

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 1. Short title. This Act may be cited as the Rental  
5 Purchase Agreement Occupation and Use Tax Act.

6 Section 5. Definitions. As used in this Act:

7 "Consumer" means an individual who leases personal  
8 property under a rental-purchase agreement.

9 "Department" means the Department of Revenue.

10 "Gross receipts" from the renting of tangible personal  
11 property or "rent" means the total rental price or leasing  
12 price. In the case of rental transactions in which the  
13 consideration is paid to the merchant on an installment basis,  
14 the amounts of such payments shall be included by the merchant  
15 in gross receipts or rent only as and when payments are  
16 received by the merchant. "Gross receipts" does not include  
17 receipts received by a merchant for delivery fees,  
18 reinstatement fees, processing fees, waiver fees or club  
19 program fees.

20 "Merchandise" means the personal property that is the  
21 subject of a rental-purchase agreement.

22 "Merchant" means a person who, in the ordinary course of  
23 business, regularly leases, offers to lease or arranges for the

1 leasing of merchandise under a rental-purchase agreement, and  
2 includes a person who is assigned an interest in a  
3 rental-purchase agreement.

4 "Person" means any natural individual, firm, partnership,  
5 association, joint stock company, joint adventure, public or  
6 private corporation, limited liability company, or a receiver,  
7 executor, trustee, conservator or other representative  
8 appointed by order of any court.

9 "Rental price" means the consideration for renting  
10 merchandise valued in money, whether received in money or  
11 otherwise, including cash credits, property and services, and  
12 shall be determined without any deduction on account of the  
13 cost of the property rented, the cost of materials used, labor  
14 or service cost, or any other expense whatsoever, but does not  
15 include charges that are added by a merchant on account of the  
16 merchant's tax liability under this Act or on account of the  
17 merchant's duty to collect, from the consumer, the tax that is  
18 imposed by Section 4 of this Act. The phrase "rental price"  
19 does not include compensation paid to a merchant by a consumer  
20 in consideration of the waiver by the merchant of any right of  
21 action or claim against the consumer for loss or damage to the  
22 merchandise rented and also does not include a separately  
23 stated charge for insurance or other separately stated charges  
24 that are not for the use of tangible personal property.

25 "Rental purchase agreement" means an agreement for the use  
26 of merchandise by a consumer for personal, family, or household

1 purposes for an initial period of 4 months or less that is  
2 automatically renewable with each payment after the initial  
3 period and that permits the consumer to become the owner of the  
4 merchandise.

5 "Renting" means any transfer of the possession or right to  
6 possession of merchandise to a user for a valuable  
7 consideration under a rental-purchase agreement.

8 Section 10. Rental Purchase Agreement Occupation Tax. A tax  
9 is imposed upon persons engaged in this State in the business  
10 of renting merchandise under a rental-purchase agreement in  
11 Illinois at the rate of 6.25% of the gross receipts received  
12 from the business. Every person engaged in this State in the  
13 business of renting merchandise shall apply to the Department  
14 (upon a form prescribed and furnished by the Department) for a  
15 certificate of registration under this Act. The certificate of  
16 registration which is issued by the Department to a retailer  
17 under the Retailers' Occupation Tax Act shall permit the  
18 merchant to engage in a business that is taxable under this  
19 Section without registering separately with the Department.

20 The Department shall have full power to administer and  
21 enforce this Section, to collect all taxes and penalties due  
22 hereunder, to dispose of taxes and penalties so collected in  
23 the manner hereinafter provided, and to determine all rights to  
24 credit memoranda, arising on account of the erroneous payment  
25 of tax or penalty hereunder. In the administration of, and

