



100TH GENERAL ASSEMBLY

State of Illinois

2017 and 2018

HB5229

by Rep. Michael J. Zalewski

SYNOPSIS AS INTRODUCED:

20 ILCS 605/605-1025 new
35 ILCS 105/3-5
35 ILCS 110/3-5
35 ILCS 115/3-5
35 ILCS 120/2-5
35 ILCS 640/2-4

Amends the Department of Commerce and Economic Opportunity Law of the Civil Administrative Code of Illinois, the Use Tax Act, the Service Use Tax Act, the Service Occupation Tax Act, the Retailers' Occupation Tax Act, and the Electricity Excise Tax Law. Provides that the Department of Commerce and Economic Opportunity shall issue certificates of exemption to qualified Illinois data centers. Provides that qualified tangible personal property used in the construction or operation of a certified data center is exempt from the taxes imposed under the Use Tax Act, the Service Use Tax Act, the Service Occupation Tax Act, the Retailers' Occupation Tax Act. Provides that certified data centers are exempt from the tax imposed under the Electricity Excise Tax Law. Effective immediately.

LRB100 18913 HLH 34158 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 Department of Commerce and Economic
5 Opportunity Law of the Civil Administrative Code of Illinois is
6 amended by adding Section 605-1025 as follows:

7 (20 ILCS 605/605-1025 new)

8 Sec. 605-1025. Data Center Investment Program.

9 (a) The Department shall issue certificates of exemption
10 from the Retailers' Occupation Tax Act, the Use Tax Act, the
11 Service Use Tax Act, the Service Occupation Tax Act, and the
12 Electricity Excise Tax Law to qualifying Illinois data centers.

13 (b) Data centers seeking qualification for a new or
14 expanding facility shall apply to the Department in the manner
15 specified by the Department. The Department and any qualifying
16 person seeking to claim the exemption, including a data center
17 operator on behalf of itself and its tenants, must enter into a
18 memorandum of understanding that, at a minimum, provides the
19 details for determining the amount of capital investment made
20 and the number of new jobs created, the timeline for achieving
21 the capital investment and new job goals, the repayment
22 obligation should those goals not be achieved, and any
23 conditions under which repayment by the qualifying data center

1 or data center tenant claiming the exemption may be required.

2 (c) In addition, the exemption shall apply to any computer
3 equipment or enabling equipment and any software purchased or
4 leased to upgrade, supplement, or replace computer equipment or
5 enabling software purchased or leased in the initial
6 investment. Data centers that would have qualified under
7 subsection (e) prior to July 1, 2017 may apply for and obtain
8 an exemption for subsequent purchases of computer equipment or
9 enabling software purchased or leased to upgrade, supplement,
10 or replace computer equipment or enabling software purchased or
11 leased in the original investment that would have qualified
12 under subsection (e).

13 (d) Beginning July 15, 2019, and each year thereafter, the
14 Department shall annually compile a report on the outcomes and
15 effectiveness of the program under this Section.

16 (e) As used in this Section:

17 "Data center" means a building or a series of buildings
18 rehabilitated or constructed to house a group of networked
19 server computers in one physical location or several sites in
20 order to centralize the storage, management, and dissemination
21 of data and information.

22 "Qualifying Illinois data center" means a data center that:

23 (1) is located in Illinois;

24 (2) results in a new capital investment on or after
25 July 1, 2017 of at least \$25,000,000, collectively, by the
26 data center operator and the tenants of the data center

1 over a period of 48 months, and
2 (3) results in the creation on or after July 1, 2017
3 and over a period of 48 months of at least 10 full-time or
4 full-time equivalent new jobs by the data center operator
5 and the tenants of the data center, collectively,
6 associated with the operation or maintenance of the data
7 center.

8 "Full-time equivalent job" means a job in which the new
9 employee works for the owner, operator, or tenant of a data
10 center, or for a corporation under contract with the owner,
11 operator or tenant of a data center, at a rate of at least 35
12 hours per week. An owner, operator, or tenant who employs labor
13 or services at a specific site or facility under contract with
14 another may declare one full-time, permanent job for every
15 1,820 man hours worked per year under that contract. Vacations,
16 paid holidays, and sick time are included in this computation.
17 Overtime is not considered a part of regular hours.

18 Section 10. The Use Tax Act is amended by changing Section
19 3-5 as follows:

20 (35 ILCS 105/3-5)

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

23 (1) Personal property purchased from a corporation,
24 society, association, foundation, institution, or

1 organization, other than a limited liability company, that is
2 organized and operated as a not-for-profit service enterprise
3 for the benefit of persons 65 years of age or older if the
4 personal property was not purchased by the enterprise for the
5 purpose of resale by the enterprise.

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

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

24 (4) Personal property purchased by a governmental body, by
25 a corporation, society, association, foundation, or
26 institution organized and operated exclusively for charitable,

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

12 (5) Until July 1, 2003, a passenger car that is a
13 replacement vehicle to the extent that the purchase price of
14 the car is subject to the Replacement Vehicle Tax.

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

1 (18).

2 (7) Farm chemicals.

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

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

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

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

1 this item (11). Agricultural chemical tender tanks and dry
2 boxes shall include units sold separately from a motor vehicle
3 required to be licensed and units sold mounted on a motor
4 vehicle required to be licensed if the selling price of the
5 tender is separately stated.

