



101ST GENERAL ASSEMBLY

State of Illinois

2019 and 2020

SB3296

Introduced 2/11/2020, by Sen. Ram Villivalam

SYNOPSIS AS INTRODUCED:

35 ILCS 105/3-5
35 ILCS 105/3-10
35 ILCS 110/3-5
35 ILCS 110/3-10 from Ch. 120, par. 439.33-10
35 ILCS 115/3-5
35 ILCS 115/3-10 from Ch. 120, par. 439.103-10
35 ILCS 120/2-5
35 ILCS 120/2-10

Amends the Use Tax Act, the Service Use Tax Act, the Service Occupation Tax Act, and the Retailers' Occupation Tax Act. Provides that prescription medicines and medical devices are exempt from the taxes under those Acts. Effective July 1, 2020.

LRB101 19659 HLH 69147 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 Sections
5 3-5 and 3-10 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 July 1, 2020, prescription medicines and
24 medical devices (including, but not limited to, products
25 classified as Class III medical devices by the United States
26 Food and Drug Administration that are used for cancer treatment

1 pursuant to a prescription, as well as any accessories and
2 components related to those devices). This item (41) is exempt
3 from the provisions of Section 3-90.

4 (Source: P.A. 100-22, eff. 7-6-17; 100-437, eff. 1-1-18;
5 100-594, eff. 6-29-18; 100-863, eff. 8-14-18; 100-1171, eff.
6 1-4-19; 101-9, eff. 6-5-19; 101-31, eff. 6-28-19; 101-81, eff.
7 7-12-19; revised 9-23-19.)

8 (35 ILCS 105/3-10)

9 Sec. 3-10. Rate of tax. Unless otherwise provided in this
10 Section, the tax imposed by this Act is at the rate of 6.25% of
11 either the selling price or the fair market value, if any, of
12 the tangible personal property. In all cases where property
13 functionally used or consumed is the same as the property that
14 was purchased at retail, then the tax is imposed on the selling
15 price of the property. In all cases where property functionally
16 used or consumed is a by-product or waste product that has been
17 refined, manufactured, or produced from property purchased at
18 retail, then the tax is imposed on the lower of the fair market
19 value, if any, of the specific property so used in this State
20 or on the selling price of the property purchased at retail.
21 For purposes of this Section "fair market value" means the
22 price at which property would change hands between a willing
23 buyer and a willing seller, neither being under any compulsion
24 to buy or sell and both having reasonable knowledge of the
25 relevant facts. The fair market value shall be established by

1 Illinois sales by the taxpayer of the same property as that
2 functionally used or consumed, or if there are no such sales by
3 the taxpayer, then comparable sales or purchases of property of
4 like kind and character in Illinois.

5 Beginning on July 1, 2000 and through December 31, 2000,
6 with respect to motor fuel, as defined in Section 1.1 of the
7 Motor Fuel Tax Law, and gasohol, as defined in Section 3-40 of
8 the Use Tax Act, the tax is imposed at the rate of 1.25%.

9 Beginning on August 6, 2010 through August 15, 2010, with
10 respect to sales tax holiday items as defined in Section 3-6 of
11 this Act, the tax is imposed at the rate of 1.25%.

12 With respect to gasohol, the tax imposed by this Act
13 applies to (i) 70% of the proceeds of sales made on or after
14 January 1, 1990, and before July 1, 2003, (ii) 80% of the
15 proceeds of sales made on or after July 1, 2003 and on or
16 before July 1, 2017, and (iii) 100% of the proceeds of sales
17 made thereafter. If, at any time, however, the tax under this
18 Act on sales of gasohol is imposed at the rate of 1.25%, then
19 the tax imposed by this Act applies to 100% of the proceeds of
20 sales of gasohol made during that time.

21 With respect to majority blended ethanol fuel, the tax
22 imposed by this Act does not apply to the proceeds of sales
23 made on or after July 1, 2003 and on or before December 31,
24 2023 but applies to 100% of the proceeds of sales made
25 thereafter.

26 With respect to biodiesel blends with no less than 1% and

1 no more than 10% biodiesel, the tax imposed by this Act applies
2 to (i) 80% of the proceeds of sales made on or after July 1,
3 2003 and on or before December 31, 2018 and (ii) 100% of the
4 proceeds of sales made thereafter. If, at any time, however,
5 the tax under this Act on sales of biodiesel blends with no
6 less than 1% and no more than 10% biodiesel is imposed at the
7 rate of 1.25%, then the tax imposed by this Act applies to 100%
8 of the proceeds of sales of biodiesel blends with no less than
9 1% and no more than 10% biodiesel made during that time.

10 With respect to 100% biodiesel and biodiesel blends with
11 more than 10% but no more than 99% biodiesel, the tax imposed
12 by this Act does not apply to the proceeds of sales made on or
13 after July 1, 2003 and on or before December 31, 2023 but
14 applies to 100% of the proceeds of sales made thereafter.

15 With respect to food for human consumption that is to be
16 consumed off the premises where it is sold (other than
17 alcoholic beverages, food consisting of or infused with adult
18 use cannabis, soft drinks, and food that has been prepared for
19 immediate consumption) and ~~prescription and~~ nonprescription
20 medicines and ~~7~~ drugs, medical appliances that are not exempt
21 under item (41) of Section 3-5, products classified as Class
22 ~~III medical devices by the United States Food and Drug~~
23 ~~Administration that are used for cancer treatment pursuant to a~~
24 ~~prescription, as well as any accessories and components related~~
25 ~~to those devices,~~ modifications to a motor vehicle for the
26 purpose of rendering it usable by a person with a disability,

1 and insulin, urine testing materials, syringes, and needles
2 used by diabetics, for human use, the tax is imposed at the
3 rate of 1%. For the purposes of this Section, until September
4 1, 2009: the term "soft drinks" means any complete, finished,
5 ready-to-use, non-alcoholic drink, whether carbonated or not,
6 including but not limited to soda water, cola, fruit juice,
7 vegetable juice, carbonated water, and all other preparations
8 commonly known as soft drinks of whatever kind or description
9 that are contained in any closed or sealed bottle, can, carton,
10 or container, regardless of size; but "soft drinks" does not
11 include coffee, tea, non-carbonated water, infant formula,
12 milk or milk products as defined in the Grade A Pasteurized
13 Milk and Milk Products Act, or drinks containing 50% or more
14 natural fruit or vegetable juice.

