



101ST GENERAL ASSEMBLY

State of Illinois

2019 and 2020

HB3572

by Rep. Keith R. Wheeler

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. Provides that 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 who will temporarily store the property in Illinois (i) for the purpose of subsequently transporting it outside this State for use or consumption solely outside this State or (ii) for the purpose of being processed, fabricated, or manufactured into, attached to, or incorporated into other tangible personal property to be transported outside this State and used or consumed solely outside this State sunsets on June 30, 2022 (currently, June 30, 2016). Effective immediately.

LRB101 07554 HLH 52599 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, 2022
12 ~~June 30, 2016~~, the use of tangible personal property purchased
13 from an Illinois retailer by a taxpayer engaged in centralized
14 purchasing activities in Illinois who will, upon receipt of the
15 property in Illinois, temporarily store the property in
16 Illinois (i) for the purpose of subsequently transporting it
17 outside this State for use or consumption thereafter solely
18 outside this State or (ii) for the purpose of being processed,
19 fabricated, or manufactured into, attached to, or incorporated
20 into other tangible personal property to be transported outside
21 this State and thereafter used or consumed solely outside this
22 State. The Director of Revenue shall, pursuant to rules adopted
23 in accordance with the Illinois Administrative Procedure Act,
24 issue a permit to any taxpayer in good standing with the
25 Department who is eligible for the exemption under this
26 subsection (j). The permit issued under this subsection (j)

1 shall authorize the holder, to the extent and in the manner
2 specified in the rules adopted under this Act, to purchase
3 tangible personal property from a retailer exempt from the
4 taxes imposed by this Act. Taxpayers shall maintain all
5 necessary books and records to substantiate the use and
6 consumption of all such tangible personal property outside of
7 the State of Illinois.

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

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

11 (35 ILCS 110/3-45) (from Ch. 120, par. 439.33-45)

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

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

21 (b) The use, in this State, of property that is acquired
22 outside this State and that is moved into this State for use as
23 rolling stock moving in interstate commerce.

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

1 outside this State and caused to be brought into this State by
2 a person who has already paid a tax in another state in respect
3 to the sale, purchase, or use of that property, to the extent
4 of the amount of the tax properly due and paid in the other
5 state.

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

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

19 (f) Beginning on January 1, 2002 and through June 30, 2022
20 ~~June 30, 2016~~, the use of tangible personal property purchased
21 from an Illinois retailer by a taxpayer engaged in centralized
22 purchasing activities in Illinois who will, upon receipt of the
23 property in Illinois, temporarily store the property in
24 Illinois (i) for the purpose of subsequently transporting it
25 outside this State for use or consumption thereafter solely
26 outside this State or (ii) for the purpose of being processed,

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

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

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

19 (35 ILCS 115/3-5)

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

22 (1) Personal property sold by a corporation, society,
23 association, foundation, institution, or organization, other
24 than a limited liability company, that is organized and

1 operated as a not-for-profit service enterprise for the benefit
2 of persons 65 years of age or older if the personal property
3 was not purchased by the enterprise for the purpose of resale
4 by the enterprise.

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

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

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

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

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

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

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

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

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

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

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

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

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

24 (10) Until July 1, 2003, oil field exploration, drilling,
25 and production equipment, including (i) rigs and parts of rigs,
26 rotary rigs, cable tool rigs, and workover rigs, (ii) pipe and

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

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

12 (12) Until July 1, 2023, coal and aggregate exploration,
13 mining, off-highway hauling, processing, maintenance, and
14 reclamation equipment, including replacement parts and
15 equipment, and including equipment purchased for lease, but
16 excluding motor vehicles required to be registered under the
17 Illinois Vehicle Code. The changes made to this Section by
18 Public Act 97-767 apply on and after July 1, 2003, but no claim
19 for credit or refund is allowed on or after August 16, 2013
20 (the effective date of Public Act 98-456) for such taxes paid
21 during the period beginning July 1, 2003 and ending on August
22 16, 2013 (the effective date of Public Act 98-456).

