



## 100TH GENERAL ASSEMBLY

### State of Illinois

2017 and 2018

SB3401

Introduced 2/16/2018, by Sen. Pamela J. Althoff

#### SYNOPSIS AS INTRODUCED:

35 ILCS 105/3-55	from Ch. 120, par. 439.3-55
35 ILCS 110/3-45	from Ch. 120, par. 439.33-45
35 ILCS 115/3-5	
35 ILCS 120/2-5	

Amends the Use Tax Act, the Service Use Tax Act, the Service Occupation Tax Act, and the Retailers' Occupation Tax Act. Reinstates the exemption for the use or sale of tangible personal property purchased from an Illinois retailer by a taxpayer engaged in centralized purchasing activities in Illinois. Provides that the exemption sunsets on June 30, 2021 (currently, June 30, 2016). Effective immediately.

LRB100 16520 HLH 31652 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 3-55 as follows:

6 (35 ILCS 105/3-55) (from Ch. 120, par. 439.3-55)

7 Sec. 3-55. Multistate exemption. To prevent actual or  
8 likely multistate taxation, the tax imposed by this Act does  
9 not apply to the use of tangible personal property in this  
10 State under the following circumstances:

11 (a) The use, in this State, of tangible personal property  
12 acquired outside this State by a nonresident individual and  
13 brought into this State by the individual for his or her own  
14 use while temporarily within this State or while passing  
15 through this State.

16 (b) (Blank).

17 (c) The use, in this State, by owners, lessors, or shippers  
18 of tangible personal property that is utilized by interstate  
19 carriers for hire for use as rolling stock moving in interstate  
20 commerce as long as so used by the interstate carriers for  
21 hire, and equipment operated by a telecommunications provider,  
22 licensed as a common carrier by the Federal Communications  
23 Commission, which is permanently installed in or affixed to

1 aircraft moving in interstate commerce.

2 (d) The use, in this State, of tangible personal property  
3 that is acquired outside this State and caused to be brought  
4 into this State by a person who has already paid a tax in  
5 another State in respect to the sale, purchase, or use of that  
6 property, to the extent of the amount of the tax properly due  
7 and paid in the other State.

8 (e) The temporary storage, in this State, of tangible  
9 personal property that is acquired outside this State and that,  
10 after being brought into this State and stored here  
11 temporarily, is used solely outside this State or is physically  
12 attached to or incorporated into other tangible personal  
13 property that is used solely outside this State, or is altered  
14 by converting, fabricating, manufacturing, printing,  
15 processing, or shaping, and, as altered, is used solely outside  
16 this State.

17 (f) The temporary storage in this State of building  
18 materials and fixtures that are acquired either in this State  
19 or outside this State by an Illinois registered combination  
20 retailer and construction contractor, and that the purchaser  
21 thereafter uses outside this State by incorporating that  
22 property into real estate located outside this State.

23 (g) The use or purchase of tangible personal property by a  
24 common carrier by rail or motor that receives the physical  
25 possession of the property in Illinois, and that transports the  
26 property, or shares with another common carrier in the

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

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

17 (h-1) The exemption under subsection (h) does not apply if  
18 the state in which the motor vehicle will be titled does not  
19 allow a reciprocal exemption for the use in that state of a  
20 motor vehicle sold and delivered in that state to an Illinois  
21 resident but titled in Illinois. The tax collected under this  
22 Act on the sale of a motor vehicle in this State to a resident  
23 of another state that does not allow a reciprocal exemption  
24 shall be imposed at a rate equal to the state's rate of tax on  
25 taxable property in the state in which the purchaser is a  
26 resident, except that the tax shall not exceed the tax that

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

20 (h-2) The following exemptions apply with respect to  
21 certain aircraft:

22 (1) Beginning on July 1, 2007, no tax is imposed under  
23 this Act on the purchase of an aircraft, as defined in  
24 Section 3 of the Illinois Aeronautics Act, if all of the  
25 following conditions are met:

26 (A) the aircraft leaves this State within 15 days

1 after the later of either the issuance of the final  
2 billing for the purchase of the aircraft or the  
3 authorized approval for return to service, completion  
4 of the maintenance record entry, and completion of the  
5 test flight and ground test for inspection, as required  
6 by 14 C.F.R. 91.407;

7 (B) the aircraft is not based or registered in this  
8 State after the purchase of the aircraft; and

9 (C) the purchaser provides the Department with a  
10 signed and dated certification, on a form prescribed by  
11 the Department, certifying that the requirements of  
12 this item (1) are met. The certificate must also  
13 include the name and address of the purchaser, the  
14 address of the location where the aircraft is to be  
15 titled or registered, the address of the primary  
16 physical location of the aircraft, and other  
17 information that the Department may reasonably  
18 require.