15 Notwithstanding any other provisions of this Act,
16 beginning September 1, 2009, "soft drinks" means non-alcoholic
17 beverages that contain natural or artificial sweeteners. "Soft
18 drinks" do not include beverages that contain milk or milk
19 products, soy, rice or similar milk substitutes, or greater
20 than 50% of vegetable or fruit juice by volume.

21 Until August 1, 2009, and notwithstanding any other
22 provisions of this Act, "food for human consumption that is to
23 be consumed off the premises where it is sold" includes all
24 food sold through a vending machine, except soft drinks and
25 food products that are dispensed hot from a vending machine,
26 regardless of the location of the vending machine. Beginning

1 August 1, 2009, and notwithstanding any other provisions of
2 this Act, "food for human consumption that is to be consumed
3 off the premises where it is sold" includes all food sold
4 through a vending machine, except soft drinks, candy, and food
5 products that are dispensed hot from a vending machine,
6 regardless of the location of the vending machine.

7 Notwithstanding any other provisions of this Act,
8 beginning September 1, 2009, "food for human consumption that
9 is to be consumed off the premises where it is sold" does not
10 include candy. For purposes of this Section, "candy" means a
11 preparation of sugar, honey, or other natural or artificial
12 sweeteners in combination with chocolate, fruits, nuts or other
13 ingredients or flavorings in the form of bars, drops, or
14 pieces. "Candy" does not include any preparation that contains
15 flour or requires refrigeration.

16 Notwithstanding any other provisions of this Act,
17 beginning September 1, 2009, "nonprescription medicines and
18 drugs" does not include grooming and hygiene products. For
19 purposes of this Section, "grooming and hygiene products"
20 includes, but is not limited to, soaps and cleaning solutions,
21 shampoo, toothpaste, mouthwash, antiperspirants, and sun tan
22 lotions and screens, unless those products are available by
23 prescription only, regardless of whether the products meet the
24 definition of "over-the-counter-drugs". For the purposes of
25 this paragraph, "over-the-counter-drug" means a drug for human
26 use that contains a label that identifies the product as a drug

1 as required by 21 C.F.R. § 201.66. The "over-the-counter-drug"
2 label includes:

3 (A) A "Drug Facts" panel; or

4 (B) A statement of the "active ingredient(s)" with a
5 list of those ingredients contained in the compound,
6 substance or preparation.

7 Beginning on the effective date of this amendatory Act of
8 the 98th General Assembly, "~~prescription and~~ nonprescription
9 medicines and drugs" includes medical cannabis purchased from a
10 registered dispensing organization under the Compassionate Use
11 of Medical Cannabis Program Act.

12 As used in this Section, "adult use cannabis" means
13 cannabis subject to tax under the Cannabis Cultivation
14 Privilege Tax Law and the Cannabis Purchaser Excise Tax Law and
15 does not include cannabis subject to tax under the
16 Compassionate Use of Medical Cannabis Program Act.

17 If the property that is purchased at retail from a retailer
18 is acquired outside Illinois and used outside Illinois before
19 being brought to Illinois for use here and is taxable under
20 this Act, the "selling price" on which the tax is computed
21 shall be reduced by an amount that represents a reasonable
22 allowance for depreciation for the period of prior out-of-state
23 use.

24 (Source: P.A. 100-22, eff. 7-6-17; 101-363, eff. 8-9-19;
25 101-593, eff. 12-4-19.)

1 Section 10. The Service Use Tax Act is amended by changing
2 Sections 3-5 and 3-10 as follows:

3 (35 ILCS 110/3-5)

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

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

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

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

1 and media arts organizations. On and after July 1, 2001 (the
2 effective date of Public Act 92-35), however, an entity
3 otherwise eligible for this exemption shall not make tax-free
4 purchases unless it has an active identification number issued
5 by the Department.

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

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

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

25 (7) Farm machinery and equipment, both new and used,
26 including that manufactured on special order, certified by the

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

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

26 Farm machinery and equipment also includes computers,

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

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

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

25 (9) Proceeds of mandatory service charges separately
26 stated on customers' bills for the purchase and consumption of

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

8 (10) 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 (11) Proceeds from the sale of photoprocessing machinery
18 and equipment, including repair and replacement parts, both new
19 and used, including that manufactured on special order,
20 certified by the purchaser to be used primarily for
21 photoprocessing, and including photoprocessing machinery and
22 equipment purchased for lease.

23 (12) Until July 1, 2023, coal and aggregate exploration,
24 mining, off-highway hauling, processing, maintenance, and
25 reclamation equipment, including replacement parts and
26 equipment, and including equipment purchased for lease, but

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

13 (25) Beginning on August 2, 2001 (the effective date of
14 Public Act 92-227), personal property purchased by a lessor who
15 leases the property, under a lease of one year or longer
16 executed or in effect at the time the lessor would otherwise be
17 subject to the tax imposed by this Act, to a governmental body
18 that has been issued an active tax exemption identification
19 number by the Department under Section 1g of the Retailers'
20 Occupation Tax Act. If the property is leased in a manner that
21 does not qualify for this exemption or is used in any other
22 nonexempt manner, the lessor shall be liable for the tax
23 imposed under this Act or the Use Tax Act, as the case may be,
24 based on the fair market value of the property at the time the
25 nonqualifying use occurs. No lessor shall collect or attempt to
26 collect an amount (however designated) that purports to

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

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

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

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

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

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

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

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

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

26 The Department of Commerce and Economic Opportunity shall

1 grant a certificate of exemption under this item (31) to
2 qualified data centers as defined by Section 605-1025 of the
3 Department of Commerce and Economic Opportunity Law of the
4 Civil Administrative Code of Illinois.

5 For the purposes of this item (31):

6 "Data center" means a building or a series of buildings
7 rehabilitated or constructed to house working servers in
8 one physical location or multiple sites within the State of
9 Illinois.

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

1 electricity necessary to operate qualified tangible
2 personal property; and all other tangible personal
3 property that is essential to the operations of a computer
4 data center. The term "qualified tangible personal
5 property" also includes building materials physically
6 incorporated in to the qualifying data center. To document
7 the exemption allowed under this Section, the retailer must
8 obtain from the purchaser a copy of the certificate of
9 eligibility issued by the Department of Commerce and
10 Economic Opportunity.

