

# HB4400



## 100TH GENERAL ASSEMBLY

State of Illinois

2017 and 2018

HB4400

by Rep. David B. Reis

### SYNOPSIS AS INTRODUCED:

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

Amends the Use Tax Act, the Service Use Tax Act, the Service Occupation Tax Act, and the Retailers' Occupation Tax Act. Reinstates an exemption for oil field exploration, drilling, and production equipment for the period beginning on January 1, 2019 and ending on June 30, 2022. Effective immediately.

LRB100 16763 HLH 31903 b

A BILL FOR

1 AN ACT concerning revenue.

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

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

6 (35 ILCS 105/3-5)

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

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

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

19 (3) Personal property purchased by a not-for-profit arts or  
20 cultural organization that establishes, by proof required by  
21 the Department by rule, that it has received an exemption under  
22 Section 501(c)(3) of the Internal Revenue Code and that is  
23 organized and operated primarily for the presentation or

1 support of arts or cultural programming, activities, or  
2 services. These organizations include, but are not limited to,  
3 music and dramatic arts organizations such as symphony  
4 orchestras and theatrical groups, arts and cultural service  
5 organizations, local arts councils, visual arts organizations,  
6 and media arts organizations. On and after July 1, 2001 (the  
7 effective date of Public Act 92-35) ~~this amendatory Act of the~~  
8 ~~92nd General Assembly~~, however, an entity otherwise eligible  
9 for this exemption shall not make tax-free purchases unless it  
10 has an active identification number issued by the Department.

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

25 (5) Until July 1, 2003, a passenger car that is a  
26 replacement vehicle to the extent that the purchase price of

1 the car is subject to the Replacement Vehicle Tax.

2 (6) 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,  
6 certified by the purchaser to be used primarily for graphic  
7 arts production, and including machinery and equipment  
8 purchased for lease. Equipment includes chemicals or chemicals  
9 acting as catalysts but only if the chemicals or chemicals  
10 acting as catalysts effect a direct and immediate change upon a  
11 graphic arts product. Beginning on July 1, 2017, graphic arts  
12 machinery and equipment is included in the manufacturing and  
13 assembling machinery and equipment exemption under paragraph  
14 (18).

15 (7) Farm chemicals.

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

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

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

26 (11) Farm machinery and equipment, both new and used,

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

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

1 Farm machinery and equipment also includes computers,  
2 sensors, software, and related equipment used primarily in the  
3 computer-assisted operation of production agriculture  
4 facilities, equipment, and activities such as, but not limited  
5 to, the collection, monitoring, and correlation of animal and  
6 crop data for the purpose of formulating animal diets and  
7 agricultural chemicals. This item (11) is exempt from the  
8 provisions of Section 3-90.

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

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

26 (13) Proceeds of mandatory service charges separately

1 stated on customers' bills for the purchase and consumption of  
2 food and beverages purchased at retail from a retailer, to the  
3 extent that the proceeds of the service charge are in fact  
4 turned over as tips or as a substitute for tips to the  
5 employees who participate directly in preparing, serving,  
6 hosting or cleaning up the food or beverage function with  
7 respect to which the service charge is imposed.

8 (14) Until July 1, 2003, and beginning again on January 1,  
9 2019 and ending on June 30, 2022, oil field exploration,  
10 drilling, and production equipment, including (i) rigs and  
11 parts of rigs, rotary rigs, cable tool rigs, and workover rigs,  
12 (ii) pipe and tubular goods, including casing and drill  
13 strings, (iii) pumps and pump-jack units, (iv) storage tanks  
14 and flow lines, (v) any individual replacement part for oil  
15 field exploration, drilling, and production equipment, and  
16 (vi) machinery and equipment purchased for lease; but excluding  
17 motor vehicles required to be registered under the Illinois  
18 Vehicle Code.

