

SB2945



101ST GENERAL ASSEMBLY

State of Illinois

2019 and 2020

SB2945

Introduced 2/4/2020, by Sen. Dale Fowler

SYNOPSIS AS INTRODUCED:

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

Amends the Use Tax Act, the Service Use Tax Act, the Service Occupation Tax Act, and the Retailers' Occupation Tax Act. Exempts sales of feed, including hay, for livestock, horses, and poultry from taxation under the Acts. Effective immediately.

LRB101 18127 HLH 67567 b

FISCAL NOTE ACT
MAY APPLY

A BILL FOR

1 AN ACT concerning revenue.

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

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

6 (35 ILCS 105/3-5)

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

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

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

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

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

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

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

1 the car is subject to the Replacement Vehicle Tax.

2 (6) Until July 1, 2003 and beginning again on September 1,
3 2004 through August 30, 2014, graphic arts machinery and
4 equipment, including repair and replacement parts, both new and
5 used, and including that manufactured on special order,
6 certified by the purchaser to be used primarily for graphic
7 arts production, and including machinery and equipment
8 purchased for lease. Equipment includes chemicals or chemicals
9 acting as catalysts but only if the chemicals or chemicals
10 acting as catalysts effect a direct and immediate change upon a
11 graphic arts product. Beginning on July 1, 2017, graphic arts
12 machinery and equipment is included in the manufacturing and
13 assembling machinery and equipment exemption under paragraph
14 (18).

15 (7) Farm chemicals.

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

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

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

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

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

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

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

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

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

26 (13) Proceeds of mandatory service charges separately

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

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

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

22 (16) Until July 1, 2023, coal and aggregate exploration,
23 mining, off-highway hauling, processing, maintenance, and
24 reclamation equipment, including replacement parts and
25 equipment, and including equipment purchased for lease, but
26 excluding motor vehicles required to be registered under the

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

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

13 (18) Manufacturing and assembling machinery and equipment
14 used primarily in the process of manufacturing or assembling
15 tangible personal property for wholesale or retail sale or
16 lease, whether that sale or lease is made directly by the
17 manufacturer or by some other person, whether the materials
18 used in the process are owned by the manufacturer or some other
19 person, or whether that sale or lease is made apart from or as
20 an incident to the seller's engaging in the service occupation
21 of producing machines, tools, dies, jigs, patterns, gauges, or
22 other similar items of no commercial value on special order for
23 a particular purchaser. The exemption provided by this
24 paragraph (18) includes production related tangible personal
25 property, as defined in Section 3-50, purchased on or after
26 July 1, 2019. The exemption provided by this paragraph (18)

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

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

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

20 (21) Horses, or interests in horses, registered with and
21 meeting the requirements of any of the Arabian Horse Club
22 Registry of America, Appaloosa Horse Club, American Quarter
23 Horse Association, United States Trotting Association, or
24 Jockey Club, as appropriate, used for purposes of breeding or
25 racing for prizes. This item (21) is exempt from the provisions
26 of Section 3-90, and the exemption provided for under this item

1 (21) applies for all periods beginning May 30, 1995, but no
2 claim for credit or refund is allowed on or after January 1,
3 2008 for such taxes paid during the period beginning May 30,
4 2000 and ending on January 1, 2008.

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

1 Department.

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

22 (24) 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 donated for
25 disaster relief to be used in a State or federally declared
26 disaster area in Illinois or bordering Illinois by a

1 manufacturer or retailer that is registered in this State to a
2 corporation, society, association, foundation, or institution
3 that has been issued a sales tax exemption identification
4 number by the Department that assists victims of the disaster
5 who reside within the declared disaster area.

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

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

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

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

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

1 exempt from the provisions of Section 3-90.

2 (29) Beginning January 1, 2000 and through December 31,
3 2001, new or used automatic vending machines that prepare and
4 serve hot food and beverages, including coffee, soup, and other
5 items, and replacement parts for these machines. Beginning
6 January 1, 2002 and through June 30, 2003, machines and parts
7 for machines used in commercial, coin-operated amusement and
8 vending business if a use or occupation tax is paid on the
9 gross receipts derived from the use of the commercial,
10 coin-operated amusement and vending machines. This paragraph
11 is exempt from the provisions of Section 3-90.

