



99TH GENERAL ASSEMBLY

State of Illinois

2015 and 2016

SB2786

Introduced 2/17/2016, by Sen. Terry Link

SYNOPSIS AS INTRODUCED:

20 ILCS 605/605-333 new
35 ILCS 105/3-5
35 ILCS 110/3-5
35 ILCS 115/3-5
35 ILCS 120/2-5
35 ILCS 640/2-4

Amends the Use Tax Act, the Service Use Tax, the Service Occupation Tax Act, and the Retailers' Occupation Tax Act. Provides that, beginning on July 1, 2016, tangible personal property used in the construction or operation of a new or existing data center that has been granted a certificate of exemption by the Department of Commerce and Economic Opportunity is exempt from the taxes imposed under those Acts. Amends the Electricity Excise Tax Law. Provides that, beginning on July 1, 2016, business enterprises that are certified as qualifying Illinois data centers by the Department of Commerce and Economic Opportunity are exempt from the taxes imposed under the Act. Amends the Department of Commerce and Economic Opportunity Law of the Civil Administrative Code of Illinois to provide for certification of qualified data centers. Effective immediately.

LRB099 17730 HLH 42090 b

1 AN ACT concerning revenue.

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

4 Section 5. The Department of Commerce and Economic
5 Opportunity Law of the Civil Administrative Code of Illinois is
6 amended by adding Section 605-333 as follows:

7 (20 ILCS 605/605-333 new)

8 Sec. 605-333. Data center investment.

9 (a) The Department shall issue certificates of exemption
10 from the Retailers' Occupation Tax Act, the Use Tax Act, the
11 Service Use Tax Act, the Service Occupation Tax Act, and the
12 Electricity Excise Tax Act to qualifying Illinois data centers.

13 (b) Definitions:

14 For purposes of this Section:

15 "Data center" means a building or a series of buildings
16 rehabilitated or constructed to house a group of networked
17 server computers in one physical location or several sites
18 in order to centralize the storage, management, and
19 dissemination of data and information.

20 "Full-time equivalent job" means a job in which the new
21 employee works for the owner, operator, or tenant of a data
22 center or for a corporation under contract with the owner,
23 operator, or tenant of a data center at a rate of at least

1 35 hours per week. An owner, operator, or tenant who
2 employs labor or services at a specific site or facility
3 under contract with another may declare one full-time,
4 permanent job for every 1,820 man hours worked per year
5 under that contract. Vacations, paid holidays, and sick
6 time are included in this computation. Overtime is not
7 considered a part of regular hours.

8 "Qualifying Illinois data center" means a data center
9 that:

10 (1) is located in Illinois;

11 (2) results in a new capital investment on or after
12 July 1, 2016 of at least \$25,000,000, collectively, by
13 the data center operator and the tenants of the data
14 center over a period of 48 months; and

15 (3) results in the creation on or after July 1,
16 2016 and over a period of 48 months of at last 10
17 full-time or full-time equivalent new jobs by the data
18 center operator and the tenants of the data center,
19 collectively, associated with the operation or
20 maintenance of the data center.

21 (c) Data centers seeking qualification for a new or
22 expanding facility shall apply to the Department in the manner
23 specified by the Department. The Department and any qualifying
24 person seeking to claim the exemption, including a data center
25 operator on behalf of itself and its tenants, must enter into a
26 memorandum of understanding that, at a minimum, provides the

1 details for determining the amount of capital investment made
2 and the number of new jobs created, the timeline for achieving
3 the capital investment and new job goals, the repayment
4 obligation should those goals not be achieved, and any
5 conditions under which repayment by the qualifying data center
6 or data center tenant claiming the exemption may be required.

7 (d) In addition, the exemption shall apply to any such
8 computer equipment or enabling equipment, software purchased
9 or leased to upgrade, supplement, or replace computer equipment
10 or enabling software purchased or leased in the initial
11 investment. Data centers that would have qualified under
12 subsection (b) above prior to July 1, 2016, may apply for and
13 obtain an exemption for subsequent purchases of computer
14 equipment or enabling software purchased or leased to upgrade,
15 supplement, or replace computer equipment or enabling software
16 purchased or leased in the original investment that would have
17 qualified under subsection (b) above.

18 (e) Beginning July 15, 2016, and by July 15 of each year
19 thereafter, the Department shall compile an annual report on
20 the outcomes and effectiveness of this Act.