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

24 (16) Coal and aggregate exploration, mining, off-highway  
25 hauling, processing, maintenance, and reclamation equipment,  
26 including replacement parts and equipment, and including

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

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

15 (18) Manufacturing and assembling machinery and equipment  
16 used primarily in the process of manufacturing or assembling  
17 tangible personal property for wholesale or retail sale or  
18 lease, whether that sale or lease is made directly by the  
19 manufacturer or by some other person, whether the materials  
20 used in the process are owned by the manufacturer or some other  
21 person, or whether that sale or lease is made apart from or as  
22 an incident to the seller's engaging in the service occupation  
23 of producing machines, tools, dies, jigs, patterns, gauges, or  
24 other similar items of no commercial value on special order for  
25 a particular purchaser. The exemption provided by this  
26 paragraph (18) does not include machinery and equipment used in



1 (i) the generation of electricity for wholesale or retail sale;  
2 (ii) the generation or treatment of natural or artificial gas  
3 for wholesale or retail sale that is delivered to customers  
4 through pipes, pipelines, or mains; or (iii) the treatment of  
5 water for wholesale or retail sale that is delivered to  
6 customers through pipes, pipelines, or mains. The provisions of  
7 Public Act 98-583 are declaratory of existing law as to the  
8 meaning and scope of this exemption. Beginning on July 1, 2017,  
9 the exemption provided by this paragraph (18) includes, but is  
10 not limited to, graphic arts machinery and equipment, as  
11 defined in paragraph (6) of this Section.

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

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

19 (21) Horses, or interests in horses, registered with and  
20 meeting the requirements of any of the Arabian Horse Club  
21 Registry of America, Appaloosa Horse Club, American Quarter  
22 Horse Association, United States Trotting Association, or  
23 Jockey Club, as appropriate, used for purposes of breeding or  
24 racing for prizes. This item (21) is exempt from the provisions  
25 of Section 3-90, and the exemption provided for under this item  
26 (21) applies for all periods beginning May 30, 1995, but no

1 claim for credit or refund is allowed on or after January 1,  
2 2008 for such taxes paid during the period beginning May 30,  
3 2000 and ending on January 1, 2008.

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

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

21           (24) 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 (25) 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 (26) Beginning July 1, 1999, game or game birds purchased  
18 at a "game breeding and hunting preserve area" as that term is  
19 used in the Wildlife Code. This paragraph is exempt from the  
20 provisions of Section 3-90.

21 (27) 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 (28) 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 3-90.

1           (29) 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 3-90.

11           (30) Beginning January 1, 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 in a licensed facility as defined  
22 in the ID/DD Community Care Act, the MC/DD Act, or the  
23 Specialized Mental Health Rehabilitation Act of 2013.

24           (31) Beginning on August 2, 2001 (the effective date of  
25 Public Act 92-227) ~~this amendatory Act of the 92nd General~~  
26 ~~Assembly~~, computers and communications equipment utilized for

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

24 (32) Beginning on August 2, 2001 (the effective date of  
25 Public Act 92-227) ~~this amendatory Act of the 92nd General~~  
26 ~~Assembly~~, personal property purchased by a lessor who leases

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

21 (33) On and after July 1, 2003 and through June 30, 2004,  
22 the use in this State of motor vehicles of the second division  
23 with a gross vehicle weight in excess of 8,000 pounds and that  
24 are subject to the commercial distribution fee imposed under  
25 Section 3-815.1 of the Illinois Vehicle Code. Beginning on July  
26 1, 2004 and through June 30, 2005, the use in this State of



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

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

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

1 repair, and maintenance of aircraft, but excludes any  
2 materials, parts, equipment, components, and consumable  
3 supplies used in the modification, replacement, repair, and  
4 maintenance of aircraft engines or power plants, whether such  
5 engines or power plants are installed or uninstalled upon any  
6 such aircraft. "Consumable supplies" include, but are not  
7 limited to, adhesive, tape, sandpaper, general purpose  
8 lubricants, cleaning solution, latex gloves, and protective  
9 films. This exemption applies only to the use of qualifying  
10 tangible personal property by persons who modify, refurbish,  
11 complete, repair, replace, or maintain aircraft and who (i)  
12 hold an Air Agency Certificate and are empowered to operate an  
13 approved repair station by the Federal Aviation  
14 Administration, (ii) have a Class IV Rating, and (iii) conduct  
15 operations in accordance with Part 145 of the Federal Aviation  
16 Regulations. The exemption does not include aircraft operated  
17 by a commercial air carrier providing scheduled passenger air  
18 service pursuant to authority issued under Part 121 or Part 129  
19 of the Federal Aviation Regulations. The changes made to this  
20 paragraph (35) by Public Act 98-534 are declarative of existing  
21 law.