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

25 (31) Beginning on August 2, 2001 (the effective date of
26 Public Act 92-227), computers and communications equipment

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

24 (32) Beginning on August 2, 2001 (the effective date of
25 Public Act 92-227), personal property purchased by a lessor who
26 leases the property, under a lease of one year or longer

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

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

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

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

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

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

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

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

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

18 (39) Tangible personal property purchased by a purchaser
19 who is exempt from the tax imposed by this Act by operation of
20 federal law. This paragraph is exempt from the provisions of
21 Section 3-90.

22 (40) Qualified tangible personal property used in the
23 construction or operation of a data center that has been
24 granted a certificate of exemption by the Department of
25 Commerce and Economic Opportunity, whether that tangible
26 personal property is purchased by the owner, operator, or

1 tenant of the data center or by a contractor or subcontractor
2 of the owner, operator, or tenant. Data centers that would have
3 qualified for a certificate of exemption prior to January 1,
4 2020 had Public Act 101-31 ~~this amendatory Act of the 101st~~
5 ~~General Assembly~~ been in effect, may apply for and obtain an
6 exemption for subsequent purchases of computer equipment or
7 enabling software purchased or leased to upgrade, supplement,
8 or replace computer equipment or enabling software purchased or
9 leased in the original investment that would have qualified.

10 The Department of Commerce and Economic Opportunity shall
11 grant a certificate of exemption under this item (40) to
12 qualified data centers as defined by Section 605-1025 of the
13 Department of Commerce and Economic Opportunity Law of the
14 Civil Administrative Code of Illinois.

15 For the purposes of this item (40):

16 "Data center" means a building or a series of buildings
17 rehabilitated or constructed to house working servers in
18 one physical location or multiple sites within the State of
19 Illinois.

20 "Qualified tangible personal property" means:
21 electrical systems and equipment; climate control and
22 chilling equipment and systems; mechanical systems and
23 equipment; monitoring and secure systems; emergency
24 generators; hardware; computers; servers; data storage
25 devices; network connectivity equipment; racks; cabinets;
26 telecommunications cabling infrastructure; raised floor

1 systems; peripheral components or systems; software;
2 mechanical, electrical, or plumbing systems; battery
3 systems; cooling systems and towers; temperature control
4 systems; other cabling; and other data center
5 infrastructure equipment and systems necessary to operate
6 qualified tangible personal property, including fixtures;
7 and component parts of any of the foregoing, including
8 installation, maintenance, repair, refurbishment, and
9 replacement of qualified tangible personal property to
10 generate, transform, transmit, distribute, or manage
11 electricity necessary to operate qualified tangible
12 personal property; and all other tangible personal
13 property that is essential to the operations of a computer
14 data center. The term "qualified tangible personal
15 property" also includes building materials physically
16 incorporated in to the qualifying data center. To document
17 the exemption allowed under this Section, the retailer must
18 obtain from the purchaser a copy of the certificate of
19 eligibility issued by the Department of Commerce and
20 Economic Opportunity.

21 This item (40) is exempt from the provisions of Section
22 3-90.

23 (41) Beginning on January 1, 2021, feed, including hay, for
24 livestock, horses, and poultry. This item (41) is exempt from
25 the provisions of Section 3-90.

26 (Source: P.A. 100-22, eff. 7-6-17; 100-437, eff. 1-1-18;

1 100-594, eff. 6-29-18; 100-863, eff. 8-14-18; 100-1171, eff.
2 1-4-19; 101-9, eff. 6-5-19; 101-31, eff. 6-28-19; 101-81, eff.
3 7-12-19; revised 9-23-19.)

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

6 (35 ILCS 110/3-5)

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

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

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

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

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

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

14 (5) Until July 1, 2003 and beginning again on September 1,
15 2004 through August 30, 2014, graphic arts machinery and
16 equipment, including repair and replacement parts, both new and
17 used, and including that manufactured on special order or
18 purchased for lease, certified by the purchaser to be used
19 primarily for graphic arts production. Equipment includes
20 chemicals or chemicals acting as catalysts but only if the
21 chemicals or chemicals acting as catalysts effect a direct and
22 immediate change upon a graphic arts product. Beginning on July
23 1, 2017, graphic arts machinery and equipment is included in
24 the manufacturing and assembling machinery and equipment
25 exemption under Section 2 of this Act.