21 Section 10. The Use Tax Act is amended by changing Section
22 3-5 as follows:

23 (35 ILCS 105/3-5)

24 Sec. 3-5. Exemptions. Use of the following tangible

1 personal property is exempt from the tax imposed by this Act:

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

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

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

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

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

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

1 graphic arts product.

2 (7) Farm chemicals.

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

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

10 (10) A motor vehicle that is used for automobile renting,
11 as defined in the Automobile Renting Occupation and Use Tax
12 Act.

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

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

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

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

22 (12) Until June 30, 2013, fuel and petroleum products sold
23 to or used by an air common carrier, certified by the carrier
24 to be used for consumption, shipment, or storage in the conduct
25 of its business as an air common carrier, for a flight destined
26 for or returning from a location or locations outside the

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

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

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

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

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

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

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

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

26 (18) Manufacturing and assembling machinery and equipment

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

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

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

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

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

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

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

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

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

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

25 (26) Beginning July 1, 1999, game or game birds purchased
26 at a "game breeding and hunting preserve area" as that term is

1 used in the Wildlife Code. This paragraph is exempt from the
2 provisions of Section 3-90.

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

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

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

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

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

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

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

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

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

1 from the provisions of Section 3-90.

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

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

1 exempt from the provisions of Section 3-90.

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

1 paragraph (35) by Public Act 98-534 are declarative of existing
2 law.

3 (36) Tangible personal property purchased by a
4 public-facilities corporation, as described in Section
5 11-65-10 of the Illinois Municipal Code, for purposes of
6 constructing or furnishing a municipal convention hall, but
7 only if the legal title to the municipal convention hall is
8 transferred to the municipality without any further
9 consideration by or on behalf of the municipality at the time
10 of the completion of the municipal convention hall or upon the
11 retirement or redemption of any bonds or other debt instruments
12 issued by the public-facilities corporation in connection with
13 the development of the municipal convention hall. This
14 exemption includes existing public-facilities corporations as
15 provided in Section 11-65-25 of the Illinois Municipal Code.
16 This paragraph is exempt from the provisions of Section 3-90.

17 (37) Beginning on July 1, 2016, qualified tangible personal
18 property used in the construction or operation of a data center
19 that has been granted a certificate of exemption by the
20 Department of Commerce and Economic Opportunity under Section
21 605-333 of the Department of Commerce and Economic Opportunity
22 Law of the Civil Administrative Code of Illinois, whether that
23 tangible personal property is purchased by the owner of the
24 data center or by a contractor, subcontractor, or tenant of the
25 owner.

26 For the purposes of this item (37):

1 "Data center" has the meaning given to that term in
2 Section 605-333 of the Department of Commerce and Economic
3 Opportunity Law of the Civil Administrative Code of
4 Illinois.

5 "Qualified tangible personal property" means
6 electrical systems and equipment; mechanical systems and
7 equipment; emergency generators; hardware of distributed
8 computers or servers; data storage devices; network
9 connectivity equipment; racks; cabinets; raised floor
10 systems; peripheral components or systems; software;
11 mechanical, electrical, or plumbing systems necessary to
12 operate other items of tangible personal property,
13 including fixtures; and component parts of any of the
14 foregoing, including installation, maintenance, repair,
15 refurbishment, and replacement of qualified tangible
16 personal property. The term "qualified tangible personal
17 property" also includes building materials physically
18 incorporated into the qualifying data center. To document
19 the exemption allowed under this Section, the retailer must
20 obtain from the purchaser a copy of the certificate of
21 eligibility issued by the Department of Commerce and
22 Economic Opportunity.

23 This item (37) is exempt from the provisions of Section
24 3-90.

25 (Source: P.A. 98-104, eff. 7-22-13; 98-422, eff. 8-16-13;
26 98-456, eff. 8-16-13; 98-534, eff. 8-23-13; 98-574, eff.

1 1-1-14; 98-583, eff. 1-1-14; 98-756, eff. 7-16-14; 99-180, eff.
2 7-29-15.)

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

5 (35 ILCS 110/3-5)

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

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

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

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

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

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

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

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

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

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

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

26 Farm machinery and equipment also includes computers,

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

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

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

25 (9) Proceeds of mandatory service charges separately
26 stated on customers' bills for the purchase and consumption of

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

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

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

23 (12) Coal and aggregate exploration, mining, off-highway
24 hauling, processing, maintenance, and reclamation equipment,
25 including replacement parts and equipment, and including
26 equipment purchased for lease, but excluding motor vehicles

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

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

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

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

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

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

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

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

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

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

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

13 (20) 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 (21) 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 3-75.

