

# HB3302



## 100TH GENERAL ASSEMBLY

State of Illinois

2017 and 2018

HB3302

by Rep. Daniel V. Beiser

### SYNOPSIS AS INTRODUCED:

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

Amends the Use Tax Act, the Service Use Tax Act, the Service Occupation Tax Act, and the Retailers' Occupation Tax Act. Provides that fuel used in the generation of electricity for wholesale or retail sale is exempt. Effective immediately.

LRB100 09773 HLH 19942 b

FISCAL NOTE ACT  
MAY APPLY

A BILL FOR

1 AN ACT concerning revenue.

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

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

6 (35 ILCS 105/3-5)

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

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

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

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

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

12 (7) Farm chemicals.

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

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

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

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

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

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

24 Farm machinery and equipment also includes computers,  
25 sensors, software, and related equipment used primarily in the  
26 computer-assisted operation of production agriculture

1 facilities, equipment, and activities such as, but not limited  
2 to, the collection, monitoring, and correlation of animal and  
3 crop data for the purpose of formulating animal diets and  
4 agricultural chemicals. This item (11) is exempt from the  
5 provisions of Section 3-90.

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

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

23 (13) Proceeds of mandatory service charges separately  
24 stated on customers' bills for the purchase and consumption of  
25 food and beverages purchased at retail from a retailer, to the  
26 extent that the proceeds of the service charge are in fact

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

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

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

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

1 Public Act 98-456) for such taxes paid during the period  
2 beginning July 1, 2003 and ending on August 16, 2013 (the  
3 effective date of Public Act 98-456).

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

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



1 customers through pipes, pipelines, or mains. The provisions of  
2 Public Act 98-583 are declaratory of existing law as to the  
3 meaning and scope of this exemption.

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

9 (20) Semen used for artificial insemination of livestock  
10 for direct agricultural production.

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

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

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

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

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

23 (25) Beginning with taxable years ending on or after  
24 December 31, 1995 and ending with taxable years ending on or  
25 before December 31, 2004, personal property that is used in the  
26 performance of infrastructure repairs in this State, including

1 but not limited to municipal roads and streets, access roads,  
2 bridges, sidewalks, waste disposal systems, water and sewer  
3 line extensions, water distribution and purification  
4 facilities, storm water drainage and retention facilities, and  
5 sewage treatment facilities, resulting from a State or  
6 federally declared disaster in Illinois or bordering Illinois  
7 when such repairs are initiated on facilities located in the  
8 declared disaster area within 6 months after the disaster.

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

13 (27) A motor vehicle, as that term is defined in Section  
14 1-146 of the Illinois Vehicle Code, that is donated to a  
15 corporation, limited liability company, society, association,  
16 foundation, or institution that is determined by the Department  
17 to be organized and operated exclusively for educational  
18 purposes. For purposes of this exemption, "a corporation,  
19 limited liability company, society, association, foundation,  
20 or institution organized and operated exclusively for  
21 educational purposes" means all tax-supported public schools,  
22 private schools that offer systematic instruction in useful  
23 branches of learning by methods common to public schools and  
24 that compare favorably in their scope and intensity with the  
25 course of study presented in tax-supported schools, and  
26 vocational or technical schools or institutes organized and

1 operated exclusively to provide a course of study of not less  
2 than 6 weeks duration and designed to prepare individuals to  
3 follow a trade or to pursue a manual, technical, mechanical,  
4 industrial, business, or commercial occupation.

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

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

1 coin-operated amusement and vending machines. This paragraph  
2 is exempt from the provisions of Section 3-90.

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

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

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

15 (32) Beginning on the effective date of this amendatory Act  
16 of the 92nd General Assembly, personal property purchased by a  
17 lessor who leases the property, under a lease of one year or  
18 longer executed or in effect at the time the lessor would  
19 otherwise be subject to the tax imposed by this Act, to a  
20 governmental body that has been issued an active sales tax  
21 exemption identification number by the Department under  
22 Section 1g of the Retailers' Occupation Tax Act. If the  
23 property is leased in a manner that does not qualify for this  
24 exemption or used in any other nonexempt manner, the lessor  
25 shall be liable for the tax imposed under this Act or the  
26 Service Use Tax Act, as the case may be, based on the fair

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

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



1 purposes of this paragraph, the term "used for commercial  
2 purposes" means the transportation of persons or property in  
3 furtherance of any commercial or industrial enterprise,  
4 whether for-hire or not.