26 (6) Personal property purchased from a teacher-sponsored

1 student organization affiliated with an elementary or
2 secondary school located in Illinois.

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

22 Farm machinery and equipment shall include precision
23 farming equipment that is installed or purchased to be
24 installed on farm machinery and equipment including, but not
25 limited to, tractors, harvesters, sprayers, planters, seeders,
26 or spreaders. Precision farming equipment includes, but is not

1 limited to, soil testing sensors, computers, monitors,
2 software, global positioning and mapping systems, and other
3 such equipment.

4 Farm machinery and equipment also includes computers,
5 sensors, software, and related equipment used primarily in the
6 computer-assisted operation of production agriculture
7 facilities, equipment, and activities such as, but not limited
8 to, the collection, monitoring, and correlation of animal and
9 crop data for the purpose of formulating animal diets and
10 agricultural chemicals. This item (7) is exempt from the
11 provisions of Section 3-75.

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

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

1 aircraft, without regard to a change in the flight number of
2 that aircraft.

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

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

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

1 (12) Until July 1, 2023, coal and aggregate exploration,
2 mining, off-highway hauling, processing, maintenance, and
3 reclamation equipment, including replacement parts and
4 equipment, and including equipment purchased for lease, but
5 excluding motor vehicles required to be registered under the
6 Illinois Vehicle Code. The changes made to this Section by
7 Public Act 97-767 apply on and after July 1, 2003, but no claim
8 for credit or refund is allowed on or after August 16, 2013
9 (the effective date of Public Act 98-456) for such taxes paid
10 during the period beginning July 1, 2003 and ending on August
11 16, 2013 (the effective date of Public Act 98-456).

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

14 (14) Horses, or interests in horses, registered with and
15 meeting the requirements of any of the Arabian Horse Club
16 Registry of America, Appaloosa Horse Club, American Quarter
17 Horse Association, United States Trotting Association, or
18 Jockey Club, as appropriate, used for purposes of breeding or
19 racing for prizes. This item (14) is exempt from the provisions
20 of Section 3-75, and the exemption provided for under this item
21 (14) applies for all periods beginning May 30, 1995, but no
22 claim for credit or refund is allowed on or after January 1,
23 2008 (the effective date of Public Act 95-88) for such taxes
24 paid during the period beginning May 30, 2000 and ending on
25 January 1, 2008 (the effective date of Public Act 95-88).

26 (15) Computers and communications equipment utilized for

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

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

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

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

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

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

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

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

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

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

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

1 for machines used in commercial, coin-operated amusement and
2 vending business if a use or occupation tax is paid on the
3 gross receipts derived from the use of the commercial,
4 coin-operated amusement and vending machines. This paragraph
5 is exempt from the provisions of Section 3-75.

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

19 (24) Beginning on August 2, 2001 (the effective date of
20 Public Act 92-227), computers and communications equipment
21 utilized for any hospital purpose and equipment used in the
22 diagnosis, analysis, or treatment of hospital patients
23 purchased by a lessor who leases the equipment, under a lease
24 of one year or longer executed or in effect at the time the
25 lessor would otherwise be subject to the tax imposed by this
26 Act, to a hospital that has been issued an active tax exemption

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

17 (25) Beginning on August 2, 2001 (the effective date of
18 Public Act 92-227), personal property purchased by a lessor who
19 leases the property, under a lease of one year or longer
20 executed or in effect at the time the lessor would otherwise be
21 subject to the tax imposed by this Act, to a governmental body
22 that has been issued an active tax exemption identification
23 number by the Department under Section 1g of the Retailers'
24 Occupation Tax Act. If the property is leased in a manner that
25 does not qualify for this exemption or is used in any other
26 nonexempt manner, the lessor shall be liable for the tax

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

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

20 (27) 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 use of qualifying
9 tangible personal property transferred incident to the
10 modification, refurbishment, completion, replacement, repair,
11 or maintenance of 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 (27) by Public Act 98-534 are declarative of existing
21 law.