11 This item (31) is exempt from the provisions of Section
12 3-75.

13 (32) Beginning July 1, 2020, prescription medicines and
14 medical devices (including, but not limited to, products
15 classified as Class III medical devices by the United States
16 Food and Drug Administration that are used for cancer treatment
17 pursuant to a prescription, as well as any accessories and
18 components related to those devices). This item (32) is exempt
19 from 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 (35 ILCS 110/3-10) (from Ch. 120, par. 439.33-10)

24 Sec. 3-10. Rate of tax. Unless otherwise provided in this
25 Section, the tax imposed by this Act is at the rate of 6.25% of

1 the selling price of tangible personal property transferred as
2 an incident to the sale of service, but, for the purpose of
3 computing this tax, in no event shall the selling price be less
4 than the cost price of the property to the serviceman.

5 Beginning on July 1, 2000 and through December 31, 2000,
6 with respect to motor fuel, as defined in Section 1.1 of the
7 Motor Fuel Tax Law, and gasohol, as defined in Section 3-40 of
8 the Use Tax Act, the tax is imposed at the rate of 1.25%.

9 With respect to gasohol, as defined in the Use Tax Act, the
10 tax imposed by this Act applies to (i) 70% of the selling price
11 of property transferred as an incident to the sale of service
12 on or after January 1, 1990, and before July 1, 2003, (ii) 80%
13 of the selling price of property transferred as an incident to
14 the sale of service on or after July 1, 2003 and on or before
15 July 1, 2017, and (iii) 100% of the selling price thereafter.
16 If, at any time, however, the tax under this Act on sales of
17 gasohol, as defined in the Use Tax Act, is imposed at the rate
18 of 1.25%, then the tax imposed by this Act applies to 100% of
19 the proceeds of sales of gasohol made during that time.

20 With respect to majority blended ethanol fuel, as defined
21 in the Use Tax Act, the tax imposed by this Act does not apply
22 to the selling price of property transferred as an incident to
23 the sale of service on or after July 1, 2003 and on or before
24 December 31, 2023 but applies to 100% of the selling price
25 thereafter.

26 With respect to biodiesel blends, as defined in the Use Tax

1 Act, with no less than 1% and no more than 10% biodiesel, the
2 tax imposed by this Act applies to (i) 80% of the selling price
3 of property transferred as an incident to the sale of service
4 on or after July 1, 2003 and on or before December 31, 2018 and
5 (ii) 100% of the proceeds of the selling price thereafter. If,
6 at any time, however, the tax under this Act on sales of
7 biodiesel blends, as defined in the Use Tax Act, with no less
8 than 1% and no more than 10% biodiesel is imposed at the rate
9 of 1.25%, then the tax imposed by this Act applies to 100% of
10 the proceeds of sales of biodiesel blends with no less than 1%
11 and no more than 10% biodiesel made during that time.

12 With respect to 100% biodiesel, as defined in the Use Tax
13 Act, and biodiesel blends, as defined in the Use Tax Act, with
14 more than 10% but no more than 99% biodiesel, the tax imposed
15 by this Act does not apply to the proceeds of the selling price
16 of property transferred as an incident to the sale of service
17 on or after July 1, 2003 and on or before December 31, 2023 but
18 applies to 100% of the selling price thereafter.

19 At the election of any registered serviceman made for each
20 fiscal year, sales of service in which the aggregate annual
21 cost price of tangible personal property transferred as an
22 incident to the sales of service is less than 35%, or 75% in
23 the case of servicemen transferring prescription drugs or
24 servicemen engaged in graphic arts production, of the aggregate
25 annual total gross receipts from all sales of service, the tax
26 imposed by this Act shall be based on the serviceman's cost

1 price of the tangible personal property transferred as an
2 incident to the sale of those services.

3 The tax shall be imposed at the rate of 1% on food prepared
4 for immediate consumption and transferred incident to a sale of
5 service subject to this Act or the Service Occupation Tax Act
6 by an entity licensed under the Hospital Licensing Act, the
7 Nursing Home Care Act, the ID/DD Community Care Act, the MC/DD
8 Act, the Specialized Mental Health Rehabilitation Act of 2013,
9 or the Child Care Act of 1969. The tax shall also be imposed at
10 the rate of 1% on food for human consumption that is to be
11 consumed off the premises where it is sold (other than
12 alcoholic beverages, food consisting of or infused with adult
13 use cannabis, soft drinks, and food that has been prepared for
14 immediate consumption and is not otherwise included in this
15 paragraph) and ~~prescription and nonprescription medicines and~~
16 ~~7~~ drugs, medical appliances that are not exempt under item (32)
17 of Section 3-5, products classified as Class III medical
18 devices by the United States Food and Drug Administration that
19 are used for cancer treatment pursuant to a prescription, as
20 well as any accessories and components related to those
21 devices, modifications to a motor vehicle for the purpose of
22 rendering it usable by a person with a disability, and insulin,
23 urine testing materials, syringes, and needles used by
24 diabetics, for human use. For the purposes of this Section,
25 until September 1, 2009: the term "soft drinks" means any
26 complete, finished, ready-to-use, non-alcoholic drink, whether

1 carbonated or not, including but not limited to soda water,
2 cola, fruit juice, vegetable juice, carbonated water, and all
3 other preparations commonly known as soft drinks of whatever
4 kind or description that are contained in any closed or sealed
5 bottle, can, carton, or container, regardless of size; but
6 "soft drinks" does not include coffee, tea, non-carbonated
7 water, infant formula, milk or milk products as defined in the
8 Grade A Pasteurized Milk and Milk Products Act, or drinks
9 containing 50% or more natural fruit or vegetable juice.

10 Notwithstanding any other provisions of this Act,
11 beginning September 1, 2009, "soft drinks" means non-alcoholic
12 beverages that contain natural or artificial sweeteners. "Soft
13 drinks" do not include beverages that contain milk or milk
14 products, soy, rice or similar milk substitutes, or greater
15 than 50% of vegetable or fruit juice by volume.