1 compliance with, this Section, the Department and persons who  
2 are subject to this Section shall have the same rights,  
3 remedies, privileges, immunities, powers and duties, and be  
4 subject to the same conditions, restrictions, limitations,  
5 penalties and definitions of terms, and employ the same modes  
6 of procedure, as are prescribed in Sections 1, 1a, 2, 2-10  
7 through 2-65 (in respect to all provisions therein other than  
8 the State rate of tax), 2a, 2b, 2c, 3 (except provisions  
9 relating to transaction returns), 4, 5, 5a, 5b, 5c, 5d, 5e, 5f,  
10 5g, 5i, 5j, 6, 6a, 6b, 6c, 7, 8, 9, 10, 11, 11a, 12, and 13 of  
11 the Retailers' Occupation Tax Act and Section 3-7 of the  
12 Uniform Penalty and Interest Act as fully as if those  
13 provisions were set forth herein.

14 Section 15. Rental Purchase Agreement Use Tax. A tax is  
15 imposed upon the privilege of using, in this State, merchandise  
16 which is rented from a merchant. Such tax is at the rate of  
17 6.25% of the rental price paid to the merchant under any rental  
18 purchase agreement.

19 The tax hereby imposed shall be collected from the consumer  
20 by a merchant maintaining a place of business in this State and  
21 remitted to the Department.

22 The tax hereby imposed and not paid to a merchant pursuant  
23 to the preceding paragraph of this Section shall be paid to the  
24 Department directly by any person using such merchandise within  
25 this State.

1 Merchants shall collect the tax from consumers by adding  
2 the tax to the rental price of the merchandise, when rented for  
3 use, in the manner prescribed by the Department. The Department  
4 shall have the power to adopt and promulgate reasonable rules  
5 and regulations for the adding of such tax by merchants to  
6 rental prices by prescribing bracket systems for the purpose of  
7 enabling such merchants to add and collect, as far as  
8 practicable, the amount of such tax.

9 The tax imposed by this Section shall, when collected, be  
10 stated as a distinct item separate and apart from the rental  
11 price of the merchandise.

12 The Department shall have full power to administer and  
13 enforce this Section; to collect all taxes, penalties and  
14 interest due hereunder; to dispose of taxes, penalties and  
15 interest so collected in the manner hereinafter provided, and  
16 to determine all rights to credit memoranda or refunds arising  
17 on account of the erroneous payment of tax, penalty or interest  
18 hereunder. In the administration of, and compliance with, this  
19 Section, the Department and persons who are subject to this  
20 Section shall have the same rights, remedies, privileges,  
21 immunities, powers, and duties, and be subject to the same  
22 conditions, restrictions, limitations, penalties, and  
23 definitions of terms, and employ the same modes of procedure,  
24 as are prescribed in Sections 2, 3, 3-10 through 3-80, 4, 6, 7,  
25 8, 9 (except provisions relating to transaction returns), 10,  
26 11, 12, 12a, 12b, 13, 14, 15, 19, 20, 21, and 22 of the Use Tax

1 Act, and are not inconsistent with this Section, as fully as if  
2 those provisions were set forth herein.

3 Section 20. Electronic filing and payment. Any return or  
4 document that is required to be filed under this Act shall be  
5 filed electronically, in the form and manner required by the  
6 Department.

7 Any payment required to be made under this Act shall be  
8 paid electronically, in the form and manner required by the  
9 Department.

10 The Department shall grant a waiver of the electronic  
11 filing or payment requirement under this Section for any  
12 taxpayer who petitions the Department and demonstrates undue  
13 hardship in complying with the electronic filing or payment  
14 requirement. The waiver shall be for a period not to exceed 2  
15 years, but may be renewed an unlimited number of times for  
16 periods not to exceed 2 years each.

17 Section 25. Deposit of taxes.

18 (a) Each month, from the net revenue realized for the  
19 preceding month, the Department shall pay an amount estimated  
20 by the Department to be required for refunds of the tax under  
21 this Act, which shall be deposited into the Rental Purchase  
22 Agreement Tax Refund Fund.