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

1 transferred to the municipality without any further
2 consideration by or on behalf of the municipality at the time
3 of the completion of the municipal convention hall or upon the
4 retirement or redemption of any bonds or other debt instruments
5 issued by the public-facilities corporation in connection with
6 the development of the municipal convention hall. This
7 exemption includes existing public-facilities corporations as
8 provided in Section 11-65-25 of the Illinois Municipal Code.
9 This paragraph is exempt from the provisions of Section 3-75.

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

12 (30) Tangible personal property transferred to a purchaser
13 who is exempt from the tax imposed by this Act by operation of
14 federal law. This paragraph is exempt from the provisions of
15 Section 3-75.

16 (31) Qualified tangible personal property used in the
17 construction or operation of a data center that has been
18 granted a certificate of exemption by the Department of
19 Commerce and Economic Opportunity, whether that tangible
20 personal property is purchased by the owner, operator, or
21 tenant of the data center or by a contractor or subcontractor
22 of the owner, operator, or tenant. Data centers that would have
23 qualified for a certificate of exemption prior to January 1,
24 2020 had this amendatory Act of the 101st General Assembly been
25 in effect, may apply for and obtain an exemption for subsequent
26 purchases of computer equipment or enabling software purchased

1 or leased to upgrade, supplement, or replace computer equipment
2 or enabling software purchased or leased in the original
3 investment that would have qualified.

4 The Department of Commerce and Economic Opportunity shall
5 grant a certificate of exemption under this item (31) to
6 qualified data centers as defined by Section 605-1025 of the
7 Department of Commerce and Economic Opportunity Law of the
8 Civil Administrative Code of Illinois.

9 For the purposes of this item (31):

10 "Data center" means a building or a series of buildings
11 rehabilitated or constructed to house working servers in
12 one physical location or multiple sites within the State of
13 Illinois.

14 "Qualified tangible personal property" means:
15 electrical systems and equipment; climate control and
16 chilling equipment and systems; mechanical systems and
17 equipment; monitoring and secure systems; emergency
18 generators; hardware; computers; servers; data storage
19 devices; network connectivity equipment; racks; cabinets;
20 telecommunications cabling infrastructure; raised floor
21 systems; peripheral components or systems; software;
22 mechanical, electrical, or plumbing systems; battery
23 systems; cooling systems and towers; temperature control
24 systems; other cabling; and other data center
25 infrastructure equipment and systems necessary to operate
26 qualified tangible personal property, including fixtures;

1 and component parts of any of the foregoing, including
2 installation, maintenance, repair, refurbishment, and
3 replacement of qualified tangible personal property to
4 generate, transform, transmit, distribute, or manage
5 electricity necessary to operate qualified tangible
6 personal property; and all other tangible personal
7 property that is essential to the operations of a computer
8 data center. The term "qualified tangible personal
9 property" also includes building materials physically
10 incorporated in to the qualifying data center. To document
11 the exemption allowed under this Section, the retailer must
12 obtain from the purchaser a copy of the certificate of
13 eligibility issued by the Department of Commerce and
14 Economic Opportunity.

15 This item (31) is exempt from the provisions of Section
16 3-75.

17 (32) Beginning on January 1, 2021, feed, including hay, for
18 livestock, horses, and poultry. This item (32) is exempt from
19 the provisions of Section 3-75.

20 (Source: P.A. 100-22, eff. 7-6-17; 100-594, eff. 6-29-18;
21 100-1171, eff. 1-4-19; 101-31, eff. 6-28-19; 101-81, eff.
22 7-12-19.)

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 July 1, 2001 (the
25 effective date of Public Act 92-35), however, an entity
26 otherwise eligible for this exemption shall not make tax-free

1 purchases unless it has an active identification number issued
2 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) Until July 1, 2023, coal and aggregate exploration,
19 mining, off-highway hauling, processing, maintenance, and
20 reclamation equipment, including replacement parts and
21 equipment, and including equipment purchased for lease, but
22 excluding motor vehicles required to be registered under the
23 Illinois Vehicle Code. The changes made to this Section by
24 Public Act 97-767 apply on and after July 1, 2003, but no claim
25 for credit or refund is allowed on or after August 16, 2013
26 (the effective date of Public Act 98-456) for such taxes paid

1 during the period beginning July 1, 2003 and ending on August
2 16, 2013 (the 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 August 2, 2001 (the effective date of
9 Public Act 92-227), computers and communications equipment
10 utilized for any hospital purpose and equipment used in the
11 diagnosis, analysis, or treatment of hospital patients sold to
12 a lessor who leases the equipment, under a lease of one year or
13 longer executed or in effect at the time of the purchase, to a
14 hospital that has been issued an active tax exemption
15 identification number by the Department under Section 1g of the
16 Retailers' Occupation Tax Act. This paragraph is exempt from
17 the provisions of Section 3-55.