5 (34) Beginning January 1, 2008, tangible personal property  
6 used in the construction or maintenance of a community water  
7 supply, as defined under Section 3.145 of the Environmental  
8 Protection Act, that is operated by a not-for-profit  
9 corporation that holds a valid water supply permit issued under  
10 Title IV of the Environmental Protection Act. This paragraph is  
11 exempt from the provisions of Section 3-90.

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

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

13 (36) Tangible personal property purchased by 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, but  
17 only if the legal title to the municipal convention hall is  
18 transferred to the municipality without any further  
19 consideration by or on behalf of the municipality at the time  
20 of the completion of the municipal convention hall or upon the  
21 retirement or redemption of any bonds or other debt instruments  
22 issued by the public-facilities corporation in connection with  
23 the development of the municipal convention hall. This  
24 exemption includes existing public-facilities corporations as  
25 provided in Section 11-65-25 of the Illinois Municipal Code.  
26 This paragraph is exempt from the provisions of Section 3-90.

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

3 (38) Fuel used in the generation of electricity for  
4 wholesale or retail sale. This paragraph is exempt from the  
5 provisions of Section 3-90.

6 (Source: P.A. 98-104, eff. 7-22-13; 98-422, eff. 8-16-13;  
7 98-456, eff. 8-16-13; 98-534, eff. 8-23-13; 98-574, eff.  
8 1-1-14; 98-583, eff. 1-1-14; 98-756, eff. 7-16-14; 99-180, eff.  
9 7-29-15; 99-855, eff. 8-19-16.)

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

12 (35 ILCS 110/3-5)

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

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

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

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

16           (4) 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           (5) Until July 1, 2003 and beginning again on September 1,  
21 2004 through August 30, 2014, graphic arts machinery and  
22 equipment, including repair and replacement parts, both new and  
23 used, and including that manufactured on special order or  
24 purchased for lease, certified by the purchaser to be used  
25 primarily for graphic arts production. Equipment includes  
26 chemicals or chemicals acting as catalysts but only if the

1 chemicals or chemicals acting as catalysts effect a direct and  
2 immediate change upon a graphic arts product.

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

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

25 Farm machinery and equipment shall include precision  
26 farming equipment that is installed or purchased to be

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

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

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

22 Beginning July 1, 2013, fuel and petroleum products sold to  
23 or used by an air carrier, certified by the carrier to be used  
24 for consumption, shipment, or storage in the conduct of its  
25 business as an air common carrier, for a flight that (i) is  
26 engaged in foreign trade or is engaged in trade between the

1 United States and any of its possessions and (ii) transports at  
2 least one individual or package for hire from the city of  
3 origination to the city of final destination on the same  
4 aircraft, without regard to a change in the flight number of  
5 that aircraft.

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

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

24 (11) Proceeds from the sale of photoprocessing machinery  
25 and equipment, including repair and replacement parts, both new  
26 and used, including that manufactured on special order,

1 certified by the purchaser to be used primarily for  
2 photoprocessing, and including photoprocessing machinery and  
3 equipment purchased for lease.

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

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

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



1 such taxes paid during the period beginning May 30, 2000 and  
2 ending on the effective date of this amendatory Act of the 95th  
3 General Assembly.

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

26 (16) Personal property purchased by a lessor who leases the

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

20 (17) Beginning with taxable years ending on or after  
21 December 31, 1995 and ending with taxable years ending on or  
22 before December 31, 2004, personal property that is donated for  
23 disaster relief to be used in a State or federally declared  
24 disaster area in Illinois or bordering Illinois by a  
25 manufacturer or retailer that is registered in this State to a  
26 corporation, society, association, foundation, or institution

1 that has been issued a sales tax exemption identification  
2 number by the Department that assists victims of the disaster  
3 who reside within the declared disaster area.

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

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

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

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

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

26 (22) Beginning January 1, 2000 and through December 31,

1 2001, new or used automatic vending machines that prepare and  
2 serve hot food and beverages, including coffee, soup, and other  
3 items, and replacement parts for these machines. Beginning  
4 January 1, 2002 and through June 30, 2003, machines and parts  
5 for machines used in commercial, coin-operated amusement and  
6 vending business if a use or occupation tax is paid on the  
7 gross receipts derived from the use of the commercial,  
8 coin-operated amusement and vending machines. This paragraph  
9 is exempt from the provisions of Section 3-75.