22 (36) Tangible personal property purchased by 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 3-90.

10 (37) Beginning January 1, 2017, menstrual pads, tampons,  
11 and menstrual cups.

12 (38) Merchandise that is subject to the Rental Purchase  
13 Agreement Occupation and Use Tax. The purchaser must certify  
14 that the item is purchased to be rented subject to a rental  
15 purchase agreement, as defined in the Rental Purchase Agreement  
16 Act, and provide proof of registration under the Rental  
17 Purchase Agreement Occupation and Use Tax Act. This paragraph  
18 is exempt from the provisions of Section 3-90.

19 (Source: P.A. 99-180, eff. 7-29-15; 99-855, eff. 8-19-16;  
20 100-22, eff. 7-6-17; 100-437, eff. 1-1-18; revised 9-27-17.)

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

23 (35 ILCS 110/3-5)

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 non-profit Illinois  
10 county fair association for use in conducting, operating, or  
11 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) Legal tender, currency, medallions, or gold or silver  
2 coinage issued by the State of Illinois, the government of the  
3 United States of America, or the government of any foreign  
4 country, and bullion.

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

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

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

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

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

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

1 agricultural chemicals. This item (7) is exempt from the  
2 provisions of Section 3-75.

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

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

20 (9) Proceeds of mandatory service charges separately  
21 stated on customers' bills for the purchase and consumption of  
22 food and beverages acquired as an incident to the purchase of a  
23 service from a serviceman, to the extent that the proceeds of  
24 the service charge are in fact turned over as tips or as a  
25 substitute for tips to the employees who participate directly  
26 in preparing, serving, hosting or cleaning up the food or

1 beverage function with respect to which the service charge is  
2 imposed.

3 (10) Until July 1, 2003, and beginning again on January 1,  
4 2019 and ending on June 30, 2022, oil field exploration,  
5 drilling, and production equipment, including (i) rigs and  
6 parts of rigs, rotary rigs, cable tool rigs, and workover rigs,  
7 (ii) pipe and tubular goods, including casing and drill  
8 strings, (iii) pumps and pump-jack units, (iv) storage tanks  
9 and flow lines, (v) any individual replacement part for oil  
10 field exploration, drilling, and production equipment, and  
11 (vi) machinery and equipment purchased for lease; but excluding  
12 motor vehicles required to be registered under the Illinois  
13 Vehicle Code.

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

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



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

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

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

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

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

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

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

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

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

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

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

10 (20) 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 (21) 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 3-75.

16 (22) 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 3-75.

26 (23) Beginning August 23, 2001 and through June 30, 2016,

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

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

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

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

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

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

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



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

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

1 exemption includes existing public-facilities corporations as  
2 provided in Section 11-65-25 of the Illinois Municipal Code.  
3 This paragraph is exempt from the provisions of Section 3-75.

4 (29) Beginning January 1, 2017, menstrual pads, tampons,  
5 and menstrual cups.

6 (Source: P.A. 99-180, eff. 7-29-15; 99-855, eff. 8-19-16;  
7 100-22, eff. 7-6-17.)

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

10 (35 ILCS 115/3-5)

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

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

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

23 (3) Personal property purchased by any not-for-profit arts  
24 or cultural organization that establishes, by proof required by

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

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

18 (5) 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 or  
22 purchased for lease, certified by the purchaser to be used  
23 primarily for graphic arts production. Equipment includes  
24 chemicals or chemicals acting as catalysts but only if the  
25 chemicals or chemicals acting as catalysts effect a direct and  
26 immediate change upon a graphic arts product. Beginning on July

1 1, 2017, graphic arts machinery and equipment is included in  
2 the manufacturing and assembling machinery and equipment  
3 exemption under Section 2 of this Act.