16 Until August 1, 2009, and notwithstanding any other
17 provisions of this Act, "food for human consumption that is to
18 be consumed off the premises where it is sold" includes all
19 food sold through a vending machine, except soft drinks and
20 food products that are dispensed hot from a vending machine,
21 regardless of the location of the vending machine. Beginning
22 August 1, 2009, and notwithstanding any other provisions of
23 this Act, "food for human consumption that is to be consumed
24 off the premises where it is sold" includes all food sold
25 through a vending machine, except soft drinks, candy, and food
26 products that are dispensed hot from a vending machine,

1 regardless of the location of the vending machine.

2 Notwithstanding any other provisions of this Act,
3 beginning September 1, 2009, "food for human consumption that
4 is to be consumed off the premises where it is sold" does not
5 include candy. For purposes of this Section, "candy" means a
6 preparation of sugar, honey, or other natural or artificial
7 sweeteners in combination with chocolate, fruits, nuts or other
8 ingredients or flavorings in the form of bars, drops, or
9 pieces. "Candy" does not include any preparation that contains
10 flour or requires refrigeration.

11 Notwithstanding any other provisions of this Act,
12 beginning September 1, 2009, "nonprescription medicines and
13 drugs" does not include grooming and hygiene products. For
14 purposes of this Section, "grooming and hygiene products"
15 includes, but is not limited to, soaps and cleaning solutions,
16 shampoo, toothpaste, mouthwash, antiperspirants, and sun tan
17 lotions and screens, unless those products are available by
18 prescription only, regardless of whether the products meet the
19 definition of "over-the-counter-drugs". For the purposes of
20 this paragraph, "over-the-counter-drug" means a drug for human
21 use that contains a label that identifies the product as a drug
22 as required by 21 C.F.R. § 201.66. The "over-the-counter-drug"
23 label includes:

24 (A) A "Drug Facts" panel; or

25 (B) A statement of the "active ingredient(s)" with a
26 list of those ingredients contained in the compound,

1 substance or preparation.

2 Beginning on January 1, 2014 (the effective date of Public
3 Act 98-122), "~~prescription and~~ nonprescription medicines and
4 drugs" includes medical cannabis purchased from a registered
5 dispensing organization under the Compassionate Use of Medical
6 Cannabis Program Act.

7 As used in this Section, "adult use cannabis" means
8 cannabis subject to tax under the Cannabis Cultivation
9 Privilege Tax Law and the Cannabis Purchaser Excise Tax Law and
10 does not include cannabis subject to tax under the
11 Compassionate Use of Medical Cannabis Program Act.

12 If the property that is acquired from a serviceman is
13 acquired outside Illinois and used outside Illinois before
14 being brought to Illinois for use here and is taxable under
15 this Act, the "selling price" on which the tax is computed
16 shall be reduced by an amount that represents a reasonable
17 allowance for depreciation for the period of prior out-of-state
18 use.

19 (Source: P.A. 100-22, eff. 7-6-17; 101-363, eff. 8-9-19;
20 101-593, eff. 12-4-19.)

21 Section 15. The Service Occupation Tax Act is amended by
22 changing Sections 3-5 and 3-10 as follows:

23 (35 ILCS 115/3-5)

24 Sec. 3-5. Exemptions. The following tangible personal

1 property is exempt from the tax imposed by this Act:

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

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

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

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

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

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

20 (7) Farm machinery and equipment, both new and used,
21 including that manufactured on special order, certified by the
22 purchaser to be used primarily for production agriculture or
23 State or federal agricultural programs, including individual
24 replacement parts for the machinery and equipment, including
25 machinery and equipment purchased for lease, and including
26 implements of husbandry defined in Section 1-130 of the

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

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

21 Farm machinery and equipment also includes computers,
22 sensors, software, and related equipment used primarily in the
23 computer-assisted operation of production agriculture
24 facilities, equipment, and activities such as, but not limited
25 to, the collection, monitoring, and correlation of animal and
26 crop data for the purpose of formulating animal diets and

1 agricultural chemicals. This item (7) is exempt from the
2 provisions of Section 3-55.

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

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

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

1 imposed.

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

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

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

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

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

16 (15) Horses, or interests in horses, registered with and
17 meeting the requirements of any of the Arabian Horse Club
18 Registry of America, Appaloosa Horse Club, American Quarter
19 Horse Association, United States Trotting Association, or
20 Jockey Club, as appropriate, used for purposes of breeding or
21 racing for prizes. This item (15) is exempt from the provisions
22 of Section 3-55, and the exemption provided for under this item
23 (15) applies for all periods beginning May 30, 1995, but no
24 claim for credit or refund is allowed on or after January 1,
25 2008 (the effective date of Public Act 95-88) for such taxes
26 paid during the period beginning May 30, 2000 and ending on

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

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

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

16 (18) 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 (19) 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 (20) Beginning July 1, 1999, game or game birds sold at a
13 "game breeding and hunting preserve area" as that term is used
14 in the Wildlife Code. This paragraph is exempt from the
15 provisions of Section 3-55.

16 (21) 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 (22) 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 3-55.

22 (23) 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 3-55.

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

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

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

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

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

1 exempt from the provisions of Section 3-55.

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

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

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

18 (30) Beginning January 1, 2017, menstrual pads, tampons,
19 and menstrual cups.

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

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

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

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

16 For the purposes of this item (32):

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

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

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

22 This item (32) is exempt from the provisions of Section
23 3-55.

24 (33) Beginning July 1, 2020, prescription medicines and
25 medical devices (including, but not limited to, products
26 classified as Class III medical devices by the United States

1 Food and Drug Administration that are used for cancer treatment
2 pursuant to a prescription, as well as any accessories and
3 components related to those devices). This item (33) is exempt
4 from the provisions of Section 3-55.

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

8 (35 ILCS 115/3-10) (from Ch. 120, par. 439.103-10)

9 Sec. 3-10. Rate of tax. Unless otherwise provided in this
10 Section, the tax imposed by this Act is at the rate of 6.25% of
11 the "selling price", as defined in Section 2 of the Service Use
12 Tax Act, of the tangible personal property. For the purpose of
13 computing this tax, in no event shall the "selling price" be
14 less than the cost price to the serviceman of the tangible
15 personal property transferred. The selling price of each item
16 of tangible personal property transferred as an incident of a
17 sale of service may be shown as a distinct and separate item on
18 the serviceman's billing to the service customer. If the
19 selling price is not so shown, the selling price of the
20 tangible personal property is deemed to be 50% of the
21 serviceman's entire billing to the service customer. When,
22 however, a serviceman contracts to design, develop, and produce
23 special order machinery or equipment, the tax imposed by this
24 Act shall be based on the serviceman's cost price of the
25 tangible personal property transferred incident to the

1 completion of the contract.