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

23 (24) Beginning on the effective date of this amendatory Act  
24 of the 92nd General Assembly, computers and communications  
25 equipment utilized for any hospital purpose and equipment used  
26 in the diagnosis, analysis, or treatment of hospital patients

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

21 (25) Beginning on the effective date of this amendatory Act  
22 of the 92nd General Assembly, personal property purchased by a  
23 lessor who leases the property, under a lease of one year or  
24 longer executed or in effect at the time the lessor would  
25 otherwise be subject to the tax imposed by this Act, to a  
26 governmental body that has been issued an active tax exemption

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

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

24 (27) Beginning January 1, 2010, materials, parts,  
25 equipment, components, and furnishings incorporated into or  
26 upon an aircraft as part of the modification, refurbishment,

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

26 (28) Tangible personal property purchased by a



1 public-facilities corporation, as described in Section  
2 11-65-10 of the Illinois Municipal Code, for purposes of  
3 constructing or furnishing a municipal convention hall, but  
4 only if the legal title to the municipal convention hall is  
5 transferred to the municipality without any further  
6 consideration by or on behalf of the municipality at the time  
7 of the completion of the municipal convention hall or upon the  
8 retirement or redemption of any bonds or other debt instruments  
9 issued by the public-facilities corporation in connection with  
10 the development of the municipal convention hall. This  
11 exemption includes existing public-facilities corporations as  
12 provided in Section 11-65-25 of the Illinois Municipal Code.  
13 This paragraph is exempt from the provisions of Section 3-75.

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

16 (30) Fuel used in the generation of electricity for  
17 wholesale or retail sale. This paragraph is exempt from the  
18 provisions of Section 3-75.

19 (Source: P.A. 98-104, eff. 7-22-13; 98-422, eff. 8-16-13;  
20 98-456, eff. 8-16-13; 98-534, eff. 8-23-13; 98-756, eff.  
21 7-16-14; 99-180, eff. 7-29-15; 99-855, eff. 8-19-16.)

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

24 (35 ILCS 115/3-5)

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

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

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

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

1 number issued by the Department.

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

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

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

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

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

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

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

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

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

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

26           (10) Until July 1, 2003, oil field exploration, drilling,

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

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

14 (12) Coal and aggregate exploration, mining, off-highway  
15 hauling, processing, maintenance, and reclamation equipment,  
16 including replacement parts and equipment, and including  
17 equipment purchased for lease, but excluding motor vehicles  
18 required to be registered under the Illinois Vehicle Code. The  
19 changes made to this Section by Public Act 97-767 apply on and  
20 after July 1, 2003, but no claim for credit or refund is  
21 allowed on or after August 16, 2013 (the effective date of  
22 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 (13) Beginning January 1, 1992 and through June 30, 2016,  
26 food for human consumption that is to be consumed off the

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

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

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

26 (16) Computers and communications equipment utilized for

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

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

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

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



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

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

14 (21) A motor vehicle, as that term is defined in Section  
15 1-146 of the Illinois Vehicle Code, that is donated to a  
16 corporation, limited liability company, society, association,  
17 foundation, or institution that is determined by the Department  
18 to be organized and operated exclusively for educational  
19 purposes. For purposes of this exemption, "a corporation,  
20 limited liability company, society, association, foundation,  
21 or institution organized and operated exclusively for  
22 educational purposes" means all tax-supported public schools,  
23 private schools that offer systematic instruction in useful  
24 branches of learning by methods common to public schools and  
25 that compare favorably in their scope and intensity with the  
26 course of study presented in tax-supported schools, and

1 vocational or technical schools or institutes organized and  
2 operated exclusively to provide a course of study of not less  
3 than 6 weeks duration and designed to prepare individuals to  
4 follow a trade or to pursue a manual, technical, mechanical,  
5 industrial, business, or commercial occupation.

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

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

1 gross receipts derived from the use of the commercial,  
2 coin-operated amusement and vending machines. This paragraph  
3 is exempt from the provisions of Section 3-55.

