiesel facilities to  
22 use the maximum grant funds available, as specified above  
23 for the category of facility, then the Department may use  
24 the appropriated grant funds for the other category of  
25 facility.

1           (2) the Illinois Corn Grain to Fuel Research Consortium  
2           Assistance Program may not exceed \$20,000,000 annually, of  
3           which no less than \$5,000,000 annually shall be used for  
4           corn stover to fuel alcohol and other cellulosic fuel  
5           alcohol research.

6           (Source: P.A. 93-15, eff. 6-11-03; 93-618, eff. 12-11-03;  
7           94-839, eff. 6-6-06.)

8           (20 ILCS 689/20-a new)

9           Sec. 20-a. Annual Limit on Program Funding. Normal  
10          operating and execution of renewable fuels programs in  
11          existence on January 1, 2006 within the Department from the  
12          Renewable Fuels Development Program Fund shall not exceed  
13          \$5,000,000 annually.

14          Section 10. The State Finance Act is amended by adding  
15          Sections 5.719 and 6z-76 as follows:

16          (30 ILCS 105/5.719 new)

17          Sec. 5.719. The Renewable Fuels Development Program Fund.

18          (30 ILCS 105/6z-76 new)

19          Sec. 6z-76. Renewable Fuels Development Program Fund. The  
20          Renewable Fuels Development Program Fund is created as a  
21          special fund in the State treasury. Moneys in the Fund may be  
22          used by the Department of Commerce and Economic Opportunity,

1 subject to appropriation, for the Illinois Renewable Fuels  
2 Program, the Illinois Corn Grain to Fuel Research Consortium  
3 Assistance Program, and other renewable fuel programs as  
4 contained in Sections 20 and 20-a of the Illinois Renewable  
5 Fuels Development Program Act.

6 Moneys received for the purpose of this Section, including,  
7 without limitation, fund transfers, gifts, grants, and awards  
8 from any public or private entity, must be deposited into the  
9 Fund. Any interest earned on moneys in the Fund must be  
10 deposited into the Fund.

11 The State Comptroller and State Treasurer shall  
12 automatically transfer on the last day of each month, beginning  
13 on July 30, 2009 and continuing through and including June 30,  
14 2014, from the General Revenue Fund to the Renewable Fuels  
15 Development Program Fund, an amount equal to 1/12 of  
16 \$25,000,000.

17 There must be deposited into the Renewable Fuels  
18 Development Program Fund such bond proceeds and other moneys as  
19 may, from time to time, be provided by law.

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

22 (35 ILCS 105/3-5) (from Ch. 120, par. 439.3-5)

23 Sec. 3-5. Exemptions. Use of the following tangible  
24 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 not-for-profit  
9 Illinois county fair association for use in conducting,  
10 operating, or promoting the county fair.

11           (3) Personal property purchased by 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) Personal property purchased by a governmental body, by

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

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

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

26 (7) Farm chemicals.

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

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

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

19           (11) 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 (11). Agricultural chemical tender tanks and dry  
8 boxes 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 (11) is exempt from the

1 provisions of Section 3-90.

2 (12) 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 (13) Proceeds of mandatory service charges separately  
10 stated on customers' bills for the purchase and consumption of  
11 food and beverages purchased at retail from a retailer, to the  
12 extent that the proceeds of the service charge are in fact  
13 turned over as tips or as a substitute for tips to the  
14 employees who participate directly in preparing, serving,  
15 hosting or cleaning up the food or beverage function with  
16 respect to which the service charge is imposed.

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

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

1 a particular purchaser.

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

1 coin-operated amusement and vending machines. This paragraph  
2 is exempt from the provisions of Section 3-90.

3 (30) Beginning January 1, 2001 and through June 30, 2011,  
4 food for human consumption that is to be consumed off the  
5 premises where it is sold (other than alcoholic beverages, soft  
6 drinks, and food that has been prepared for immediate  
7 consumption) and prescription and nonprescription medicines,  
8 drugs, medical appliances, and insulin, urine testing  
9 materials, syringes, and needles used by diabetics, for human  
10 use, when purchased for use by a person receiving medical  
11 assistance under Article 5 of the Illinois Public Aid Code who  
12 resides in a licensed long-term care facility, as defined in  
13 the Nursing Home Care Act.

14 (31) Beginning on the effective date of this amendatory Act  
15 of the 92nd General Assembly, computers and communications  
16 equipment utilized for any hospital purpose and equipment used  
17 in the diagnosis, analysis, or treatment of hospital patients  
18 purchased by a lessor who leases the equipment, under a lease  
19 of one year or longer executed or in effect at the time the  
20 lessor would otherwise be subject to the tax imposed by this  
21 Act, to a hospital that has been issued an active tax exemption  
22 identification number by the Department under Section 1g of the  
23 Retailers' Occupation Tax Act. If the equipment is leased in a  
24 manner that does not qualify for this exemption or is used in  
25 any other nonexempt manner, the lessor shall be liable for the  
26 tax imposed under this Act or the Service Use Tax Act, as the

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

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

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

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

1 furtherance of any commercial or industrial enterprise,  
2 whether for-hire or not.