19 (22) 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 3-75.

3 (23) Beginning August 23, 2001 and through June 30, 2016,
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 V 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, or in a licensed facility as defined
14 in the ID/DD Community Care Act, the MC/DD Act, or the
15 Specialized Mental Health Rehabilitation Act of 2013.

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

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

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

1 attempt to collect an amount (however designated) that purports
2 to reimburse that lessor for the tax imposed by this Act or the
3 Use Tax Act, as the case may be, if the tax has not been paid by
4 the lessor. If a lessor improperly collects any such amount
5 from the lessee, the lessee shall have a legal right to claim a
6 refund of that amount from the lessor. If, however, that amount
7 is not refunded to the lessee for any reason, the lessor is
8 liable to pay that amount to the Department. This paragraph is
9 exempt from the provisions of Section 3-75.

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

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

1 engines or power plants are installed or uninstalled upon any
2 such aircraft. "Consumable supplies" include, but are not
3 limited to, adhesive, tape, sandpaper, general purpose
4 lubricants, cleaning solution, latex gloves, and protective
5 films. This exemption applies only to the use of qualifying
6 tangible personal property transferred incident to the
7 modification, refurbishment, completion, replacement, repair,
8 or maintenance of aircraft by persons who (i) hold an Air
9 Agency Certificate and are empowered to operate an approved
10 repair station by the Federal Aviation Administration, (ii)
11 have a Class IV Rating, and (iii) conduct operations in
12 accordance with Part 145 of the Federal Aviation Regulations.
13 The exemption does not include aircraft operated by a
14 commercial air carrier providing scheduled passenger air
15 service pursuant to authority issued under Part 121 or Part 129
16 of the Federal Aviation Regulations. The changes made to this
17 paragraph (27) by Public Act 98-534 are declarative of existing
18 law.

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

1 retirement or redemption of any bonds or other debt instruments
2 issued by the public-facilities corporation in connection with
3 the development of the municipal convention hall. This
4 exemption includes existing public-facilities corporations as
5 provided in Section 11-65-25 of the Illinois Municipal Code.
6 This paragraph is exempt from the provisions of Section 3-75.

7 (29) Beginning on July 1, 2016, qualified tangible personal
8 property used in the construction or operation of a data center
9 that has been granted a certificate of exemption by the
10 Department of Commerce and Economic Opportunity under Section
11 605-333 of the Department of Commerce and Economic Opportunity
12 Law of the Civil Administrative Code of Illinois, whether that
13 tangible personal property is purchased by the owner of the
14 data center or by a contractor, subcontractor, or tenant of the
15 owner.

16 For the purposes of this item (29):

17 "Data center" has the meaning given to that term in
18 Section 605-333 of the Department of Commerce and Economic
19 Opportunity Law of the Civil Administrative Code of
20 Illinois.

21 "Qualified tangible personal property" means
22 electrical systems and equipment; mechanical systems and
23 equipment; emergency generators; hardware of distributed
24 computers or servers; data storage devices; network
25 connectivity equipment; racks; cabinets; raised floor
26 systems; peripheral components or systems; software;

1 mechanical, electrical, or plumbing systems necessary to
2 operate other items of tangible personal property,
3 including fixtures; and component parts of any of the
4 foregoing, including installation, maintenance, repair,
5 refurbishment, and replacement of qualified tangible
6 personal property. The term "qualified tangible personal
7 property" also includes building materials physically
8 incorporated into the qualifying data center. To document
9 the exemption allowed under this Section, the retailer must
10 obtain from the purchaser a copy of the certificate of
11 eligibility issued by the Department of Commerce and
12 Economic Opportunity.

13 This item (29) is exempt from the provisions of Section
14 3-75.

15 (Source: P.A. 98-104, eff. 7-22-13; 98-422, eff. 8-16-13;
16 98-456, eff. 8-16-13; 98-534, eff. 8-23-13; 98-756, eff.
17 7-16-14; 99-180, eff. 7-29-15.)