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

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

26 Farm machinery and equipment shall include precision

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

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

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

23 Beginning July 1, 2013, fuel and petroleum products sold to  
24 or used by an air carrier, certified by the carrier to be used  
25 for consumption, shipment, or storage in the conduct of its  
26 business as an air common carrier, for a flight that (i) is

1 engaged in foreign trade or is engaged in trade between the  
2 United States and any of its possessions and (ii) transports at  
3 least one individual or package for hire from the city of  
4 origination to the city of final destination on the same  
5 aircraft, without regard to a change in the flight number of  
6 that aircraft.

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

15 (10) Until July 1, 2003, and beginning again on January 1,  
16 2019 and ending on June 30, 2022, oil field exploration,  
17 drilling, and production equipment, including (i) rigs and  
18 parts of rigs, rotary rigs, cable tool rigs, and workover rigs,  
19 (ii) pipe and tubular goods, including casing and drill  
20 strings, (iii) pumps and pump-jack units, (iv) storage tanks  
21 and flow lines, (v) any individual replacement part for oil  
22 field exploration, drilling, and production equipment, and  
23 (vi) machinery and equipment purchased for lease; but excluding  
24 motor vehicles required to be registered under the Illinois  
25 Vehicle Code.

26 (11) Photoprocessing machinery and equipment, including

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

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

16 (13) Beginning January 1, 1992 and through June 30, 2016,  
17 food for human consumption that is to be consumed off the  
18 premises where it is sold (other than alcoholic beverages, soft  
19 drinks and food that has been prepared for immediate  
20 consumption) and prescription and non-prescription medicines,  
21 drugs, medical appliances, and insulin, urine testing  
22 materials, syringes, and needles used by diabetics, for human  
23 use, when purchased for use by a person receiving medical  
24 assistance under Article V of the Illinois Public Aid Code who  
25 resides in a licensed long-term care facility, as defined in  
26 the Nursing Home Care Act, or in a licensed facility as defined

1 in the ID/DD Community Care Act, the MC/DD Act, or the  
2 Specialized Mental Health Rehabilitation Act of 2013.

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

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

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

25 (17) Personal property sold to a lessor who leases the  
26 property, under a lease of one year or longer executed or in



1 effect at the time of the purchase, to a governmental body that  
2 has been issued an active tax exemption identification number  
3 by the Department under Section 1g of the Retailers' Occupation  
4 Tax Act.

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

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

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

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

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

1 the events are sponsored by an entity recognized by the school  
2 district that consists primarily of volunteers and includes  
3 parents and teachers of the school children. This paragraph  
4 does not apply to fundraising events (i) for the benefit of  
5 private home instruction or (ii) for which the fundraising  
6 entity purchases the personal property sold at the events from  
7 another individual or entity that sold the property for the  
8 purpose of resale by the fundraising entity and that profits  
9 from the sale to the fundraising entity. This paragraph is  
10 exempt from the provisions of Section 3-55.

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

21 (24) Beginning on the effective date of this amendatory Act  
22 of the 92nd General Assembly, computers and communications  
23 equipment utilized for any hospital purpose and equipment used  
24 in the diagnosis, analysis, or treatment of hospital patients  
25 sold to a lessor who leases the equipment, under a lease of one  
26 year or longer executed or in effect at the time of the

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

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

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

1 Department who is eligible for the exemption under this  
2 paragraph (26). The permit issued under this paragraph (26)  
3 shall authorize the holder, to the extent and in the manner  
4 specified in the rules adopted under this Act, to purchase  
5 tangible personal property from a retailer exempt from the  
6 taxes imposed by this Act. Taxpayers shall maintain all  
7 necessary books and records to substantiate the use and  
8 consumption of all such tangible personal property outside of  
9 the State of Illinois.

10 (27) 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 3-55.

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

1 the development of the municipal convention hall. This  
2 exemption includes existing public-facilities corporations as  
3 provided in Section 11-65-25 of the Illinois Municipal Code.  
4 This paragraph is exempt from the provisions of Section 3-55.