19 (2) Beginning on July 1, 2007, no tax is imposed under  
20 this Act on the use of an aircraft, as defined in Section 3  
21 of the Illinois Aeronautics Act, that is temporarily  
22 located in this State for the purpose of a prepurchase  
23 evaluation if all of the following conditions are met:

24 (A) the aircraft is not based or registered in this  
25 State after the prepurchase evaluation; and

26 (B) the purchaser provides the Department with a

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

10 (3) Beginning on July 1, 2007, no tax is imposed under  
11 this Act on the use of an aircraft, as defined in Section 3  
12 of the Illinois Aeronautics Act, that is temporarily  
13 located in this State for the purpose of a post-sale  
14 customization if all of the following conditions are met:

15 (A) the aircraft leaves this State within 15 days  
16 after the authorized approval for return to service,  
17 completion of the maintenance record entry, and  
18 completion of the test flight and ground test for  
19 inspection, as required by 14 C.F.R. 91.407;

20 (B) the aircraft is not based or registered in this  
21 State either before or after the post-sale  
22 customization; and

23 (C) the purchaser provides the Department with a  
24 signed and dated certification, on a form prescribed by  
25 the Department, certifying that the requirements of  
26 this item (3) are met. The certificate must also

1 include the name and address of the purchaser, the  
2 address of the location where the aircraft is to be  
3 titled or registered, the address of the primary  
4 physical location of the aircraft, and other  
5 information that the Department may reasonably  
6 require.

7 If tax becomes due under this subsection (h-2) because of  
8 the purchaser's use of the aircraft in this State, the  
9 purchaser shall file a return with the Department and pay the  
10 tax on the fair market value of the aircraft. This return and  
11 payment of the tax must be made no later than 30 days after the  
12 aircraft is used in a taxable manner in this State. The tax is  
13 based on the fair market value of the aircraft on the date that  
14 it is first used in a taxable manner in this State.

15 For purposes of this subsection (h-2):

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

20 "Post-sale customization" means any improvement,  
21 maintenance, or repair that is performed on an aircraft  
22 following a transfer of ownership of the aircraft.

23 "Prepurchase evaluation" means an examination of an  
24 aircraft to provide a potential purchaser with information  
25 relevant to the potential purchase.

26 "Registered in this State" means an aircraft registered



1 with the Department of Transportation, Aeronautics Division,  
2 or titled or registered with the Federal Aviation  
3 Administration to an address located in this State.

4 This subsection (h-2) is exempt from the provisions of  
5 Section 3-90.

6 (i) Beginning July 1, 1999, the use, in this State, of fuel  
7 acquired outside this State and brought into this State in the  
8 fuel supply tanks of locomotives engaged in freight hauling and  
9 passenger service for interstate commerce. This subsection is  
10 exempt from the provisions of Section 3-90.

11 (j) Beginning on January 1, 2002 and through June 30, 2016,  
12 and beginning again on the first day of the first month to  
13 occur on or after the effective date of this amendatory Act of  
14 the 100th General Assembly and through June 30, 2021, the use  
15 of tangible personal property purchased from an Illinois  
16 retailer by a taxpayer engaged in centralized purchasing  
17 activities in Illinois who will, upon receipt of the property  
18 in Illinois, temporarily store the property in Illinois (i) for  
19 the purpose of subsequently transporting it outside this State  
20 for use or consumption thereafter solely outside this State or  
21 (ii) for the purpose of being processed, fabricated, or  
22 manufactured into, attached to, or incorporated into other  
23 tangible personal property to be transported outside this State  
24 and thereafter used or consumed solely outside this State. The  
25 Director of Revenue shall, pursuant to rules adopted in  
26 accordance with the Illinois Administrative Procedure Act,

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

11 (Source: P.A. 100-321, eff. 8-24-17.)