18 (25) Beginning on August 2, 2001 (the effective date of
19 Public Act 92-227), personal property sold to a lessor who
20 leases the property, under a lease of one year or longer
21 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, tangible personal property purchased from an Illinois
2 retailer by a taxpayer engaged in centralized purchasing
3 activities in Illinois who will, upon receipt of the property
4 in Illinois, temporarily store the property in Illinois (i) for
5 the purpose of subsequently transporting it outside this State
6 for use or consumption thereafter solely outside this State or
7 (ii) for the purpose of being processed, fabricated, or
8 manufactured into, attached to, or incorporated into other
9 tangible personal property to be transported outside this State
10 and thereafter used or consumed solely outside this State. The
11 Director of Revenue shall, pursuant to rules adopted in
12 accordance with the Illinois Administrative Procedure Act,
13 issue a permit to any taxpayer in good standing with the
14 Department who is eligible for the exemption under this
15 paragraph (26). The permit issued under this paragraph (26)
16 shall authorize the holder, to the extent and in the manner
17 specified in the rules adopted under this Act, to purchase
18 tangible personal property from a retailer exempt from the
19 taxes imposed by this Act. Taxpayers shall maintain all
20 necessary books and records to substantiate the use and
21 consumption of all such tangible personal property outside of
22 the State of Illinois.

23 (27) Beginning January 1, 2008, tangible personal property
24 used in the construction or maintenance of a community water
25 supply, as defined under Section 3.145 of the Environmental
26 Protection Act, that is operated by a not-for-profit

1 corporation that holds a valid water supply permit issued under
2 Title IV of the Environmental Protection Act. This paragraph is
3 exempt from the provisions of Section 3-55.

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

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

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

20 (30) Beginning January 1, 2017, menstrual pads, tampons,
21 and menstrual cups.

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

25 (32) Qualified tangible personal property used in the
26 construction or operation of a data center that has been

1 granted a certificate of exemption by the Department of
2 Commerce and Economic Opportunity, whether that tangible
3 personal property is purchased by the owner, operator, or
4 tenant of the data center or by a contractor or subcontractor
5 of the owner, operator, or tenant. Data centers that would have
6 qualified for a certificate of exemption prior to January 1,
7 2020 had this amendatory Act of the 101st General Assembly been
8 in effect, may apply for and obtain an exemption for subsequent
9 purchases of computer equipment or enabling software purchased
10 or leased to upgrade, supplement, or replace computer equipment
11 or enabling software purchased or leased in the original
12 investment that would have qualified.

13 The Department of Commerce and Economic Opportunity shall
14 grant a certificate of exemption under this item (32) to
15 qualified data centers as defined by Section 605-1025 of the
16 Department of Commerce and Economic Opportunity Law of the
17 Civil Administrative Code of Illinois.

18 For the purposes of this item (32):

19 "Data center" means a building or a series of buildings
20 rehabilitated or constructed to house working servers in
21 one physical location or multiple sites within the State of
22 Illinois.

23 "Qualified tangible personal property" means:
24 electrical systems and equipment; climate control and
25 chilling equipment and systems; mechanical systems and
26 equipment; monitoring and secure systems; emergency

1 generators; hardware; computers; servers; data storage
2 devices; network connectivity equipment; racks; cabinets;
3 telecommunications cabling infrastructure; raised floor
4 systems; peripheral components or systems; software;
5 mechanical, electrical, or plumbing systems; battery
6 systems; cooling systems and towers; temperature control
7 systems; other cabling; and other data center
8 infrastructure equipment and systems necessary to operate
9 qualified tangible personal property, including fixtures;
10 and component parts of any of the foregoing, including
11 installation, maintenance, repair, refurbishment, and
12 replacement of qualified tangible personal property to
13 generate, transform, transmit, distribute, or manage
14 electricity necessary to operate qualified tangible
15 personal property; and all other tangible personal
16 property that is essential to the operations of a computer
17 data center. The term "qualified tangible personal
18 property" also includes building materials physically
19 incorporated in to the qualifying data center. To document
20 the exemption allowed under this Section, the retailer must
21 obtain from the purchaser a copy of the certificate of
22 eligibility issued by the Department of Commerce and
23 Economic Opportunity.