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

20 (35 ILCS 115/3-5)

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

23 (1) Personal property sold by a corporation, society,
24 association, foundation, institution, or organization, other

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

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

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

24 (4) Legal tender, currency, medallions, or gold or silver
25 coinage issued by the State of Illinois, the government of the
26 United States of America, or the government of any foreign

1 country, and bullion.

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

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

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

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

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

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

23 (8) Until June 30, 2013, fuel and petroleum products sold
24 to or used by an air common carrier, certified by the carrier
25 to be used for consumption, shipment, or storage in the conduct
26 of its business as an air common carrier, for a flight destined

1 for or returning from a location or locations outside the
2 United States without regard to previous or subsequent domestic
3 stopovers.

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

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

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

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

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

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

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

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

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

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

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

1 hospital that has been issued an active tax exemption
2 identification number by the Department under Section 1g of the
3 Retailers' Occupation Tax Act.

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

10 (18) Beginning with taxable years ending on or after
11 December 31, 1995 and ending with taxable years ending on or
12 before December 31, 2004, personal property that is 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 (19) 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 (20) Beginning July 1, 1999, game or game birds sold at a
7 "game breeding and hunting preserve area" as that term is used
8 in the Wildlife Code. This paragraph is exempt from the
9 provisions of Section 3-55.

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

1 industrial, business, or commercial occupation.

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

16 (23) Beginning January 1, 2000 and through December 31,
17 2001, new or used automatic vending machines that prepare and
18 serve hot food and beverages, including coffee, soup, and other
19 items, and replacement parts for these machines. Beginning
20 January 1, 2002 and through June 30, 2003, machines and parts
21 for machines used in commercial, coin-operated amusement and
22 vending business if a use or occupation tax is paid on the
23 gross receipts derived from the use of the commercial,
24 coin-operated amusement and vending machines. This paragraph
25 is exempt from the provisions of Section 3-55.

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

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

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

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

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

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

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

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

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

1 or maintenance of an aircraft by persons who (i) hold an Air
2 Agency Certificate and are empowered to operate an approved
3 repair station by the Federal Aviation Administration, (ii)
4 have a Class IV Rating, and (iii) conduct operations in
5 accordance with Part 145 of the Federal Aviation Regulations.
6 The exemption does not include aircraft operated by a
7 commercial air carrier providing scheduled passenger air
8 service pursuant to authority issued under Part 121 or Part 129
9 of the Federal Aviation Regulations. The changes made to this
10 paragraph (29) by Public Act 98-534 are declarative of existing
11 law.

12 (30) Beginning on July 1, 2016, qualified tangible personal
13 property used in the construction or operation of a data center
14 that has been granted a certificate of exemption by the
15 Department of Commerce and Economic Opportunity under Section
16 605-333 of the Department of Commerce and Economic Opportunity
17 Law of the Civil Administrative Code of Illinois, whether that
18 tangible personal property is purchased by the owner of the
19 data center or by a contractor, subcontractor, or tenant of the
20 owner.

21 For the purposes of this item (30):

22 "Data center" has the meaning given to that term in
23 Section 605-333 of the Department of Commerce and Economic
24 Opportunity Law of the Civil Administrative Code of
25 Illinois.

26 "Qualified tangible personal property" means

1 electrical systems and equipment; mechanical systems and
2 equipment; emergency generators; hardware of distributed
3 computers or servers; data storage devices; network
4 connectivity equipment; racks; cabinets; raised floor
5 systems; peripheral components or systems; software;
6 mechanical, electrical, or plumbing systems necessary to
7 operate other items of tangible personal property,
8 including fixtures; and component parts of any of the
9 foregoing, including installation, maintenance, repair,
10 refurbishment, and replacement of qualified tangible
11 personal property. The term "qualified tangible personal
12 property" also includes building materials physically
13 incorporated into the qualifying data center. To document
14 the exemption allowed under this Section, the retailer must
15 obtain from the purchaser a copy of the certificate of
16 eligibility issued by the Department of Commerce and
17 Economic Opportunity.

18 This item (30) is exempt from the provisions of Section
19 3-55.

20 (Source: P.A. 98-104, eff. 7-22-13; 98-422, eff. 8-16-13;
21 98-456, eff. 8-16-13; 98-534, eff. 8-23-13; 98-756, eff.
22 7-16-14; 99-180, eff. 7-29-15.)

23 Section 25. The Retailers' Occupation Tax Act is amended by
24 changing Section 2-5 as follows:

1 (35 ILCS 120/2-5)

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

5 (1) Farm chemicals.