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

1 The exemption does not include aircraft operated by a  
2 commercial air carrier providing scheduled passenger air  
3 service pursuant to authority issued under Part 121 or Part 129  
4 of the Federal Aviation Regulations. The changes made to this  
5 paragraph (29) by Public Act 98-534 are declarative of existing  
6 law.

7 (30) Beginning January 1, 2017, menstrual pads, tampons,  
8 and menstrual cups.

9 (Source: P.A. 99-180, eff. 7-29-15; 99-855, eff. 8-19-16;  
10 100-22, eff. 7-6-17.)

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

13 (35 ILCS 120/2-5)

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

17 (1) Farm chemicals.

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

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

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

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



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

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

11 (4) Until July 1, 2003 and beginning again September 1,  
12 2004 through August 30, 2014, graphic arts machinery and  
13 equipment, including repair and replacement parts, both  
14 new and used, and including that manufactured on special  
15 order or purchased for lease, certified by the purchaser to  
16 be used primarily for graphic arts production. Equipment  
17 includes chemicals or chemicals acting as catalysts but  
18 only if the chemicals or chemicals acting as catalysts  
19 effect a direct and immediate change upon a graphic arts  
20 product. Beginning on July 1, 2017, graphic arts machinery  
21 and equipment is included in the manufacturing and  
22 assembling machinery and equipment exemption under  
23 paragraph (14).

24 (5) A motor vehicle that is used for automobile  
25 renting, as defined in the Automobile Renting Occupation  
26 and Use Tax Act. This paragraph is exempt from the

1 provisions of Section 2-70.

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

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

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

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

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

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

23          (12) (Blank).

24          (12-5) On and after July 1, 2003 and through June 30,  
25          2004, motor vehicles of the second division with a gross  
26          vehicle weight in excess of 8,000 pounds that are subject

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

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

26 (14) Machinery and equipment that will be used by the

1 purchaser, or a lessee of the purchaser, primarily in the  
2 process of manufacturing or assembling tangible personal  
3 property for wholesale or retail sale or lease, whether the  
4 sale or lease is made directly by the manufacturer or by  
5 some other person, whether the materials used in the  
6 process are owned by the manufacturer or some other person,  
7 or whether the sale or lease is made apart from or as an  
8 incident to the seller's engaging in the service occupation  
9 of producing machines, tools, dies, jigs, patterns,  
10 gauges, or other similar items of no commercial value on  
11 special order for a particular purchaser. The exemption  
12 provided by this paragraph (14) does not include machinery  
13 and equipment used in (i) the generation of electricity for  
14 wholesale or retail sale; (ii) the generation or treatment  
15 of natural or artificial gas for wholesale or retail sale  
16 that is delivered to customers through pipes, pipelines, or  
17 mains; or (iii) the treatment of water for wholesale or  
18 retail sale that is delivered to customers through pipes,  
19 pipelines, or mains. The provisions of Public Act 98-583  
20 are declaratory of existing law as to the meaning and scope  
21 of this exemption. Beginning on July 1, 2017, the exemption  
22 provided by this paragraph (14) includes, but is not  
23 limited to, graphic arts machinery and equipment, as  
24 defined in paragraph (4) of this Section.

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

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

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

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

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

22 (19) Until July 1, 2003, and beginning again on January  
23 1, 2019 and ending on June 30, 2022, oil field exploration,  
24 drilling, and production equipment, including (i) rigs and  
25 parts of rigs, rotary rigs, cable tool rigs, and workover  
26 rigs, (ii) pipe and tubular goods, including casing and

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

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

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

25 (22) Until June 30, 2013, fuel and petroleum products  
26 sold to or used by an air carrier, certified by the carrier

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

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

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

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

26 (25) Except as provided in item (25-5) of this Section,



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

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

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

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

20 (1) the aircraft leaves this State within 15 days  
21 after the later of either the issuance of the final  
22 billing for the sale of the aircraft, or the authorized  
23 approval for return to service, completion of the  
24 maintenance record entry, and completion of the test  
25 flight and ground test for inspection, as required by  
26 14 C.F.R. 91.407;

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

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

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

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

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

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

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

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

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

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

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

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

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

1 area within 6 months after the disaster.