24 This item (32) is exempt from the provisions of Section
25 3-55.

26 (33) Beginning on January 1, 2021, feed, including hay, for

1 livestock, horses, and poultry. This item (33) is exempt from
2 the provisions of Section 3-55.

3 (Source: P.A. 100-22, eff. 7-6-17; 100-594, eff. 6-29-18;
4 100-1171, eff. 1-4-19; 101-31, eff. 6-28-19; 101-81, eff.
5 7-12-19.)

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

8 (35 ILCS 120/2-5)

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

12 (1) Farm chemicals.

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

1 Vehicle Code. Horticultural polyhouses or hoop houses used
2 for propagating, growing, or overwintering plants shall be
3 considered farm machinery and equipment under this item
4 (2). Agricultural chemical tender tanks and dry boxes shall
5 include units sold separately from a motor vehicle required
6 to be licensed and units sold mounted on a motor vehicle
7 required to be licensed, if the selling price of the tender
8 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
12 not limited to, tractors, harvesters, sprayers, planters,
13 seeders, or spreaders. Precision farming equipment
14 includes, but is not limited to, soil testing sensors,
15 computers, monitors, software, global positioning and
16 mapping systems, and other such equipment.

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

25 (3) Until July 1, 2003, distillation machinery and
26 equipment, sold as a unit or kit, assembled or installed by

1 the retailer, certified by the user to be used only for the
2 production of ethyl alcohol that will be used for
3 consumption as motor fuel or as a component of motor fuel
4 for the personal use of the user, and not subject to sale
5 or resale.

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

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

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

26 (7) Until July 1, 2003, proceeds of that portion of the

1 selling price of a passenger car the sale of which is
2 subject to the Replacement Vehicle Tax.

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

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

21 (10) Personal property sold by a corporation, society,
22 association, foundation, institution, or organization,
23 other than a limited liability company, that is organized
24 and operated as a not-for-profit service enterprise for the
25 benefit of persons 65 years of age or older if the personal
26 property was not purchased by the enterprise for the

1 purpose of resale by the enterprise.

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

17 (12) (Blank).

18 (12-5) On and after July 1, 2003 and through June 30,
19 2004, motor vehicles of the second division with a gross
20 vehicle weight in excess of 8,000 pounds that are subject
21 to the commercial distribution fee imposed under Section
22 3-815.1 of the Illinois Vehicle Code. Beginning on July 1,
23 2004 and through June 30, 2005, the use in this State of
24 motor vehicles of the second division: (i) with a gross
25 vehicle weight rating in excess of 8,000 pounds; (ii) that
26 are subject to the commercial distribution fee imposed

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

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

20 (14) Machinery and equipment that will be used by the
21 purchaser, or a lessee of the purchaser, primarily in the
22 process of manufacturing or assembling tangible personal
23 property for wholesale or retail sale or lease, whether the
24 sale or lease is made directly by the manufacturer or by
25 some other person, whether the materials used in the
26 process are owned by the manufacturer or some other person,

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

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

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

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

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

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

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

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

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

26 Beginning July 1, 2013, fuel and petroleum products

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

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

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

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

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

6 (25-5) The exemption under item (25) does not apply if
7 the state in which the motor vehicle will be titled does
8 not allow a reciprocal exemption for a motor vehicle sold
9 and delivered in that state to an Illinois resident but
10 titled in Illinois. The tax collected under this Act on the
11 sale of a motor vehicle in this State to a resident of
12 another state that does not allow a reciprocal exemption
13 shall be imposed at a rate equal to the state's rate of tax
14 on taxable property in the state in which the purchaser is
15 a resident, except that the tax shall not exceed the tax
16 that would otherwise be imposed under this Act. At the time
17 of the sale, the purchaser shall execute a statement,
18 signed under penalty of perjury, of his or her intent to
19 title the vehicle in the state in which the purchaser is a
20 resident within 30 days after the sale and of the fact of
21 the payment to the State of Illinois of tax in an amount
22 equivalent to the state's rate of tax on taxable property
23 in his or her state of residence and shall submit the
24 statement to the appropriate tax collection agency in his
25 or her state of residence. In addition, the retailer must
26 retain a signed copy of the statement in his or her