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

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

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

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

24 (16) Computers and communications equipment utilized for
25 any hospital purpose and equipment used in the diagnosis,
26 analysis, or treatment of hospital patients sold to a lessor

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

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

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

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

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

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

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

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

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

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

1 is exempt from the provisions of Section 3-55.

2 (24) Beginning on August 2, 2001 (the effective date of
3 Public Act 92-227) ~~this amendatory Act of the 92nd General~~
4 ~~Assembly~~, 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. This paragraph is exempt from
12 the provisions of Section 3-55.

13 (25) Beginning on August 2, 2001 (the effective date of
14 Public Act 92-227) ~~this amendatory Act of the 92nd General~~
15 ~~Assembly~~, personal property sold to a lessor who leases the
16 property, under a lease of one year or longer executed or in
17 effect at the time of the purchase, to a governmental body that
18 has been issued an active tax exemption identification number
19 by the Department under Section 1g of the Retailers' Occupation
20 Tax Act. This paragraph is exempt from the provisions of
21 Section 3-55.

22 (26) Beginning on January 1, 2002 and through June 30, 2022
23 ~~June 30, 2016~~, tangible personal property purchased from an
24 Illinois retailer by a taxpayer engaged in centralized
25 purchasing activities in Illinois who will, upon receipt of the
26 property in Illinois, temporarily store the property in

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

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

26 (28) Tangible personal property sold to a

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

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

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

16 (30) Beginning January 1, 2017, menstrual pads, tampons,
17 and menstrual cups.

18 (31) Tangible personal property transferred to a purchaser
19 who is exempt from tax by operation of federal law. This
20 paragraph is exempt from the provisions of Section 3-55.

21 (Source: P.A. 99-180, eff. 7-29-15; 99-855, eff. 8-19-16;
22 100-22, eff. 7-6-17; 100-594, eff. 6-29-18; 100-1171, eff.
23 1-4-19; revised 1-8-19.)

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

1 (35 ILCS 120/2-5)

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

5 (1) Farm chemicals.

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

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

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

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

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

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

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

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

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

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

24 (9) Personal property sold to a not-for-profit arts or
25 cultural organization that establishes, by proof required
26 by the Department by rule, that it has received an

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

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

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

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

9 (12) (Blank).

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

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

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

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

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

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

19 (16) Tangible personal property sold to a purchaser if
20 the purchaser is exempt from use tax by operation of
21 federal law. This paragraph is exempt from the provisions
22 of Section 2-70.

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

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

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

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

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

25 (21) Until July 1, 2023, coal and aggregate
26 exploration, mining, off-highway hauling, processing,

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

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

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

1 to a change in the flight number of that aircraft.

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

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

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

24 (25-5) The exemption under item (25) does not apply if
25 the state in which the motor vehicle will be titled does
26 not allow a reciprocal exemption for a motor vehicle sold

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

1 imposed under this Act.

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

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

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

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

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

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

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

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

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

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

1 January 1, 2008 (the effective date of Public Act 95-88).

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

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

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

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

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

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

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

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

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

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

26 (36) Beginning August 2, 2001, computers and

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

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

16 (38) Beginning on January 1, 2002 and through June 30,
17 2022 ~~June 30, 2016~~, tangible personal property purchased
18 from an Illinois retailer by a taxpayer engaged in
19 centralized purchasing activities in Illinois who will,
20 upon receipt of the property in Illinois, temporarily store
21 the property in Illinois (i) for the purpose of
22 subsequently transporting it outside this State for use or
23 consumption thereafter solely outside this State or (ii)
24 for the purpose of being processed, fabricated, or
25 manufactured into, attached to, or incorporated into other
26 tangible personal property to be transported outside this

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

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

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

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

25 (41) Tangible personal property sold to a
26 public-facilities corporation, as described in Section

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

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

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

24 (Source: P.A. 99-180, eff. 7-29-15; 99-855, eff. 8-19-16;
25 100-22, eff. 7-6-17; 100-321, eff. 8-24-17; 100-437, eff.
26 1-1-18; 100-594, eff. 6-29-18; 100-863, eff. 8-14-18;

1 100-1171, eff. 1-4-19; revised 1-8-19.)

2 Section 99. Effective date. This Act takes effect upon
3 becoming law.