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

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

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

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

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

26 (28) Tangible personal property sold to a

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

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

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

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

18 (31) Fuel used in the generation of electricity for  
19 wholesale or retail sale. This paragraph is exempt from the  
20 provisions of Section 3-55.

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

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

1 (35 ILCS 120/2-5)

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

5 (1) Farm chemicals.

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

25 Farm machinery and equipment shall include precision

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

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

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

22 (4) Until July 1, 2003 and beginning again September 1,  
23 2004 through August 30, 2014, graphic arts machinery and  
24 equipment, including repair and replacement parts, both new and  
25 used, and including that manufactured on special order or  
26 purchased for lease, certified by the purchaser to be used



1 primarily for graphic arts production. Equipment includes  
2 chemicals or chemicals acting as catalysts but only if the  
3 chemicals or chemicals acting as catalysts effect a direct and  
4 immediate change upon a graphic arts product.

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

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

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

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

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

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

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

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

1           (12) Tangible personal property sold to interstate  
2 carriers for hire for use as rolling stock moving in interstate  
3 commerce or to lessors under leases of one year or longer  
4 executed or in effect at the time of purchase by interstate  
5 carriers for hire for use as rolling stock moving in interstate  
6 commerce and equipment operated by a telecommunications  
7 provider, licensed as a common carrier by the Federal  
8 Communications Commission, which is permanently installed in  
9 or affixed to aircraft moving in interstate commerce.

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

1 commercial or industrial enterprise whether for-hire or not.

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

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

1 pipes, pipelines, or mains. The provisions of Public Act 98-583  
2 are declaratory of existing law as to the meaning and scope of  
3 this exemption.

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

11 (16) Petroleum products sold to a purchaser if the seller  
12 is prohibited by federal law from charging tax to the  
13 purchaser.

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

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

26 (19) Until July 1 2003, oil field exploration, drilling,

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

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

14 (21) Coal and aggregate exploration, mining, off-highway  
15 hauling, processing, maintenance, and reclamation equipment,  
16 including replacement parts and equipment, and including  
17 equipment purchased for lease, but excluding motor vehicles  
18 required to be registered under the Illinois Vehicle Code. The  
19 changes made to this Section by Public Act 97-767 apply on and  
20 after July 1, 2003, but no claim for credit or refund is  
21 allowed on or after August 16, 2013 (the effective date of  
22 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 sold  
26 to or used by an air carrier, certified by the carrier to be

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

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

16 (23) A transaction in which the purchase order is received  
17 by a florist who is located outside Illinois, but who has a  
18 florist located in Illinois deliver the property to the  
19 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 delivered  
24 by the seller to the purchaser's barge, ship, or vessel while  
25 it is afloat upon that bordering river.

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

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

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



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

14 (25-7) Beginning on July 1, 2007, no tax is imposed under  
15 this Act on the sale of an aircraft, as defined in Section 3 of  
16 the Illinois Aeronautics Act, if all of the following  
17 conditions are met:

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

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

26 (3) the seller retains in his or her books and records

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

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

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

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

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

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

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

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

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

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

22 (30) 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 (31) 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 (32) Beginning July 1, 1999, game or game birds sold at a  
19 "game breeding and hunting preserve area" as that term is used  
20 in the Wildlife Code. This paragraph is exempt from the  
21 provisions of Section 2-70.

22 (33) 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 (34) 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 2-70.

2 (35) 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 2-70.

12 (35-5) Beginning August 23, 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 a licensed facility as defined in  
23 the ID/DD Community Care Act, the MC/DD Act, or the Specialized  
24 Mental Health Rehabilitation Act of 2013.

25 (36) Beginning August 2, 2001, computers and  
26 communications equipment utilized for any hospital purpose and

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

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

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

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

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

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



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

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

1 of the completion of the municipal convention hall or upon the  
2 retirement or redemption of any bonds or other debt instruments  
3 issued by the public-facilities corporation in connection with  
4 the development of the municipal convention hall. This  
5 exemption includes existing public-facilities corporations as  
6 provided in Section 11-65-25 of the Illinois Municipal Code.  
7 This paragraph is exempt from the provisions of Section 2-70.

8 (42) Beginning January 1, 2017, menstrual pads, tampons,  
9 and menstrual cups.

10 (43) Fuel used in the generation of electricity for  
11 wholesale or retail sale. This paragraph is exempt from the  
12 provisions of Section 2-70.

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

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