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

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

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

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

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

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

1 chemicals or chemicals acting as catalysts but only if the
2 chemicals or chemicals acting as catalysts effect a direct and
3 immediate change upon a graphic arts product.

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

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

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

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

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

1 of this amendatory Act of the 92nd General Assembly, however,
2 an entity otherwise eligible for this exemption shall not make
3 tax-free purchases unless it has an active identification
4 number issued by the Department.

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

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

26 (12) Tangible personal property sold to interstate

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

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

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

1 are declaratory of existing law as to the meaning and scope of
2 this exemption.

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

10 (16) Petroleum products sold to a purchaser if the seller
11 is prohibited by federal law from charging tax to the
12 purchaser.

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

21 (18) 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 (19) Until July 1 2003, oil field exploration, drilling,
26 and production equipment, including (i) rigs and parts of rigs,

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

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

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

24 (22) Until June 30, 2013, fuel and petroleum products sold
25 to or used by an air carrier, certified by the carrier to be
26 used for consumption, shipment, or storage in the conduct of

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

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

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" as that term is used
19 in the Wildlife Code. This paragraph is exempt from the
20 provisions of Section 2-70.

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

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

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

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

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

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 2016, 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 January 1, 2010, materials, parts,
19 equipment, components, and furnishings incorporated into or
20 upon an aircraft as part of the modification, refurbishment,
21 completion, replacement, repair, or maintenance of the
22 aircraft. This exemption includes consumable supplies used in
23 the modification, refurbishment, completion, replacement,
24 repair, and maintenance of aircraft, but excludes any
25 materials, parts, equipment, components, and consumable
26 supplies used in the modification, replacement, repair, and

1 maintenance of aircraft engines or power plants, whether such
2 engines or power plants are installed or uninstalled upon any
3 such aircraft. "Consumable supplies" include, but are not
4 limited to, adhesive, tape, sandpaper, general purpose
5 lubricants, cleaning solution, latex gloves, and protective
6 films. This exemption applies only to the sale of qualifying
7 tangible personal property to persons who modify, refurbish,
8 complete, replace, or maintain an aircraft and who (i) hold an
9 Air Agency Certificate and are empowered to operate an approved
10 repair station by the Federal Aviation Administration, (ii)
11 have a Class IV Rating, and (iii) conduct operations in
12 accordance with Part 145 of the Federal Aviation Regulations.
13 The exemption does not include aircraft operated by a
14 commercial air carrier providing scheduled passenger air
15 service pursuant to authority issued under Part 121 or Part 129
16 of the Federal Aviation Regulations. The changes made to this
17 paragraph (40) by Public Act 98-534 are declarative of existing
18 law.

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

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

7 (42) Beginning on July 1, 2016, qualified tangible personal
8 property used in the construction or operation of a data center
9 that has been granted a certificate of exemption by the
10 Department of Commerce and Economic Opportunity under Section
11 605-333 of the Department of Commerce and Economic Opportunity
12 Law of the Civil Administrative Code of Illinois, whether that
13 tangible personal property is purchased by the owner of the
14 data center or by a contractor, subcontractor, or tenant of the
15 owner.

16 For the purposes of this item (42):

17 "Data center" has the meaning given to that term in
18 Section 605-333 of the Department of Commerce and Economic
19 Opportunity Law of the Civil Administrative Code of
20 Illinois.

21 "Qualified tangible personal property" means
22 electrical systems and equipment; mechanical systems and
23 equipment; emergency generators; hardware of distributed
24 computers or servers; data storage devices; network
25 connectivity equipment; racks; cabinets; raised floor
26 systems; peripheral components or systems; software;

1 mechanical, electrical, or plumbing systems necessary to
2 operate other items of tangible personal property,
3 including fixtures; and component parts of any of the
4 foregoing, including installation, maintenance, repair,
5 refurbishment, and replacement of qualified tangible
6 personal property. The term "qualified tangible personal
7 property" also includes building materials physically
8 incorporated into the qualifying data center. To document
9 the exemption allowed under this Section, the retailer must
10 obtain from the purchaser a copy of the certificate of
11 eligibility issued by the Department of Commerce and
12 Economic Opportunity.