2 Beginning on July 1, 2000 and through December 31, 2000,
3 with respect to motor fuel, as defined in Section 1.1 of the
4 Motor Fuel Tax Law, and gasohol, as defined in Section 3-40 of
5 the Use Tax Act, the tax is imposed at the rate of 1.25%.

6 With respect to gasohol, as defined in the Use Tax Act, the
7 tax imposed by this Act shall apply to (i) 70% of the cost
8 price of property transferred as an incident to the sale of
9 service on or after January 1, 1990, and before July 1, 2003,
10 (ii) 80% of the selling price of property transferred as an
11 incident to the sale of service on or after July 1, 2003 and on
12 or before July 1, 2017, and (iii) 100% of the cost price
13 thereafter. If, at any time, however, the tax under this Act on
14 sales of gasohol, as defined in the Use Tax Act, is imposed at
15 the rate of 1.25%, then the tax imposed by this Act applies to
16 100% of the proceeds of sales of gasohol made during that time.

17 With respect to majority blended ethanol fuel, as defined
18 in the Use Tax Act, the tax imposed by this Act does not apply
19 to the selling price of property transferred as an incident to
20 the sale of service on or after July 1, 2003 and on or before
21 December 31, 2023 but applies to 100% of the selling price
22 thereafter.

23 With respect to biodiesel blends, as defined in the Use Tax
24 Act, with no less than 1% and no more than 10% biodiesel, the
25 tax imposed by this Act applies to (i) 80% of the selling price
26 of property transferred as an incident to the sale of service

1 on or after July 1, 2003 and on or before December 31, 2018 and
2 (ii) 100% of the proceeds of the selling price thereafter. If,
3 at any time, however, the tax under this Act on sales of
4 biodiesel blends, as defined in the Use Tax Act, with no less
5 than 1% and no more than 10% biodiesel is imposed at the rate
6 of 1.25%, then the tax imposed by this Act applies to 100% of
7 the proceeds of sales of biodiesel blends with no less than 1%
8 and no more than 10% biodiesel made during that time.

9 With respect to 100% biodiesel, as defined in the Use Tax
10 Act, and biodiesel blends, as defined in the Use Tax Act, with
11 more than 10% but no more than 99% biodiesel material, the tax
12 imposed by this Act does not apply to the proceeds of the
13 selling price of property transferred as an incident to the
14 sale of service on or after July 1, 2003 and on or before
15 December 31, 2023 but applies to 100% of the selling price
16 thereafter.

17 At the election of any registered serviceman made for each
18 fiscal year, sales of service in which the aggregate annual
19 cost price of tangible personal property transferred as an
20 incident to the sales of service is less than 35%, or 75% in
21 the case of servicemen transferring prescription drugs or
22 servicemen engaged in graphic arts production, of the aggregate
23 annual total gross receipts from all sales of service, the tax
24 imposed by this Act shall be based on the serviceman's cost
25 price of the tangible personal property transferred incident to
26 the sale of those services.

1 The tax shall be imposed at the rate of 1% on food prepared
2 for immediate consumption and transferred incident to a sale of
3 service subject to this Act or the Service Occupation Tax Act
4 by an entity licensed under the Hospital Licensing Act, the
5 Nursing Home Care Act, the ID/DD Community Care Act, the MC/DD
6 Act, the Specialized Mental Health Rehabilitation Act of 2013,
7 or the Child Care Act of 1969. The tax shall also be imposed at
8 the rate of 1% on food for human consumption that is to be
9 consumed off the premises where it is sold (other than
10 alcoholic beverages, food consisting of or infused with adult
11 use cannabis, soft drinks, and food that has been prepared for
12 immediate consumption and is not otherwise included in this
13 paragraph) and ~~prescription and nonprescription medicines and~~
14 ~~7~~ drugs, medical appliances that are not exempt under item (33)
15 of Section 3-5, products classified as Class III medical
16 ~~devices by the United States Food and Drug Administration that~~
17 ~~are used for cancer treatment pursuant to a prescription, as~~
18 ~~well as any accessories and components related to those~~
19 ~~devices,~~ modifications to a motor vehicle for the purpose of
20 rendering it usable by a person with a disability, and insulin,
21 urine testing materials, syringes, and needles used by
22 diabetics, for human use. For the purposes of this Section,
23 until September 1, 2009: the term "soft drinks" means any
24 complete, finished, ready-to-use, non-alcoholic drink, whether
25 carbonated or not, including but not limited to soda water,
26 cola, fruit juice, vegetable juice, carbonated water, and all

1 other preparations commonly known as soft drinks of whatever
2 kind or description that are contained in any closed or sealed
3 can, carton, or container, regardless of size; but "soft
4 drinks" does not include coffee, tea, non-carbonated water,
5 infant formula, milk or milk products as defined in the Grade A
6 Pasteurized Milk and Milk Products Act, or drinks containing
7 50% or more natural fruit or vegetable juice.

8 Notwithstanding any other provisions of this Act,
9 beginning September 1, 2009, "soft drinks" means non-alcoholic
10 beverages that contain natural or artificial sweeteners. "Soft
11 drinks" do not include beverages that contain milk or milk
12 products, soy, rice or similar milk substitutes, or greater
13 than 50% of vegetable or fruit juice by volume.

14 Until August 1, 2009, and notwithstanding any other
15 provisions of this Act, "food for human consumption that is to
16 be consumed off the premises where it is sold" includes all
17 food sold through a vending machine, except soft drinks and
18 food products that are dispensed hot from a vending machine,
19 regardless of the location of the vending machine. Beginning
20 August 1, 2009, and notwithstanding any other provisions of
21 this Act, "food for human consumption that is to be consumed
22 off the premises where it is sold" includes all food sold
23 through a vending machine, except soft drinks, candy, and food
24 products that are dispensed hot from a vending machine,
25 regardless of the location of the vending machine.

