



## 100TH GENERAL ASSEMBLY

### State of Illinois

2017 and 2018

HB5761

by Rep. Monica Bristow

#### SYNOPSIS AS INTRODUCED:

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

Amends the Use Tax Act, the Service Use Tax Act, the Service Occupation Tax Act, and the Retailers' Occupation Tax Act. Provides that, beginning on January 1, 2019, meals and food products for human consumption furnished or served to low-income elderly persons at or below cost by a nonprofit organization or governmental agency under a program funded by this State or the United States are exempt from taxation under the Acts. Provides that the exemption is exempt from the Acts' automatic sunset provisions. Effective immediately.

LRB100 17721 HLH 32894 b

FISCAL NOTE ACT  
MAY APPLY

A BILL FOR

1 AN ACT concerning revenue.

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

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

6 (35 ILCS 105/3-5)

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

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

22 (16) Coal and aggregate exploration, mining, off-highway  
23 hauling, processing, maintenance, and reclamation equipment,  
24 including replacement parts and equipment, and including  
25 equipment purchased for lease, but excluding motor vehicles  
26 required to be registered under the Illinois Vehicle Code. The

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

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

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



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

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

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

17 (21) Horses, or interests in horses, registered with and  
18 meeting the requirements of any of the Arabian Horse Club  
19 Registry of America, Appaloosa Horse Club, American Quarter  
20 Horse Association, United States Trotting Association, or  
21 Jockey Club, as appropriate, used for purposes of breeding or  
22 racing for prizes. This item (21) is exempt from the provisions  
23 of Section 3-90, and the exemption provided for under this item  
24 (21) applies for all periods beginning May 30, 1995, but no  
25 claim for credit or refund is allowed on or after January 1,  
26 2008 for such taxes paid during the period beginning May 30,

1 2000 and ending on January 1, 2008.

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

25 (23) Personal property purchased by a lessor who leases the  
26 property, under a lease of one year or longer executed or in

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

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

1 number by the Department that assists victims of the disaster  
2 who reside within the declared disaster area.

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

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

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

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

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

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

1 serve hot food and beverages, including coffee, soup, and other  
2 items, and replacement parts for these machines. Beginning  
3 January 1, 2002 and through June 30, 2003, machines and parts  
4 for machines used in commercial, coin-operated amusement and  
5 vending business if a use or occupation tax is paid on the  
6 gross receipts derived from the use of the commercial,  
7 coin-operated amusement and vending machines. This paragraph  
8 is exempt from the provisions of Section 3-90.

9 (30) Beginning January 1, 2001 and through June 30, 2016,  
10 food for human consumption that is to be consumed off the  
11 premises where it is sold (other than alcoholic beverages, soft  
12 drinks, and food that has been prepared for immediate  
13 consumption) and prescription and nonprescription medicines,  
14 drugs, medical appliances, and insulin, urine testing  
15 materials, syringes, and needles used by diabetics, for human  
16 use, when purchased for use by a person receiving medical  
17 assistance under Article V of the Illinois Public Aid Code who  
18 resides in a licensed long-term care facility, as defined in  
19 the Nursing Home Care Act, or in a licensed facility as defined  
20 in the ID/DD Community Care Act, the MC/DD Act, or the  
21 Specialized Mental Health Rehabilitation Act of 2013.

22 (31) Beginning on August 2, 2001 (the effective date of  
23 Public Act 92-227) ~~this amendatory Act of the 92nd General~~  
24 ~~Assembly~~, computers and communications equipment utilized for  
25 any hospital purpose and equipment used in the diagnosis,  
26 analysis, or treatment of hospital patients purchased by a

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

22 (32) Beginning on August 2, 2001 (the effective date of  
23 Public Act 92-227) ~~this amendatory Act of the 92nd General~~  
24 ~~Assembly~~, personal property purchased by a lessor who leases  
25 the property, under a lease of one year or longer executed or  
26 in effect at the time the lessor would otherwise be subject to

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

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



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

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

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

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

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

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

8 (37) Beginning January 1, 2017, menstrual pads, tampons,  
9 and menstrual cups.

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

17 (39) Beginning January 1, 2019, meals and food products for  
18 human consumption furnished or served to low-income elderly  
19 persons at or below cost by a nonprofit organization or  
20 governmental agency under a program funded by this State or the  
21 United States for such purposes. This paragraph is exempt from  
22 the provisions of Section 3-90.

23 (Source: P.A. 99-180, eff. 7-29-15; 99-855, eff. 8-19-16;  
24 100-22, eff. 7-6-17; 100-437, eff. 1-1-18; revised 9-27-17.)