13 This item (42) is exempt from the provisions of Section
14 2-70.

15 (Source: P.A. 98-104, eff. 7-22-13; 98-422, eff. 8-16-13;
16 98-456, eff. 8-16-13; 98-534, eff. 8-23-13; 98-574, eff.
17 1-1-14; 98-583, eff. 1-1-14; 98-756, eff. 7-16-14; 99-180, eff.
18 7-29-15.)

19 Section 30. The Electricity Excise Tax Law is amended by
20 changing Section 2-4 as follows:

21 (35 ILCS 640/2-4)

22 Sec. 2-4. Tax imposed.

23 (a) Except as provided in subsection (b), a tax is imposed
24 on the privilege of using in this State electricity purchased

1 for use or consumption and not for resale, other than by
2 municipal corporations owning and operating a local
3 transportation system for public service, at the following
4 rates per kilowatt-hour delivered to the purchaser:

5 (i) For the first 2000 kilowatt-hours used or consumed
6 in a month: 0.330 cents per kilowatt-hour;

7 (ii) For the next 48,000 kilowatt-hours used or
8 consumed in a month: 0.319 cents per kilowatt-hour;

9 (iii) For the next 50,000 kilowatt-hours used or
10 consumed in a month: 0.303 cents per kilowatt-hour;

11 (iv) For the next 400,000 kilowatt-hours used or
12 consumed in a month: 0.297 cents per kilowatt-hour;

13 (v) For the next 500,000 kilowatt-hours used or
14 consumed in a month: 0.286 cents per kilowatt-hour;

15 (vi) For the next 2,000,000 kilowatt-hours used or
16 consumed in a month: 0.270 cents per kilowatt-hour;

17 (vii) For the next 2,000,000 kilowatt-hours used or
18 consumed in a month: 0.254 cents per kilowatt-hour;

19 (viii) For the next 5,000,000 kilowatt-hours used or
20 consumed in a month: 0.233 cents per kilowatt-hour;

21 (ix) For the next 10,000,000 kilowatt-hours used or
22 consumed in a month: 0.207 cents per kilowatt-hour;

23 (x) For all electricity in excess of 20,000,000
24 kilowatt-hours used or consumed in a month: 0.202 cents per
25 kilowatt-hour.

26 Provided, that in lieu of the foregoing rates, the tax is

1 imposed on a self-assessing purchaser at the rate of 5.1% of
2 the self-assessing purchaser's purchase price for all
3 electricity distributed, supplied, furnished, sold,
4 transmitted and delivered to the self-assessing purchaser in a
5 month.

6 (b) A tax is imposed on the privilege of using in this
7 State electricity purchased from a municipal system or electric
8 cooperative, as defined in Article XVII of the Public Utilities
9 Act, which has not made an election as permitted by either
10 Section 17-200 or Section 17-300 of such Act, at the lesser of
11 0.32 cents per kilowatt hour of all electricity distributed,
12 supplied, furnished, sold, transmitted, and delivered by such
13 municipal system or electric cooperative to the purchaser or 5%
14 of each such purchaser's purchase price for all electricity
15 distributed, supplied, furnished, sold, transmitted, and
16 delivered by such municipal system or electric cooperative to
17 the purchaser, whichever is the lower rate as applied to each
18 purchaser in each billing period.

19 (c) The tax imposed by this Section 2-4 is not imposed with
20 respect to any use of electricity by business enterprises
21 certified under Section 9-222.1 or 9-222.1A of the Public
22 Utilities Act, as amended, to the extent of such exemption and
23 during the time specified by the Department of Commerce and
24 Economic Opportunity; or with respect to any transaction in
25 interstate commerce, or otherwise, to the extent to which such
26 transaction may not, under the Constitution and statutes of the

1 United States, be made the subject of taxation by this State.

2 (d) Beginning July 1, 2016, a business enterprise that is
3 certified as a qualified data center by the Department of
4 Commerce and Economic Opportunity under Section 605-333 of the
5 Department of Commerce and Economic Opportunity Law of the
6 Civil Administrative Code of Illinois is exempt from the tax
7 imposed under this Section. The Department of commerce and
8 Economic Opportunity may adopt rules to carry out the
9 provisions of this subsection, including procedures for
10 applying for the exemption. The Department of Commerce and
11 Economic Opportunity shall notify the Department of Revenue of
12 the certification. The Department of Revenue shall then notify
13 the public utility of the exemption status of the business
14 enterprise. The exemption shall take effect upon certification
15 of the qualifying data center.

16 (Source: P.A. 94-793, eff. 5-19-06.)

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