26 Notwithstanding any other provisions of this Act,

1 beginning September 1, 2009, "food for human consumption that
2 is to be consumed off the premises where it is sold" does not
3 include candy. For purposes of this Section, "candy" means a
4 preparation of sugar, honey, or other natural or artificial
5 sweeteners in combination with chocolate, fruits, nuts or other
6 ingredients or flavorings in the form of bars, drops, or
7 pieces. "Candy" does not include any preparation that contains
8 flour or requires refrigeration.

9 Notwithstanding any other provisions of this Act,
10 beginning September 1, 2009, "nonprescription medicines and
11 drugs" does not include grooming and hygiene products. For
12 purposes of this Section, "grooming and hygiene products"
13 includes, but is not limited to, soaps and cleaning solutions,
14 shampoo, toothpaste, mouthwash, antiperspirants, and sun tan
15 lotions and screens, unless those products are available by
16 prescription only, regardless of whether the products meet the
17 definition of "over-the-counter-drugs". For the purposes of
18 this paragraph, "over-the-counter-drug" means a drug for human
19 use that contains a label that identifies the product as a drug
20 as required by 21 C.F.R. § 201.66. The "over-the-counter-drug"
21 label includes:

22 (A) A "Drug Facts" panel; or

23 (B) A statement of the "active ingredient(s)" with a
24 list of those ingredients contained in the compound,
25 substance or preparation.

26 Beginning on January 1, 2014 (the effective date of Public

1 Act 98-122), "~~prescription and~~ nonprescription medicines and
2 drugs" includes medical cannabis purchased from a registered
3 dispensing organization under the Compassionate Use of Medical
4 Cannabis Program Act.

5 As used in this Section, "adult use cannabis" means
6 cannabis subject to tax under the Cannabis Cultivation
7 Privilege Tax Law and the Cannabis Purchaser Excise Tax Law and
8 does not include cannabis subject to tax under the
9 Compassionate Use of Medical Cannabis Program Act.

10 (Source: P.A. 100-22, eff. 7-6-17; 101-363, eff. 8-9-19;
11 101-593, eff. 12-4-19.)

12 Section 20. The Retailers' Occupation Tax Act is amended by
13 changing Sections 2-5 and 2-10 as follows:

14 (35 ILCS 120/2-5)

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

18 (1) Farm chemicals.

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

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

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

1 limited to, the collection, monitoring, and correlation of
2 animal and crop data for the purpose of formulating animal
3 diets and agricultural chemicals. This item (2) is exempt
4 from the provisions of Section 2-70.

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

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

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

1 and Use Tax Act. This paragraph is exempt from the
2 provisions of Section 2-70.

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

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

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

12 (9) Personal property sold to a not-for-profit arts or
13 cultural organization that establishes, by proof required
14 by the Department by rule, that it has received an
15 exemption under Section 501(c)(3) of the Internal Revenue
16 Code and that is organized and operated primarily for the
17 presentation or support of arts or cultural programming,
18 activities, or services. These organizations include, but
19 are not limited to, music and dramatic arts organizations
20 such as symphony orchestras and theatrical groups, arts and
21 cultural service organizations, local arts councils,
22 visual arts organizations, and media arts organizations.
23 On and after July 1, 2001 (the effective date of Public Act
24 92-35), however, an entity otherwise eligible for this
25 exemption shall not make tax-free purchases unless it has
26 an active identification number issued by the Department.

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

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

23 (12) (Blank).

24 (12-5) On and after July 1, 2003 and through June 30,
25 2004, motor vehicles of the second division with a gross
26 vehicle weight in excess of 8,000 pounds that are subject

1 to the commercial distribution fee imposed under Section
2 3-815.1 of the Illinois Vehicle Code. Beginning on July 1,
3 2004 and through June 30, 2005, the use in this State of
4 motor vehicles of the second division: (i) with a gross
5 vehicle weight rating in excess of 8,000 pounds; (ii) that
6 are subject to the commercial distribution fee imposed
7 under Section 3-815.1 of the Illinois Vehicle Code; and
8 (iii) that are primarily used for commercial purposes.
9 Through June 30, 2005, this exemption applies to repair and
10 replacement parts added after the initial purchase of such
11 a motor vehicle if that motor vehicle is used in a manner
12 that would qualify for the rolling stock exemption
13 otherwise provided for in this Act. For purposes of this
14 paragraph, "used for commercial purposes" means the
15 transportation of persons or property in furtherance of any
16 commercial or industrial enterprise whether for-hire or
17 not.

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

26 (14) Machinery and equipment that will be used by the

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

25 (15) Proceeds of mandatory service charges separately
26 stated on customers' bills for purchase and consumption of

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

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

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

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

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

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

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

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

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

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

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

16 (23) A transaction in which the purchase order is
17 received by a florist who is located outside Illinois, but
18 who has a florist located in Illinois deliver the property
19 to the purchaser or the purchaser's donee in Illinois.

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

26 (25) Except as provided in item (25-5) of this Section,

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

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

1 the payment to the State of Illinois of tax in an amount
2 equivalent to the state's rate of tax on taxable property
3 in his or her state of residence and shall submit the
4 statement to the appropriate tax collection agency in his
5 or her state of residence. In addition, the retailer must
6 retain a signed copy of the statement in his or her
7 records. Nothing in this item shall be construed to require
8 the removal of the vehicle from this state following the
9 filing of an intent to title the vehicle in the purchaser's
10 state of residence if the purchaser titles the vehicle in
11 his or her state of residence within 30 days after the date
12 of sale. The tax collected under this Act in accordance
13 with this item (25-5) shall be proportionately distributed
14 as if the tax were collected at the 6.25% general rate
15 imposed under this Act.

16 (25-7) Beginning on July 1, 2007, no tax is imposed
17 under this Act on the sale of an aircraft, as defined in
18 Section 3 of the Illinois Aeronautics Act, if all of the
19 following conditions are met:

20 (1) the aircraft leaves this State within 15 days
21 after the later of either the issuance of the final
22 billing for the sale of the aircraft, or the authorized
23 approval for return to service, completion of the
24 maintenance record entry, and completion of the test
25 flight and ground test for inspection, as required by
26 14 C.F.R. 91.407;

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

3 (3) the seller retains in his or her books and
4 records and provides to the Department a signed and
5 dated certification from the purchaser, on a form
6 prescribed by the Department, certifying that the
7 requirements of this item (25-7) are met. The
8 certificate must also include the name and address of
9 the purchaser, the address of the location where the
10 aircraft is to be titled or registered, the address of
11 the primary physical location of the aircraft, and
12 other information that the Department may reasonably
13 require.