25 Section 10. The Service Use Tax Act is amended by changing

1 Section 3-5 as follows:

2 (35 ILCS 110/3-5)

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

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

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

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

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

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

9 (5) Until July 1, 2003 and beginning again on September 1,  
10 2004 through August 30, 2014, graphic arts machinery and  
11 equipment, including repair and replacement parts, both new and  
12 used, and including that manufactured on special order or  
13 purchased for lease, certified by the purchaser to be used  
14 primarily for graphic arts production. Equipment includes  
15 chemicals or chemicals acting as catalysts but only if the  
16 chemicals or chemicals acting as catalysts effect a direct and  
17 immediate change upon a graphic arts product. Beginning on July  
18 1, 2017, graphic arts machinery and equipment is included in  
19 the manufacturing and assembling machinery and equipment  
20 exemption under Section 2 of this Act.

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

24 (7) Farm machinery and equipment, both new and used,  
25 including that manufactured on special order, certified by the  
26 purchaser to be used primarily for production agriculture or

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

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

25 Farm machinery and equipment also includes computers,  
26 sensors, software, and related equipment used primarily in the

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

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

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

24 (9) Proceeds of mandatory service charges separately  
25 stated on customers' bills for the purchase and consumption of  
26 food and beverages acquired as an incident to the purchase of a

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

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

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

22 (12) Coal and aggregate exploration, mining, off-highway  
23 hauling, processing, maintenance, and reclamation equipment,  
24 including replacement parts and equipment, and including  
25 equipment purchased for lease, but excluding motor vehicles  
26 required to be registered under the Illinois Vehicle Code. The



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

6 (29) Beginning January 1, 2017, menstrual pads, tampons,  
7 and menstrual cups.

8 (30) Beginning January 1, 2019, meals and food products for  
9 human consumption furnished or served to low-income elderly  
10 persons at or below cost by a nonprofit organization or  
11 governmental agency under a program funded by this State or the  
12 United States for such purposes. This paragraph is exempt from  
13 the provisions of Section 3-75.

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

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

18 (35 ILCS 115/3-5)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

1 follow a trade or to pursue a manual, technical, mechanical,  
2 industrial, business, or commercial occupation.

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

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

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

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

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

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

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

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

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

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

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

13 (30) Beginning January 1, 2017, menstrual pads, tampons,  
14 and menstrual cups.

15 (31) Beginning January 1, 2019, meals and food products for  
16 human consumption furnished or served to low-income elderly  
17 persons at or below cost by a nonprofit organization or  
18 governmental agency under a program funded by this State or the  
19 United States for such purposes. This paragraph is exempt from  
20 the provisions of Section 3-55.

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

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

1 (35 ILCS 120/2-5)

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

5 (1) Farm chemicals.

6 (2) Farm machinery and equipment, both new and used,  
7 including that manufactured on special order, certified by  
8 the purchaser to be used primarily for production  
9 agriculture or State or federal agricultural programs,  
10 including individual replacement parts for the machinery  
11 and equipment, including machinery and equipment purchased  
12 for lease, and including implements of husbandry defined in  
13 Section 1-130 of the Illinois Vehicle Code, farm machinery  
14 and agricultural chemical and fertilizer spreaders, and  
15 nurse wagons required to be registered under Section 3-809  
16 of the Illinois Vehicle Code, but excluding other motor  
17 vehicles required to be registered under the Illinois  
18 Vehicle Code. Horticultural polyhouses or hoop houses used  
19 for propagating, growing, or overwintering plants shall be  
20 considered farm machinery and equipment under this item  
21 (2). Agricultural chemical tender tanks and dry boxes shall  
22 include units sold separately from a motor vehicle required  
23 to be licensed and units sold mounted on a motor vehicle  
24 required to be licensed, if the selling price of the tender  
25 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  
3 not limited to, tractors, harvesters, sprayers, planters,  
4 seeders, or spreaders. Precision farming equipment  
5 includes, but is not limited to, soil testing sensors,  
6 computers, monitors, software, global positioning and  
7 mapping systems, and other such equipment.

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

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

23 (4) Until July 1, 2003 and beginning again September 1,  
24 2004 through August 30, 2014, graphic arts machinery and  
25 equipment, including repair and replacement parts, both  
26 new and used, and including that manufactured on special

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

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

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

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

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

23 (9) Personal property sold to a not-for-profit arts or  
24 cultural organization that establishes, by proof required  
25 by the Department by rule, that it has received an  
26 exemption under Section 501(c)(3) of the Internal Revenue

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

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

20 (11) Personal property sold to a governmental body, to  
21 a corporation, society, association, foundation, or  
22 institution organized and operated exclusively for  
23 charitable, religious, or educational purposes, or to a  
24 not-for-profit corporation, society, association,  
25 foundation, institution, or organization that has no  
26 compensated officers or employees and that is organized and

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

9 (12) (Blank).