23 (b) Of the remainder of funds after the deposit under  
24 subsection (a) of this Section:

1           (1) each month the Department shall pay into the State  
2           and Local Sales Tax Reform Fund 20% of the net revenue  
3           realized for the preceding month from the tax imposed under  
4           this Act; and

5           (2) each month the Department shall pay into the  
6           General Revenue Fund 80% of the net revenue realized for  
7           the preceding month from the tax imposed under this Act.

8           Section 30. One-Time Transitional Use Tax Credit. Within 3  
9           months after the effective date of this Act, the merchant shall  
10          file an application (upon a form prescribed and furnished by  
11          the Department) to receive a one-time credit for the Use Tax  
12          paid on merchandise subject to tax under this Act purchased  
13          during the 6 months immediately prior to the effective date of  
14          this Act. The Department shall issue a credit equal to the  
15          total Use Tax paid in the 6 months immediately prior to the  
16          effective date of this Act. Upon the issuance of the credit,  
17          the merchant may apply the credit against the tax imposed under  
18          this Act.

19          Section 35. Applicability. This Act does not apply to  
20          tangible personal property which is required to be titled and  
21          registered by a State agency.

22          Section 40. Rulemaking. The Department may make such rules  
23          as it may deem necessary to implement the purposes of this Act.

1 Section 45. The State Finance Act is amended by adding  
2 Sections 5.878 and 6z-102 as follows:

3 (30 ILCS 105/5.878 new)

4 Sec. 5.878. The Rental Purchase Agreement Tax Refund Fund.

5 (30 ILCS 105/6z-102 new)

6 Sec. 6z-102. The Rental Purchase Agreement Tax Refund Fund.

7 (a) The Rental Purchase Agreement Tax Refund Fund is hereby  
8 created as a special fund in the State treasury. Moneys in the  
9 Fund shall be used by the Department of Revenue to pay refunds  
10 of Rental Purchase Agreement Tax in the manner provided in  
11 Section 6 of the Retailers' Occupation Tax Act and Section 19  
12 of the Use Tax Act, as incorporated into Sections 10 and 15 of  
13 the Rental Purchase Agreement Tax Act.

14 (b) Moneys in the Rental Purchase Agreement Tax Refund Fund  
15 shall be expended exclusively for the purpose of paying refunds  
16 pursuant to this Section.

17 (c) The Director of Revenue shall order payment of refunds  
18 under this Section from the Rental Purchase Agreement Tax  
19 Refund Fund only to the extent that amounts collected pursuant  
20 to Sections 10 and 15 of the Rental Purchase Agreement  
21 Occupation and Use Tax Act have been deposited and retained in  
22 the Fund.

23 As soon as possible after the end of each fiscal year, the



1 Director of Revenue shall order transferred, and the State  
2 Treasurer and State Comptroller shall transfer from the Rental  
3 Purchase Agreement Tax Refund Fund to the General Revenue Fund,  
4 any surplus remaining as of the end of such fiscal year.

5 This Section shall constitute an irrevocable and continuing  
6 appropriation from the Rental Purchase Agreement Tax Refund  
7 Fund for the purpose of paying refunds in accordance with the  
8 provisions of this Section.

9 Section 50. The Use Tax Act is amended by changing Section  
10 3-5 as follows:

11 (35 ILCS 105/3-5)

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

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

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

24 (3) Personal property purchased by a not-for-profit arts or

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

15 (4) Personal property purchased by a governmental body, by  
16 a corporation, society, association, foundation, or  
17 institution organized and operated exclusively for charitable,  
18 religious, or educational purposes, or by a not-for-profit  
19 corporation, society, association, foundation, institution, or  
20 organization that has no compensated officers or employees and  
21 that is organized and operated primarily for the recreation of  
22 persons 55 years of age or older. A limited liability company  
23 may qualify for the exemption under this paragraph only if the  
24 limited liability company is organized and operated  
25 exclusively for educational purposes. On and after July 1,  
26 1987, however, no entity otherwise eligible for this exemption

1 shall make tax-free purchases unless it has an active exemption  
2 identification number issued by the Department.