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

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

20 "Registered in this State" means an aircraft
21 registered with the Department of Transportation,
22 Aeronautics Division, or titled or registered with the
23 Federal Aviation Administration to an address located in
24 this State.

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

1 (26) Semen used for artificial insemination of
2 livestock for direct agricultural production.

3 (27) Horses, or interests in horses, registered with
4 and meeting the requirements of any of the Arabian Horse
5 Club Registry of America, Appaloosa Horse Club, American
6 Quarter Horse Association, United States Trotting
7 Association, or Jockey Club, as appropriate, used for
8 purposes of breeding or racing for prizes. This item (27)
9 is exempt from the provisions of Section 2-70, and the
10 exemption provided for under this item (27) applies for all
11 periods beginning May 30, 1995, but no claim for credit or
12 refund is allowed on or after January 1, 2008 (the
13 effective date of Public Act 95-88) for such taxes paid
14 during the period beginning May 30, 2000 and ending on
15 January 1, 2008 (the effective date of Public Act 95-88).

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

24 (29) Personal property sold to a lessor who leases the
25 property, under a lease of one year or longer executed or
26 in effect at the time of the purchase, to a governmental

1 body that has been issued an active tax exemption
2 identification number by the Department under Section 1g of
3 this Act.

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

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

1 area within 6 months after the disaster.

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

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

26 (34) Beginning January 1, 2000, personal property,

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

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

26 (35-5) Beginning August 23, 2001 and through June 30,

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

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

23 (37) Beginning August 2, 2001, personal property sold
24 to a lessor who leases the property, under a lease of one
25 year or longer executed or in effect at the time of the
26 purchase, to a governmental body that has been issued an

1 active tax exemption identification number by the
2 Department under Section 1g of this Act. This paragraph is
3 exempt from the provisions of Section 2-70.

4 (38) Beginning on January 1, 2002 and through June 30,
5 2016, tangible personal property purchased from an
6 Illinois retailer by a taxpayer engaged in centralized
7 purchasing activities in Illinois who will, upon receipt of
8 the property in Illinois, temporarily store the property in
9 Illinois (i) for the purpose of subsequently transporting
10 it outside this State for use or consumption thereafter
11 solely outside this State or (ii) for the purpose of being
12 processed, fabricated, or manufactured into, attached to,
13 or incorporated into other tangible personal property to be
14 transported outside this State and thereafter used or
15 consumed solely outside this State. The Director of Revenue
16 shall, pursuant to rules adopted in accordance with the
17 Illinois Administrative Procedure Act, issue a permit to
18 any taxpayer in good standing with the Department who is
19 eligible for the exemption under this paragraph (38). The
20 permit issued under this paragraph (38) shall authorize the
21 holder, to the extent and in the manner specified in the
22 rules adopted under this Act, to purchase tangible personal
23 property from a retailer exempt from the taxes imposed by
24 this Act. Taxpayers shall maintain all necessary books and
25 records to substantiate the use and consumption of all such
26 tangible personal property outside of the State of

1 Illinois.

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

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

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

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

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

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

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

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

1 The Department of Commerce and Economic Opportunity
2 shall grant a certificate of exemption under this item (44)
3 to qualified data centers as defined by Section 605-1025 of
4 the Department of Commerce and Economic Opportunity Law of
5 the Civil Administrative Code of Illinois.

6 For the purposes of this item (44):

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

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

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

13 This item (44) is exempt from the provisions of Section
14 2-70.

15 (45) Beginning July 1, 2020, prescription medicines
16 and medical devices (including, but not limited to,
17 products classified as Class III medical devices by the
18 United States Food and Drug Administration that are used
19 for cancer treatment pursuant to a prescription, as well as
20 any accessories and components related to those devices).
21 This item (45) is exempt from the provisions of Section
22 2-70.

23 (Source: P.A. 100-22, eff. 7-6-17; 100-321, eff. 8-24-17;
24 100-437, eff. 1-1-18; 100-594, eff. 6-29-18; 100-863, eff.
25 8-14-18; 100-1171, eff. 1-4-19; 101-31, eff. 6-28-19; 101-81,
26 eff. 7-12-19.)

1 (35 ILCS 120/2-10)

2 Sec. 2-10. Rate of tax. Unless otherwise provided in this
3 Section, the tax imposed by this Act is at the rate of 6.25% of
4 gross receipts from sales of tangible personal property made in
5 the course of business.

6 Beginning on July 1, 2000 and through December 31, 2000,
7 with respect to motor fuel, as defined in Section 1.1 of the
8 Motor Fuel Tax Law, and gasohol, as defined in Section 3-40 of
9 the Use Tax Act, the tax is imposed at the rate of 1.25%.

10 Beginning on August 6, 2010 through August 15, 2010, with
11 respect to sales tax holiday items as defined in Section 2-8 of
12 this Act, the tax is imposed at the rate of 1.25%.

13 Within 14 days after the effective date of this amendatory
14 Act of the 91st General Assembly, each retailer of motor fuel
15 and gasohol shall cause the following notice to be posted in a
16 prominently visible place on each retail dispensing device that
17 is used to dispense motor fuel or gasohol in the State of
18 Illinois: "As of July 1, 2000, the State of Illinois has
19 eliminated the State's share of sales tax on motor fuel and
20 gasohol through December 31, 2000. The price on this pump
21 should reflect the elimination of the tax." The notice shall be
22 printed in bold print on a sign that is no smaller than 4
23 inches by 8 inches. The sign shall be clearly visible to
24 customers. Any retailer who fails to post or maintain a
25 required sign through December 31, 2000 is guilty of a petty

1 offense for which the fine shall be \$500 per day per each
2 retail premises where a violation occurs.