12 Section 10. The Service Use Tax Act is amended by changing  
13 Section 3-45 as follows:

14 (35 ILCS 110/3-45) (from Ch. 120, par. 439.33-45)

15 Sec. 3-45. Multistate exemption. To prevent actual or  
16 likely multistate taxation, the tax imposed by this Act does  
17 not apply to the use of tangible personal property in this  
18 State under the following circumstances:

19 (a) The use, in this State, of property acquired outside  
20 this State by a nonresident individual and brought into this  
21 State by the individual for his or her own use while  
22 temporarily within this State or while passing through this  
23 State.

24 (b) The use, in this State, of property that is acquired

1 outside this State and that is moved into this State for use as  
2 rolling stock moving in interstate commerce.

3 (c) The use, in this State, of property that is acquired  
4 outside this State and caused to be brought into this State by  
5 a person who has already paid a tax in another state in respect  
6 to the sale, purchase, or use of that property, to the extent  
7 of the amount of the tax properly due and paid in the other  
8 state.

9 (d) The temporary storage, in this State, of property that  
10 is acquired outside this State and that after being brought  
11 into this State and stored here temporarily, is used solely  
12 outside this State or is physically attached to or incorporated  
13 into other property that is used solely outside this State, or  
14 is altered by converting, fabricating, manufacturing,  
15 printing, processing, or shaping, and, as altered, is used  
16 solely outside this State.

17 (e) Beginning July 1, 1999, the use, in this State, of fuel  
18 acquired outside this State and brought into this State in the  
19 fuel supply tanks of locomotives engaged in freight hauling and  
20 passenger service for interstate commerce. This subsection is  
21 exempt from the provisions of Section 3-75.

22 (f) Beginning on January 1, 2002 and through June 30, 2016,  
23 and beginning again on the first day of the first month to  
24 occur on or after the effective date of this amendatory Act of  
25 the 100th General Assembly and through June 30, 2021, the use  
26 of tangible personal property purchased from an Illinois

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

22 (Source: P.A. 97-73, eff. 6-30-11.)

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

1 (35 ILCS 115/3-5)

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

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

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

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

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

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

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

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

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

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

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

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

1 to, the collection, monitoring, and correlation of animal and  
2 crop data for the purpose of formulating animal diets and  
3 agricultural chemicals. This item (7) is exempt from the  
4 provisions of Section 3-55.

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

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

22 (9) Proceeds of mandatory service charges separately  
23 stated on customers' bills for the purchase and consumption of  
24 food and beverages, to the extent that the proceeds of the  
25 service charge are in fact turned over as tips or as a  
26 substitute for tips to the employees who participate directly



1 in preparing, serving, hosting or cleaning up the food or  
2 beverage function with respect to which the service charge is  
3 imposed.

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

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

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

1 beginning July 1, 2003 and ending on August 16, 2013 (the  
2 effective date of Public Act 98-456).

3 (13) Beginning January 1, 1992 and through June 30, 2016,  
4 food for human consumption that is to be consumed off the  
5 premises where it is sold (other than alcoholic beverages, soft  
6 drinks and food that has been prepared for immediate  
7 consumption) and prescription and non-prescription medicines,  
8 drugs, medical appliances, and insulin, urine testing  
9 materials, syringes, and needles used by diabetics, for human  
10 use, when purchased for use by a person receiving medical  
11 assistance under Article V of the Illinois Public Aid Code who  
12 resides in a licensed long-term care facility, as defined in  
13 the Nursing Home Care Act, or in a licensed facility as defined  
14 in the ID/DD Community Care Act, the MC/DD Act, or the  
15 Specialized Mental Health Rehabilitation Act of 2013.

16 (14) Semen used for artificial insemination of livestock  
17 for direct agricultural production.

18 (15) Horses, or interests in horses, registered with and  
19 meeting the requirements of any of the Arabian Horse Club  
20 Registry of America, Appaloosa Horse Club, American Quarter  
21 Horse Association, United States Trotting Association, or  
22 Jockey Club, as appropriate, used for purposes of breeding or  
23 racing for prizes. This item (15) is exempt from the provisions  
24 of Section 3-55, and the exemption provided for under this item  
25 (15) applies for all periods beginning May 30, 1995, but no  
26 claim for credit or refund is allowed on or after January 1,

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

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

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

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

1 who reside within the declared disaster area.