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

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

16 (7) Farm chemicals.

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

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

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

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

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

1 such equipment.

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

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

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

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

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

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

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

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

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

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

1 (ii) the generation or treatment of natural or artificial gas  
2 for wholesale or retail sale that is delivered to customers  
3 through pipes, pipelines, or mains; or (iii) the treatment of  
4 water for wholesale or retail sale that is delivered to  
5 customers through pipes, pipelines, or mains. The provisions of  
6 Public Act 98-583 are declaratory of existing law as to the  
7 meaning and scope of this exemption.

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

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

15 (21) Horses, or interests in horses, registered with and  
16 meeting the requirements of any of the Arabian Horse Club  
17 Registry of America, Appaloosa Horse Club, American Quarter  
18 Horse Association, United States Trotting Association, or  
19 Jockey Club, as appropriate, used for purposes of breeding or  
20 racing for prizes. This item (21) is exempt from the provisions  
21 of Section 3-90, and the exemption provided for under this item  
22 (21) applies for all periods beginning May 30, 1995, but no  
23 claim for credit or refund is allowed on or after January 1,  
24 2008 for such taxes paid during the period beginning May 30,  
25 2000 and ending on January 1, 2008.

26 (22) Computers and communications equipment utilized for



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

23 (23) Personal property purchased by a lessor who leases the  
24 property, under a lease of one year or longer executed or in  
25 effect at the time the lessor would otherwise be subject to the  
26 tax imposed by this Act, to a governmental body that has been

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

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

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

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

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

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

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

23 (29) Beginning January 1, 2000 and through December 31,  
24 2001, new or used automatic vending machines that prepare and  
25 serve hot food and beverages, including coffee, soup, and other  
26 items, and replacement parts for these machines. Beginning

1 January 1, 2002 and through June 30, 2003, machines and parts  
2 for machines used in commercial, coin-operated amusement and  
3 vending business if a use or occupation tax is paid on the  
4 gross receipts derived from the use of the commercial,  
5 coin-operated amusement and vending machines. This paragraph  
6 is exempt from the provisions of Section 3-90.

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

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

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

19 (32) Beginning on the effective date of this amendatory Act  
20 of the 92nd General Assembly, personal property purchased by a  
21 lessor who leases the property, under a lease of one year or  
22 longer executed or in effect at the time the lessor would  
23 otherwise be subject to the tax imposed by this Act, to a  
24 governmental body that has been issued an active sales tax  
25 exemption identification number by the Department under  
26 Section 1g of the Retailers' Occupation Tax Act. If the

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

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

1 this exemption applies to repair and replacement parts added  
2 after the initial purchase of such a motor vehicle if that  
3 motor vehicle is used in a manner that would qualify for the  
4 rolling stock exemption otherwise provided for in this Act. For  
5 purposes of this paragraph, the term "used for commercial  
6 purposes" means the transportation of persons or property in  
7 furtherance of any commercial or industrial enterprise,  
8 whether for-hire or not.

9 (34) 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 3-90.

16 (35) 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 by persons who modify, refurbish,  
6 complete, repair, replace, or maintain aircraft and who (i)  
7 hold an Air Agency Certificate and are empowered to operate an  
8 approved repair station by the Federal Aviation  
9 Administration, (ii) have a Class IV Rating, and (iii) conduct  
10 operations in accordance with Part 145 of the Federal Aviation  
11 Regulations. The exemption does not include aircraft operated  
12 by a commercial air carrier providing scheduled passenger air  
13 service pursuant to authority issued under Part 121 or Part 129  
14 of the Federal Aviation Regulations. The changes made to this  
15 paragraph (35) by Public Act 98-534 are declarative of existing  
16 law.

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

1 the development of the municipal convention hall. This  
2 exemption includes existing public-facilities corporations as  
3 provided in Section 11-65-25 of the Illinois Municipal Code.  
4 This paragraph is exempt from the provisions of Section 3-90.