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

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

26 (34) Beginning January 1, 2000, personal property,

1 including food, purchased through fundraising events for  
2 the benefit of a public or private elementary or secondary  
3 school, a group of those schools, or one or more school  
4 districts if the events are sponsored by an entity  
5 recognized by the school district that consists primarily  
6 of volunteers and includes parents and teachers of the  
7 school children. This paragraph does not apply to  
8 fundraising events (i) for the benefit of private home  
9 instruction or (ii) for which the fundraising entity  
10 purchases the personal property sold at the events from  
11 another individual or entity that sold the property for the  
12 purpose of resale by the fundraising entity and that  
13 profits from the sale to the fundraising entity. This  
14 paragraph is exempt from the provisions of Section 2-70.

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

26 (35-5) Beginning August 23, 2001 and through June 30,

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

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

23           (37) Beginning August 2, 2001, personal property sold  
24          to a lessor who leases the property, under a lease of one  
25          year or longer executed or in effect at the time of the  
26          purchase, to a governmental body that has been issued an



1 active tax exemption identification number by the  
2 Department under Section 1g of this Act. This paragraph is  
3 exempt from the provisions of Section 2-70.

4 (38) Beginning on January 1, 2002 and through June 30,  
5 2016, tangible personal property purchased from an  
6 Illinois retailer by a taxpayer engaged in centralized  
7 purchasing activities in Illinois who will, upon receipt of  
8 the property in Illinois, temporarily store the property in  
9 Illinois (i) for the purpose of subsequently transporting  
10 it outside this State for use or consumption thereafter  
11 solely outside this State or (ii) for the purpose of being  
12 processed, fabricated, or manufactured into, attached to,  
13 or incorporated into other tangible personal property to be  
14 transported outside this State and thereafter used or  
15 consumed solely outside this State. The Director of Revenue  
16 shall, pursuant to rules adopted in accordance with the  
17 Illinois Administrative Procedure Act, issue a permit to  
18 any taxpayer in good standing with the Department who is  
19 eligible for the exemption under this paragraph (38). The  
20 permit issued under this paragraph (38) shall authorize the  
21 holder, to the extent and in the manner specified in the  
22 rules adopted under this Act, to purchase tangible personal  
23 property from a retailer exempt from the taxes imposed by  
24 this Act. Taxpayers shall maintain all necessary books and  
25 records to substantiate the use and consumption of all such  
26 tangible personal property outside of the State of

1 Illinois.

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

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

1        modify, refurbish, complete, replace, or maintain an  
2        aircraft and who (i) hold an Air Agency Certificate and are  
3        empowered to operate an approved repair station by the  
4        Federal Aviation Administration, (ii) have a Class IV  
5        Rating, and (iii) conduct operations in accordance with  
6        Part 145 of the Federal Aviation Regulations. The exemption  
7        does not include aircraft operated by a commercial air  
8        carrier providing scheduled passenger air service pursuant  
9        to authority issued under Part 121 or Part 129 of the  
10       Federal Aviation Regulations. The changes made to this  
11       paragraph (40) by Public Act 98-534 are declarative of  
12       existing law.

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

1 paragraph is exempt from the provisions of Section 2-70.

2 (42) Beginning January 1, 2017, menstrual pads,  
3 tampons, and menstrual cups.

4 (43) Merchandise that is subject to the Rental Purchase  
5 Agreement Occupation and Use Tax. The purchaser must  
6 certify that the item is purchased to be rented subject to  
7 a rental purchase agreement, as defined in the Rental  
8 Purchase Agreement Act, and provide proof of registration  
9 under the Rental Purchase Agreement Occupation and Use Tax  
10 Act. This paragraph is exempt from the provisions of  
11 Section 2-70.

12 (Source: P.A. 99-180, eff. 7-29-15; 99-855, eff. 8-19-16;  
13 100-22, eff. 7-6-17; 100-321, eff. 8-24-17; 100-437, eff.  
14 1-1-18; revised 9-26-17.)

15 Section 99. Effective date. This Act takes effect upon  
16 becoming law.