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

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

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

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

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

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

1 items, and replacement parts for these machines. Beginning  
2 January 1, 2002 and through June 30, 2003, machines and parts  
3 for machines used in commercial, coin-operated amusement and  
4 vending business if a use or occupation tax is paid on the  
5 gross receipts derived from the use of the commercial,  
6 coin-operated amusement and vending machines. This paragraph  
7 is exempt from the provisions of Section 3-55.

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

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

26 (26) Beginning on January 1, 2002 and through June 30,

1     2016, and beginning again on the first day of the first month  
2     to occur on or after the effective date of this amendatory Act  
3     of the 100th General Assembly and through June 30, 2021,  
4     tangible personal property purchased from an Illinois retailer  
5     by a taxpayer engaged in centralized purchasing activities in  
6     Illinois who will, upon receipt of the property in Illinois,  
7     temporarily store the property in Illinois (i) for the purpose  
8     of subsequently transporting it outside this State for use or  
9     consumption thereafter solely outside this State or (ii) for  
10    the purpose of being processed, fabricated, or manufactured  
11    into, attached to, or incorporated into other tangible personal  
12    property to be transported outside this State and thereafter  
13    used or consumed solely outside this State. The Director of  
14    Revenue shall, pursuant to rules adopted in accordance with the  
15    Illinois Administrative Procedure Act, issue a permit to any  
16    taxpayer in good standing with the Department who is eligible  
17    for the exemption under this paragraph (26). The permit issued  
18    under this paragraph (26) shall authorize the holder, to the  
19    extent and in the manner specified in the rules adopted under  
20    this Act, to purchase tangible personal property from a  
21    retailer exempt from the taxes imposed by this Act. Taxpayers  
22    shall maintain all necessary books and records to substantiate  
23    the use and consumption of all such tangible personal property  
24    outside of the State of Illinois.

25           (27) Beginning January 1, 2008, tangible personal property  
26    used in the construction or maintenance of a community water

1 supply, as defined under Section 3.145 of the Environmental  
2 Protection Act, that is operated by a not-for-profit  
3 corporation that holds a valid water supply permit issued under  
4 Title IV of the Environmental Protection Act. This paragraph is  
5 exempt from the provisions of Section 3-55.

6 (28) Tangible personal property sold to a  
7 public-facilities corporation, as described in Section  
8 11-65-10 of the Illinois Municipal Code, for purposes of  
9 constructing or furnishing a municipal convention hall, but  
10 only if the legal title to the municipal convention hall is  
11 transferred to the municipality without any further  
12 consideration by or on behalf of the municipality at the time  
13 of the completion of the municipal convention hall or upon the  
14 retirement or redemption of any bonds or other debt instruments  
15 issued by the public-facilities corporation in connection with  
16 the development of the municipal convention hall. This  
17 exemption includes existing public-facilities corporations as  
18 provided in Section 11-65-25 of the Illinois Municipal Code.  
19 This paragraph is exempt from the provisions of Section 3-55.

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



1 materials, parts, equipment, components, and consumable  
2 supplies used in the modification, replacement, repair, and  
3 maintenance of aircraft engines or power plants, whether such  
4 engines or power plants are installed or uninstalled upon any  
5 such aircraft. "Consumable supplies" include, but are not  
6 limited to, adhesive, tape, sandpaper, general purpose  
7 lubricants, cleaning solution, latex gloves, and protective  
8 films. This exemption applies only to the transfer of  
9 qualifying tangible personal property incident to the  
10 modification, refurbishment, completion, replacement, repair,  
11 or maintenance of an aircraft by persons who (i) hold an Air  
12 Agency Certificate and are empowered to operate an approved  
13 repair station by the Federal Aviation Administration, (ii)  
14 have a Class IV Rating, and (iii) conduct operations in  
15 accordance with Part 145 of the Federal Aviation Regulations.  
16 The exemption does not include aircraft operated by a  
17 commercial air carrier providing scheduled passenger air  
18 service pursuant to authority issued under Part 121 or Part 129  
19 of the Federal Aviation Regulations. The changes made to this  
20 paragraph (29) by Public Act 98-534 are declarative of existing  
21 law.

22 (30) Beginning January 1, 2017, menstrual pads, tampons,  
23 and menstrual cups.

24 (Source: P.A. 99-180, eff. 7-29-15; 99-855, eff. 8-19-16;  
25 100-22, eff. 7-6-17.)

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

3 (35 ILCS 120/2-5)

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

7 (1) Farm chemicals.