1 records. Nothing in this item shall be construed to require
2 the removal of the vehicle from this state following the
3 filing of an intent to title the vehicle in the purchaser's
4 state of residence if the purchaser titles the vehicle in
5 his or her state of residence within 30 days after the date
6 of sale. The tax collected under this Act in accordance
7 with this item (25-5) shall be proportionately distributed
8 as if the tax were collected at the 6.25% general rate
9 imposed under this Act.

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

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

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

23 (3) the seller retains in his or her books and
24 records and provides to the Department a signed and
25 dated certification from the purchaser, on a form
26 prescribed by the Department, certifying that the

1 requirements of this item (25-7) are met. The
2 certificate must also include the name and address of
3 the purchaser, the address of the location where the
4 aircraft is to be titled or registered, the address of
5 the primary physical location of the aircraft, and
6 other information that the Department may reasonably
7 require.

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

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

14 "Registered in this State" means an aircraft
15 registered with the Department of Transportation,
16 Aeronautics Division, or titled or registered with the
17 Federal Aviation Administration to an address located in
18 this State.

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

21 (26) Semen used for artificial insemination of
22 livestock for direct agricultural production.

23 (27) Horses, or interests in horses, registered with
24 and meeting the requirements of any of the Arabian Horse
25 Club Registry of America, Appaloosa Horse Club, American
26 Quarter Horse Association, United States Trotting

1 Association, or Jockey Club, as appropriate, used for
2 purposes of breeding or racing for prizes. This item (27)
3 is exempt from the provisions of Section 2-70, and the
4 exemption provided for under this item (27) applies for all
5 periods beginning May 30, 1995, but no claim for credit or
6 refund is allowed on or after January 1, 2008 (the
7 effective date of Public Act 95-88) for such taxes paid
8 during the period beginning May 30, 2000 and ending on
9 January 1, 2008 (the effective date of Public Act 95-88).

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

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

24 (30) Beginning with taxable years ending on or after
25 December 31, 1995 and ending with taxable years ending on
26 or before December 31, 2004, personal property that is

1 donated for disaster relief to be used in a State or
2 federally declared disaster area in Illinois or bordering
3 Illinois by a manufacturer or retailer that is registered
4 in this State to a corporation, society, association,
5 foundation, or institution that has been issued a sales tax
6 exemption identification number by the Department that
7 assists victims of the disaster who reside within the
8 declared disaster area.

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

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

26 (33) A motor vehicle, as that term is defined in

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

20 (34) Beginning January 1, 2000, personal property,
21 including food, purchased through fundraising events for
22 the benefit of a public or private elementary or secondary
23 school, a group of those schools, or one or more school
24 districts if the events are sponsored by an entity
25 recognized by the school district that consists primarily
26 of volunteers and includes parents and teachers of the

1 school children. This paragraph does not apply to
2 fundraising events (i) for the benefit of private home
3 instruction or (ii) for which the fundraising entity
4 purchases the personal property sold at the events from
5 another individual or entity that sold the property for the
6 purpose of resale by the fundraising entity and that
7 profits from the sale to the fundraising entity. This
8 paragraph is exempt from the provisions of Section 2-70.

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

20 (35-5) Beginning August 23, 2001 and through June 30,
21 2016, food for human consumption that is to be consumed off
22 the premises where it is sold (other than alcoholic
23 beverages, soft drinks, and food that has been prepared for
24 immediate consumption) and prescription and
25 nonprescription medicines, drugs, medical appliances, and
26 insulin, urine testing materials, syringes, and needles

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

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

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

24 (38) Beginning on January 1, 2002 and through June 30,
25 2016, tangible personal property purchased from an
26 Illinois retailer by a taxpayer engaged in centralized

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

22 (39) Beginning January 1, 2008, tangible personal
23 property used in the construction or maintenance of a
24 community water supply, as defined under Section 3.145 of
25 the Environmental Protection Act, that is operated by a
26 not-for-profit corporation that holds a valid water supply

1 permit issued under Title IV of the Environmental
2 Protection Act. This paragraph is exempt from the
3 provisions of Section 2-70.