3 With respect to gasohol, as defined in the Use Tax Act, the
4 tax imposed by this Act applies to (i) 70% of the proceeds of
5 sales made on or after January 1, 1990, and before July 1,
6 2003, (ii) 80% of the proceeds of sales made on or after July
7 1, 2003 and on or before July 1, 2017, and (iii) 100% of the
8 proceeds of sales made thereafter. If, at any time, however,
9 the tax under this Act on sales of gasohol, as defined in the
10 Use Tax Act, is imposed at the rate of 1.25%, then the tax
11 imposed by this Act applies to 100% of the proceeds of sales of
12 gasohol made during that time.

13 With respect to majority blended ethanol fuel, as defined
14 in the Use Tax Act, the tax imposed by this Act does not apply
15 to the proceeds of sales made on or after July 1, 2003 and on or
16 before December 31, 2023 but applies to 100% of the proceeds of
17 sales made thereafter.

18 With respect to biodiesel blends, as defined in the Use Tax
19 Act, with no less than 1% and no more than 10% biodiesel, the
20 tax imposed by this Act applies to (i) 80% of the proceeds of
21 sales made on or after July 1, 2003 and on or before December
22 31, 2018 and (ii) 100% of the proceeds of sales made
23 thereafter. If, at any time, however, the tax under this Act on
24 sales of biodiesel blends, as defined in the Use Tax Act, with
25 no less than 1% and no more than 10% biodiesel is imposed at
26 the rate of 1.25%, then the tax imposed by this Act applies to

1 100% of the proceeds of sales of biodiesel blends with no less
2 than 1% and no more than 10% biodiesel made during that time.

3 With respect to 100% biodiesel, as defined in the Use Tax
4 Act, and biodiesel blends, as defined in the Use Tax Act, with
5 more than 10% but no more than 99% biodiesel, the tax imposed
6 by this Act does not apply to the proceeds of sales made on or
7 after July 1, 2003 and on or before December 31, 2023 but
8 applies to 100% of the proceeds of sales made thereafter.

9 With respect to food for human consumption that is to be
10 consumed off the premises where it is sold (other than
11 alcoholic beverages, food consisting of or infused with adult
12 use cannabis, soft drinks, and food that has been prepared for
13 immediate consumption) and ~~prescription and nonprescription~~
14 ~~medicines and 7 drugs, medical appliances, products classified~~
15 ~~as Class III medical devices by the United States Food and Drug~~
16 ~~Administration that are used for cancer treatment pursuant to a~~
17 ~~prescription, as well as any accessories and components related~~
18 ~~to those devices,~~ modifications to a motor vehicle for the
19 purpose of rendering it usable by a person with a disability,
20 and insulin, urine testing materials, syringes, and needles
21 used by diabetics, for human use, the tax is imposed at the
22 rate of 1%. For the purposes of this Section, until September
23 1, 2009: the term "soft drinks" means any complete, finished,
24 ready-to-use, non-alcoholic drink, whether carbonated or not,
25 including but not limited to soda water, cola, fruit juice,
26 vegetable juice, carbonated water, and all other preparations

1 commonly known as soft drinks of whatever kind or description
2 that are contained in any closed or sealed bottle, can, carton,
3 or container, regardless of size; but "soft drinks" does not
4 include coffee, tea, non-carbonated water, infant formula,
5 milk or milk products as defined in the Grade A Pasteurized
6 Milk and Milk Products Act, or drinks containing 50% or more
7 natural fruit or vegetable juice.

8 Notwithstanding any other provisions of this Act,
9 beginning September 1, 2009, "soft drinks" means non-alcoholic
10 beverages that contain natural or artificial sweeteners. "Soft
11 drinks" do not include beverages that contain milk or milk
12 products, soy, rice or similar milk substitutes, or greater
13 than 50% of vegetable or fruit juice by volume.

14 Until August 1, 2009, and notwithstanding any other
15 provisions of this Act, "food for human consumption that is to
16 be consumed off the premises where it is sold" includes all
17 food sold through a vending machine, except soft drinks and
18 food products that are dispensed hot from a vending machine,
19 regardless of the location of the vending machine. Beginning
20 August 1, 2009, and notwithstanding any other provisions of
21 this Act, "food for human consumption that is to be consumed
22 off the premises where it is sold" includes all food sold
23 through a vending machine, except soft drinks, candy, and food
24 products that are dispensed hot from a vending machine,
25 regardless of the location of the vending machine.

26 Notwithstanding any other provisions of this Act,

1 beginning September 1, 2009, "food for human consumption that
2 is to be consumed off the premises where it is sold" does not
3 include candy. For purposes of this Section, "candy" means a
4 preparation of sugar, honey, or other natural or artificial
5 sweeteners in combination with chocolate, fruits, nuts or other
6 ingredients or flavorings in the form of bars, drops, or
7 pieces. "Candy" does not include any preparation that contains
8 flour or requires refrigeration.

9 Notwithstanding any other provisions of this Act,
10 beginning September 1, 2009, "nonprescription medicines and
11 drugs" does not include grooming and hygiene products. For
12 purposes of this Section, "grooming and hygiene products"
13 includes, but is not limited to, soaps and cleaning solutions,
14 shampoo, toothpaste, mouthwash, antiperspirants, and sun tan
15 lotions and screens, unless those products are available by
16 prescription only, regardless of whether the products meet the
17 definition of "over-the-counter-drugs". For the purposes of
18 this paragraph, "over-the-counter-drug" means a drug for human
19 use that contains a label that identifies the product as a drug
20 as required by 21 C.F.R. § 201.66. The "over-the-counter-drug"
21 label includes:

22 (A) A "Drug Facts" panel; or

23 (B) A statement of the "active ingredient(s)" with a
24 list of those ingredients contained in the compound,
25 substance or preparation.

26 Beginning on the effective date of this amendatory Act of

1 the 98th General Assembly, "~~prescription and~~ nonprescription
2 medicines and drugs" includes medical cannabis purchased from a
3 registered dispensing organization under the Compassionate Use
4 of Medical Cannabis Program Act.

5 As used in this Section, "adult use cannabis" means
6 cannabis subject to tax under the Cannabis Cultivation
7 Privilege Tax Law and the Cannabis Purchaser Excise Tax Law and
8 does not include cannabis subject to tax under the
9 Compassionate Use of Medical Cannabis Program Act.

10 (Source: P.A. 100-22, eff. 7-6-17; 101-363, eff. 8-9-19;
11 101-593, eff. 12-4-19.)

12 Section 99. Effective date. This Act takes effect July 1,
13 2020.