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

1 required to be licensed, if the selling price of the tender  
2 is separately stated.

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

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

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

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

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

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

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

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

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

26 (9) Personal property sold to a not-for-profit arts or

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

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

23 (11) Personal property sold to a governmental body, to  
24 a corporation, society, association, foundation, or  
25 institution organized and operated exclusively for  
26 charitable, religious, or educational purposes, or to a

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

12 (12) (Blank).

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

1           that would qualify for the rolling stock exemption  
2 otherwise provided for in this Act. For purposes of this  
3 paragraph, "used for commercial purposes" means the  
4 transportation of persons or property in furtherance of any  
5 commercial or industrial enterprise whether for-hire or  
6 not.

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

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

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

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

22 (16) Petroleum products sold to a purchaser if the  
23 seller is prohibited by federal law from charging tax to  
24 the purchaser.

25 (17) Tangible personal property sold to a common  
26 carrier by rail or motor that receives the physical



1 possession of the property in Illinois and that transports  
2 the property, or shares with another common carrier in the  
3 transportation of the property, out of Illinois on a  
4 standard uniform bill of lading showing the seller of the  
5 property as the shipper or consignor of the property to a  
6 destination outside Illinois, for use outside Illinois.

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

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

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

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

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

20           Beginning July 1, 2013, fuel and petroleum products  
21 sold to or used by an air carrier, certified by the carrier  
22 to be used for consumption, shipment, or storage in the  
23 conduct of its business as an air common carrier, for a  
24 flight that (i) is engaged in foreign trade or is engaged  
25 in trade between the United States and any of its  
26 possessions and (ii) transports at least one individual or

1 package for hire from the city of origination to the city  
2 of final destination on the same aircraft, without regard  
3 to a change in the flight number of that aircraft.

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

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

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

26 (25-5) The exemption under item (25) does not apply if

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

1 with this item (25-5) shall be proportionately distributed  
2 as if the tax were collected at the 6.25% general rate  
3 imposed under this Act.

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

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

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

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

1           require.

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

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

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

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

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

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

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

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

1 assists victims of the disaster who reside within the  
2 declared disaster area.

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

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

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



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

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

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

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

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

1 Mental Health Rehabilitation Act of 2013.

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

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

18 (38) Beginning on January 1, 2002 and through June 30,  
19 2016, and beginning again on the first day of the first  
20 month to occur on or after the effective date of this  
21 amendatory Act of the 100th General Assembly and through  
22 June 30, 2021, tangible personal property purchased from an  
23 Illinois retailer by a taxpayer engaged in centralized  
24 purchasing activities in Illinois who will, upon receipt of  
25 the property in Illinois, temporarily store the property in  
26 Illinois (i) for the purpose of subsequently transporting

1           it outside this State for use or consumption thereafter  
2           solely outside this State or (ii) for the purpose of being  
3           processed, fabricated, or manufactured into, attached to,  
4           or incorporated into other tangible personal property to be  
5           transported outside this State and thereafter used or  
6           consumed solely outside this State. The Director of Revenue  
7           shall, pursuant to rules adopted in accordance with the  
8           Illinois Administrative Procedure Act, issue a permit to  
9           any taxpayer in good standing with the Department who is  
10          eligible for the exemption under this paragraph (38). The  
11          permit issued under this paragraph (38) shall authorize the  
12          holder, to the extent and in the manner specified in the  
13          rules adopted under this Act, to purchase tangible personal  
14          property from a retailer exempt from the taxes imposed by  
15          this Act. Taxpayers shall maintain all necessary books and  
16          records to substantiate the use and consumption of all such  
17          tangible personal property outside of the State of  
18          Illinois.

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

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

1 Federal Aviation Regulations. The changes made to this  
2 paragraph (40) by Public Act 98-534 are declarative of  
3 existing law.

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

19 (42) Beginning January 1, 2017, menstrual pads,  
20 tampons, and menstrual cups.

21 (43) Merchandise that is subject to the Rental Purchase  
22 Agreement Occupation and Use Tax. The purchaser must  
23 certify that the item is purchased to be rented subject to  
24 a rental purchase agreement, as defined in the Rental  
25 Purchase Agreement Act, and provide proof of registration  
26 under the Rental Purchase Agreement Occupation and Use Tax

1 Act. This paragraph is exempt from the provisions of  
2 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.