5 (37) Beginning January 1, 2017, menstrual pads, tampons,  
6 and menstrual cups.

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

14 (Source: P.A. 98-104, eff. 7-22-13; 98-422, eff. 8-16-13;  
15 98-456, eff. 8-16-13; 98-534, eff. 8-23-13; 98-574, eff.  
16 1-1-14; 98-583, eff. 1-1-14; 98-756, eff. 7-16-14; 99-180, eff.  
17 7-29-15; 99-855, eff. 8-19-16.)

18 Section 55. The Retailers' Occupation Tax Act is amended by  
19 changing Section 2-5 as follows:

20 (35 ILCS 120/2-5)

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

24 (1) Farm chemicals.

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

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

1 such equipment.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

24 (15) Proceeds of mandatory service charges separately  
25 stated on customers' bills for purchase and consumption of food  
26 and beverages, to the extent that the proceeds of the service



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

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

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

16 (18) 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 (19) Until July 1 2003, oil field exploration, drilling,  
21 and production equipment, including (i) rigs and parts of rigs,  
22 rotary rigs, cable tool rigs, and workover rigs, (ii) pipe and  
23 tubular goods, including casing and drill strings, (iii) pumps  
24 and pump-jack units, (iv) storage tanks and flow lines, (v) any  
25 individual replacement part for oil field exploration,  
26 drilling, and production equipment, and (vi) machinery and

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

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

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

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

26 Beginning July 1, 2013, fuel and petroleum products sold to

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

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

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

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

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

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

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

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

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

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

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

1 the address of the primary physical location of the  
2 aircraft, and other information that the Department may  
3 reasonably require.

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

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

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

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

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

17 (27) 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 (27) is exempt from the provisions  
23 of Section 2-70, and the exemption provided for under this item  
24 (27) applies for all periods beginning May 30, 1995, but no  
25 claim for credit or refund is allowed on or after January 1,  
26 2008 (the effective date of Public Act 95-88) for such taxes

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

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

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

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

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

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

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

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



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

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

22 (35) Beginning January 1, 2000 and through December 31,  
23 2001, new or used automatic vending machines that prepare and  
24 serve hot food and beverages, including coffee, soup, and other  
25 items, and replacement parts for these machines. Beginning  
26 January 1, 2002 and through June 30, 2003, machines and parts

1 for machines used in commercial, coin-operated amusement and  
2 vending business if a use or occupation tax is paid on the  
3 gross receipts derived from the use of the commercial,  
4 coin-operated amusement and vending machines. This paragraph  
5 is exempt from the provisions of Section 2-70.

6 (35-5) Beginning August 23, 2001 and through June 30, 2016,  
7 food for human consumption that is to be consumed off the  
8 premises where it is sold (other than alcoholic beverages, soft  
9 drinks, and food that has been prepared for immediate  
10 consumption) and prescription and nonprescription medicines,  
11 drugs, medical appliances, and insulin, urine testing  
12 materials, syringes, and needles used by diabetics, for human  
13 use, when purchased for use by a person receiving medical  
14 assistance under Article V of the Illinois Public Aid Code who  
15 resides in a licensed long-term care facility, as defined in  
16 the Nursing Home Care Act, or a licensed facility as defined in  
17 the ID/DD Community Care Act, the MC/DD Act, or the Specialized  
18 Mental Health Rehabilitation Act of 2013.

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

1 provisions of Section 2-70.

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

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

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

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

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

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

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

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

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

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

11 (Source: P.A. 98-104, eff. 7-22-13; 98-422, eff. 8-16-13;  
12 98-456, eff. 8-16-13; 98-534, eff. 8-23-13; 98-574, eff.  
13 1-1-14; 98-583, eff. 1-1-14; 98-756, eff. 7-16-14; 99-180, eff.  
14 7-29-15; 99-855, eff. 8-19-16.)

15 Section 99. Effective date. This Act takes effect January  
16 1, 2018.