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

1 does not include aircraft operated by a commercial air
2 carrier providing scheduled passenger air service pursuant
3 to authority issued under Part 121 or Part 129 of the
4 Federal Aviation Regulations. The changes made to this
5 paragraph (40) by Public Act 98-534 are declarative of
6 existing law.

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

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

24 (43) Merchandise that is subject to the Rental Purchase
25 Agreement Occupation and Use Tax. The purchaser must
26 certify that the item is purchased to be rented subject to

1 a rental purchase agreement, as defined in the Rental
2 Purchase Agreement Act, and provide proof of registration
3 under the Rental Purchase Agreement Occupation and Use Tax
4 Act. This paragraph is exempt from the provisions of
5 Section 2-70.

6 (44) Qualified tangible personal property used in the
7 construction or operation of a data center that has been
8 granted a certificate of exemption by the Department of
9 Commerce and Economic Opportunity, whether that tangible
10 personal property is purchased by the owner, operator, or
11 tenant of the data center or by a contractor or
12 subcontractor of the owner, operator, or tenant. Data
13 centers that would have qualified for a certificate of
14 exemption prior to January 1, 2020 had this amendatory Act
15 of the 101st General Assembly been in effect, may apply for
16 and obtain an exemption for subsequent purchases of
17 computer equipment or enabling software purchased or
18 leased to upgrade, supplement, or replace computer
19 equipment or enabling software purchased or leased in the
20 original investment that would have qualified.

21 The Department of Commerce and Economic Opportunity
22 shall grant a certificate of exemption under this item (44)
23 to qualified data centers as defined by Section 605-1025 of
24 the Department of Commerce and Economic Opportunity Law of
25 the Civil Administrative Code of Illinois.

26 For the purposes of this item (44):

1 "Data center" means a building or a series of
2 buildings rehabilitated or constructed to house
3 working servers in one physical location or multiple
4 sites within the State of Illinois.

5 "Qualified tangible personal property" means:
6 electrical systems and equipment; climate control and
7 chilling equipment and systems; mechanical systems and
8 equipment; monitoring and secure systems; emergency
9 generators; hardware; computers; servers; data storage
10 devices; network connectivity equipment; racks;
11 cabinets; telecommunications cabling infrastructure;
12 raised floor systems; peripheral components or
13 systems; software; mechanical, electrical, or plumbing
14 systems; battery systems; cooling systems and towers;
15 temperature control systems; other cabling; and other
16 data center infrastructure equipment and systems
17 necessary to operate qualified tangible personal
18 property, including fixtures; and component parts of
19 any of the foregoing, including installation,
20 maintenance, repair, refurbishment, and replacement of
21 qualified tangible personal property to generate,
22 transform, transmit, distribute, or manage electricity
23 necessary to operate qualified tangible personal
24 property; and all other tangible personal property
25 that is essential to the operations of a computer data
26 center. The term "qualified tangible personal

1 property" also includes building materials physically
2 incorporated in to the qualifying data center. To
3 document the exemption allowed under this Section, the
4 retailer must obtain from the purchaser a copy of the
5 certificate of eligibility issued by the Department of
6 Commerce and Economic Opportunity.

7 This item (44) is exempt from the provisions of Section
8 2-70.

9 (45) Beginning on January 1, 2021, feed, including hay,
10 for livestock, horses, and poultry. This item (45) is
11 exempt from the provisions of Section 2-70.

12 (Source: P.A. 100-22, eff. 7-6-17; 100-321, eff. 8-24-17;
13 100-437, eff. 1-1-18; 100-594, eff. 6-29-18; 100-863, eff.
14 8-14-18; 100-1171, eff. 1-4-19; 101-31, eff. 6-28-19; 101-81,
15 eff. 7-12-19.)

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