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

10 (35) Beginning on July 1, 2009, that part of the selling  
11 price of motor fuel or gasohol that exceeds \$2.50 per gallon.  
12 This paragraph is exempt from the provisions of Section 3-90.

13 (Source: P.A. 94-1002, eff. 7-3-06; 95-88, eff. 1-1-08; 95-538,  
14 eff. 1-1-08; 95-876, eff. 8-21-08.)

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

17 (35 ILCS 110/3-5) (from Ch. 120, par. 439.33-5)

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

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

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

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

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

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

25 (5) Until July 1, 2003 and beginning again on September 1,  
26 2004, graphic arts machinery and equipment, including repair



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

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

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

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

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

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

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

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

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

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

25           (12) Until July 1, 2003, 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 (13) Semen used for artificial insemination of livestock  
6 for direct agricultural production.

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

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

1 identification number by the Department under Section 1g of the  
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 non-exempt 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 non-qualifying use occurs. No lessor shall collect or  
8 attempt to collect an amount (however designated) that purports  
9 to reimburse that lessor for the tax imposed by this Act or the  
10 Use Tax Act, as the case may be, if the tax has not been paid by  
11 the lessor. If a lessor improperly collects any such amount  
12 from the lessee, the lessee shall have a legal right to claim a  
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.

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

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

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

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

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

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

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

1 than 6 weeks duration and designed to prepare individuals to  
2 follow a trade or to pursue a manual, technical, mechanical,  
3 industrial, business, or commercial occupation.

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

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



1 is exempt from the provisions of Section 3-75.

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

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

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

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

1 the lessor. If a lessor improperly collects any such amount  
2 from the lessee, the lessee shall have a legal right to claim a  
3 refund of that amount from the lessor. If, however, that amount  
4 is not refunded to the lessee for any reason, the lessor is  
5 liable to pay that amount to the Department. This paragraph is  
6 exempt from the provisions of Section 3-75.

7 (26) 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 3-75.

14 (27) Beginning on July 1, 2009, that part of the selling  
15 price of motor fuel or gasohol that exceeds \$2.50 per gallon.  
16 This paragraph is exempt from the provisions of Section 3-75.

17 (Source: P.A. 94-1002, eff. 7-3-06; 95-88, eff. 1-1-08; 95-538,  
18 eff. 1-1-08; 95-876, eff. 8-21-08.)

19 Section 25. The Service Occupation Tax Act is amended by  
20 changing Section 3-5 as follows:

21 (35 ILCS 115/3-5) (from Ch. 120, par. 439.103-5)

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

24 (1) 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 (2) Personal property purchased by a not-for-profit  
8 Illinois county fair association for use in conducting,  
9 operating, or promoting the county fair.

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

25 (4) Legal tender, currency, medallions, or gold or silver  
26 coinage issued by the State of Illinois, the government of the

1 United States of America, or the government of any foreign  
2 country, and bullion.

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

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

15 (7) 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 (7). Agricultural chemical tender tanks and dry boxes  
4 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 (7) is exempt from the  
23 provisions of Section 3-55.

24 (8) 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 (9) Proceeds of mandatory service charges separately  
6 stated on customers' bills for the purchase and consumption of  
7 food and beverages, to the extent that the proceeds of the  
8 service charge are in fact turned over as tips or as a  
9 substitute for tips to the employees who participate directly  
10 in preparing, serving, hosting or cleaning up the food or  
11 beverage function with respect to which the service charge is  
12 imposed.

13 (10) 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 (11) 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           (12) 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           (13) Beginning January 1, 1992 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 non-prescription 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 5 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.

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

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



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

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

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

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

1 that has been issued a sales tax exemption identification  
2 number by the Department that assists victims of the disaster  
3 who reside within the declared disaster area.

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

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

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

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

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

1 exempt from the provisions of Section 3-55.

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

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

22 (25) Beginning on the effective date of this amendatory Act  
23 of the 92nd General Assembly, personal property sold to a  
24 lessor who leases the property, under a lease of one year or  
25 longer executed or in effect at the time of the purchase, to a  
26 governmental body that has been issued an active tax exemption

1 identification number by the Department under Section 1g of the  
2 Retailers' Occupation Tax Act. This paragraph is exempt from  
3 the provisions of Section 3-55.

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

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

8 (28) Beginning on July 1, 2009, that part of the selling  
9 price of motor fuel or gasohol that exceeds \$2.50 per gallon.  
10 This paragraph is exempt from the provisions of Section 3-55.