10 (12-5) On and after July 1, 2003 and through June 30,  
11 2004, motor vehicles of the second division with a gross  
12 vehicle weight in excess of 8,000 pounds that are subject  
13 to the commercial distribution fee imposed under Section  
14 3-815.1 of the Illinois Vehicle Code. Beginning on July 1,  
15 2004 and through June 30, 2005, the use in this State of  
16 motor vehicles of the second division: (i) with a gross  
17 vehicle weight rating in excess of 8,000 pounds; (ii) that  
18 are subject to the commercial distribution fee imposed  
19 under Section 3-815.1 of the Illinois Vehicle Code; and  
20 (iii) that are primarily used for commercial purposes.  
21 Through June 30, 2005, this exemption applies to repair and  
22 replacement parts added after the initial purchase of such  
23 a motor vehicle if that motor vehicle is used in a manner  
24 that would qualify for the rolling stock exemption  
25 otherwise provided for in this Act. For purposes of this  
26 paragraph, "used for commercial purposes" means the

1 transportation of persons or property in furtherance of any  
2 commercial or industrial enterprise whether for-hire or  
3 not.

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

12 (14) Machinery and equipment that will be used by the  
13 purchaser, or a lessee of the purchaser, primarily in the  
14 process of manufacturing or assembling tangible personal  
15 property for wholesale or retail sale or lease, whether the  
16 sale or lease is made directly by the manufacturer or by  
17 some other person, whether the materials used in the  
18 process are owned by the manufacturer or some other person,  
19 or whether the sale or lease is made apart from or as an  
20 incident to the seller's engaging in the service occupation  
21 of producing machines, tools, dies, jigs, patterns,  
22 gauges, or other similar items of no commercial value on  
23 special order for a particular purchaser. The exemption  
24 provided by this paragraph (14) does not include machinery  
25 and equipment used in (i) the generation of electricity for  
26 wholesale or retail sale; (ii) the generation or treatment

1 of natural or artificial gas for wholesale or retail sale  
2 that is delivered to customers through pipes, pipelines, or  
3 mains; or (iii) the treatment of water for wholesale or  
4 retail sale that is delivered to customers through pipes,  
5 pipelines, or mains. The provisions of Public Act 98-583  
6 are declaratory of existing law as to the meaning and scope  
7 of this exemption. Beginning on July 1, 2017, the exemption  
8 provided by this paragraph (14) includes, but is not  
9 limited to, graphic arts machinery and equipment, as  
10 defined in paragraph (4) of this Section.

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

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

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

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

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

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

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

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

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

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

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



1           (23) A transaction in which the purchase order is  
2           received by a florist who is located outside Illinois, but  
3           who has a florist located in Illinois deliver the property  
4           to the purchaser or the purchaser's donee in Illinois.

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

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

23          (25-5) The exemption under item (25) does not apply if  
24          the state in which the motor vehicle will be titled does  
25          not allow a reciprocal exemption for a motor vehicle sold  
26          and delivered in that state to an Illinois resident but

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

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

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

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

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

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

26 "Based in this State" means hangared, stored, or

1 otherwise used, excluding post-sale customizations as  
2 defined in this Section, for 10 or more days in each  
3 12-month period immediately following the date of the sale  
4 of the aircraft.

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

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

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

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

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

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

15          (30) 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  
18          donated for disaster relief to be used in a State or  
19          federally declared disaster area in Illinois or bordering  
20          Illinois by a manufacturer or retailer that is registered  
21          in this State to a corporation, society, association,  
22          foundation, or institution that has been issued a sales tax  
23          exemption identification number by the Department that  
24          assists victims of the disaster who reside within the  
25          declared disaster area.

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

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

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

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

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

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

26 (35) Beginning January 1, 2000 and through December 31,

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

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

25           (36) Beginning August 2, 2001, computers and  
26          communications equipment utilized for any hospital purpose



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

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

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

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

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

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

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

24 (41) Tangible personal property sold to a  
25 public-facilities corporation, as described in Section  
26 11-65-10 of the Illinois Municipal Code, for purposes of

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

13 (42) Beginning January 1, 2017, menstrual pads,  
14 tampons, and menstrual cups.

15 (43) Merchandise that is subject to the Rental Purchase  
16 Agreement Occupation and Use Tax. The purchaser must  
17 certify that the item is purchased to be rented subject to  
18 a rental purchase agreement, as defined in the Rental  
19 Purchase Agreement Act, and provide proof of registration  
20 under the Rental Purchase Agreement Occupation and Use Tax  
21 Act. This paragraph is exempt from the provisions of  
22 Section 2-70.

23 (44) Beginning January 1, 2019, meals and food products  
24 for human consumption furnished or served to low-income  
25 elderly persons at or below cost by a nonprofit  
26 organization or governmental agency under a program funded

1           by this State or the United States for such purposes. This  
2           paragraph is exempt from the provisions of Section 2-70.

3           (Source: P.A. 99-180, eff. 7-29-15; 99-855, eff. 8-19-16;  
4           100-22, eff. 7-6-17; 100-321, eff. 8-24-17; 100-437, eff.  
5           1-1-18; revised 9-26-17.)

6           Section 99. Effective date. This Act takes effect upon  
7           becoming law.