11 (Source: P.A. 94-1002, eff. 7-3-06; 95-88, eff. 1-1-08; 95-538,  
12 eff. 1-1-08; 95-876, eff. 8-21-08.)

13 Section 30. The Retailers' Occupation Tax Act is amended by  
14 changing Section 2-5 as follows:

15 (35 ILCS 120/2-5) (from Ch. 120, par. 441-5)

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

19 (1) Farm chemicals.

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

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

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

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

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

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

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

20 (5) A motor vehicle of the first division, a motor vehicle  
21 of the second division that is a self contained motor vehicle  
22 designed or permanently converted to provide living quarters  
23 for recreational, camping, or travel use, with direct walk  
24 through access to the living quarters from the driver's seat,  
25 or a motor vehicle of the second division that is of the van  
26 configuration designed for the transportation of not less than



1 7 nor more than 16 passengers, as defined in Section 1-146 of  
2 the Illinois Vehicle Code, that is used for automobile renting,  
3 as defined in the Automobile Renting Occupation and Use Tax  
4 Act. This paragraph is exempt from the provisions of Section  
5 2-70.

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

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

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

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

1 an entity otherwise eligible for this exemption shall not make  
2 tax-free purchases unless it has an active identification  
3 number issued by the Department.

4 (10) 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 (11) Personal property sold to a governmental body, to a  
12 corporation, society, association, foundation, or institution  
13 organized and operated exclusively for charitable, religious,  
14 or educational purposes, or to a not-for-profit corporation,  
15 society, association, foundation, institution, or organization  
16 that has no compensated officers or employees and that is  
17 organized and operated primarily for the recreation of persons  
18 55 years of age or older. A limited liability company may  
19 qualify for the exemption under this paragraph only if the  
20 limited liability company is organized and operated  
21 exclusively for educational purposes. On and after July 1,  
22 1987, however, no entity otherwise eligible for this exemption  
23 shall make tax-free purchases unless it has an active  
24 identification number issued by the Department.

25 (12) Tangible personal property sold to interstate  
26 carriers for hire for use as rolling stock moving in interstate

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

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

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

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

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

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

26 (16) Petroleum products sold to a purchaser if the seller

1 is prohibited by federal law from charging tax to the  
2 purchaser.

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

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

15 (19) 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 (20) Photoprocessing machinery and equipment, including  
25 repair and replacement parts, both new and used, including that  
26 manufactured on special order, certified by the purchaser to be

1 used primarily for photoprocessing, and including  
2 photoprocessing machinery and equipment purchased for lease.

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

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

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

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

25 (25) Except as provided in item (25-5) of this Section, a  
26 motor vehicle sold in this State to a nonresident even though

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

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

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

13 (25-7) Beginning on July 1, 2007, no tax is imposed under  
14 this Act on the sale of an aircraft, as defined in Section 3 of  
15 the Illinois Aeronautics Act, if all of the following  
16 conditions are met:

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

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

25 (3) the seller retains in his or her books and records  
26 and provides to the Department a signed and dated



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

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

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

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

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

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

22 (27) 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 (27) is exempt from the provisions  
2 of Section 2-70, and the exemption provided for under this item  
3 (27) 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 (the effective date of Public Act 95-88) for such taxes  
6 paid during the period beginning May 30, 2000 and ending on  
7 January 1, 2008 (the effective date of Public Act 95-88) .

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

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

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

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

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

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

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

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

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

1 from the sale to the fundraising entity. This paragraph is  
2 exempt from the provisions of Section 2-70.

3 (35) Beginning January 1, 2000 and through December 31,  
4 2001, new or used automatic vending machines that prepare and  
5 serve hot food and beverages, including coffee, soup, and other  
6 items, and replacement parts for these machines. Beginning  
7 January 1, 2002 and through June 30, 2003, machines and parts  
8 for machines used in commercial, coin-operated amusement and  
9 vending business if a use or occupation tax is paid on the  
10 gross receipts derived from the use of the commercial,  
11 coin-operated amusement and vending machines. This paragraph  
12 is exempt from the provisions of Section 2-70.

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

24 (36) Beginning August 2, 2001, computers and  
25 communications equipment utilized for any hospital purpose and  
26 equipment used in the diagnosis, analysis, or treatment of

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

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

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

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

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

18 (40) Beginning on July 1, 2009, that part of the selling  
19 price of motor fuel or gasohol that exceeds \$2.50 per gallon.  
20 This paragraph is exempt from the provisions of Section 2-70.

21 (Source: P.A. 94-1002, eff. 7-3-06; 95-88, eff. 1-1-08; 95-233,  
22 eff. 8-16-07; 95-304, eff. 8-20-07; 95-538, eff. 1-1-08;  
23 95-707, eff. 1-11-08; 95-876, eff. 8-21-08.)

24 Section 99. Effective date. This Act takes effect upon  
25 becoming law.