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

14 Farm machinery and equipment also includes computers,
15 sensors, software, and related equipment used primarily in the
16 computer-assisted operation of production agriculture
17 facilities, equipment, and activities such as, but not limited
18 to, the collection, monitoring, and correlation of animal and
19 crop data for the purpose of formulating animal diets and
20 agricultural chemicals. This item (11) is exempt from the
21 provisions of Section 3-90.

22 (12) Until June 30, 2013, fuel and petroleum products sold
23 to or used by an air common carrier, certified by the carrier
24 to be used for consumption, shipment, or storage in the conduct
25 of its business as an air common carrier, for a flight destined
26 for or returning from a location or locations outside the

1 United States without regard to previous or subsequent domestic
2 stopovers.

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

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

21 (14) Until July 1, 2003, oil field exploration, drilling,
22 and production equipment, including (i) rigs and parts of rigs,
23 rotary rigs, cable tool rigs, and workover rigs, (ii) pipe and
24 tubular goods, including casing and drill strings, (iii) pumps
25 and pump-jack units, (iv) storage tanks and flow lines, (v) any
26 individual replacement part for oil field exploration,

1 drilling, and production equipment, and (vi) machinery and
2 equipment purchased for lease; but excluding motor vehicles
3 required to be registered under the Illinois Vehicle Code.

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

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

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

26 (18) Manufacturing and assembling machinery and equipment

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

23 (19) Personal property delivered to a purchaser or
24 purchaser's donee inside Illinois when the purchase order for
25 that personal property was received by a florist located
26 outside Illinois who has a florist located inside Illinois

1 deliver the personal property.

2 (20) Semen used for artificial insemination of livestock
3 for direct agricultural production.

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

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

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

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

1 paid by the lessor. If a lessor improperly collects any such
2 amount from the lessee, the lessee shall have a legal right to
3 claim a refund of that amount from the lessor. If, however,
4 that amount is not refunded to the lessee for any reason, the
5 lessor is liable to pay that amount to the Department.

6 (24) 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 donated for
9 disaster relief to be used in a State or federally declared
10 disaster area in Illinois or bordering Illinois by a
11 manufacturer or retailer that is registered in this State to a
12 corporation, society, association, foundation, or institution
13 that has been issued a sales tax exemption identification
14 number by the Department that assists victims of the disaster
15 who reside within the declared disaster area.

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

1 declared disaster area within 6 months after the disaster.

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

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

24 (28) Beginning January 1, 2000, personal property,
25 including food, purchased through fundraising events for the
26 benefit of a public or private elementary or secondary school,

1 a group of those schools, or one or more school districts if
2 the events are sponsored by an entity recognized by the school
3 district that consists primarily of volunteers and includes
4 parents and teachers of the school children. This paragraph
5 does not apply to fundraising events (i) for the benefit of
6 private home instruction or (ii) for which the fundraising
7 entity purchases the personal property sold at the events from
8 another individual or entity that sold the property for the
9 purpose of resale by the fundraising entity and that profits
10 from the sale to the fundraising entity. This paragraph is
11 exempt from the provisions of Section 3-90.

12 (29) Beginning January 1, 2000 and through December 31,
13 2001, new or used automatic vending machines that prepare and
14 serve hot food and beverages, including coffee, soup, and other
15 items, and replacement parts for these machines. Beginning
16 January 1, 2002 and through June 30, 2003, machines and parts
17 for machines used in commercial, coin-operated amusement and
18 vending business if a use or occupation tax is paid on the
19 gross receipts derived from the use of the commercial,
20 coin-operated amusement and vending machines. This paragraph
21 is exempt from the provisions of Section 3-90.

22 (30) Beginning January 1, 2001 and through June 30, 2016,
23 food for human consumption that is to be consumed off the
24 premises where it is sold (other than alcoholic beverages, soft
25 drinks, and food that has been prepared for immediate
26 consumption) and prescription and nonprescription medicines,

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

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

1 Act or the Service Use Tax Act, as the case may be, if the tax
2 has not been paid by the lessor. If a lessor improperly
3 collects any such amount from the lessee, the lessee shall have
4 a legal right to claim a refund of that amount from the lessor.
5 If, however, that amount is not refunded to the lessee for any
6 reason, the lessor is liable to pay that amount to the
7 Department. This paragraph is exempt from the provisions of
8 Section 3-90.

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

1 amount from the lessee, the lessee shall have a legal right to
2 claim a refund of that amount from the lessor. If, however,
3 that amount is not refunded to the lessee for any reason, the
4 lessor is liable to pay that amount to the Department. This
5 paragraph is exempt from the provisions of Section 3-90.

6 (33) On and after July 1, 2003 and through June 30, 2004,
7 the use in this State of motor vehicles of the second division
8 with a gross vehicle weight in excess of 8,000 pounds and that
9 are subject to the commercial distribution fee imposed under
10 Section 3-815.1 of the Illinois Vehicle Code. Beginning on July
11 1, 2004 and through June 30, 2005, the use in this State of
12 motor vehicles of the second division: (i) with a gross vehicle
13 weight rating in excess of 8,000 pounds; (ii) that are subject
14 to the commercial distribution fee imposed under Section
15 3-815.1 of the Illinois Vehicle Code; and (iii) that are
16 primarily used for commercial purposes. Through June 30, 2005,
17 this exemption applies to repair and replacement parts added
18 after the initial purchase of such a motor vehicle if that
19 motor vehicle is used in a manner that would qualify for the
20 rolling stock exemption otherwise provided for in this Act. For
21 purposes of this paragraph, the term "used for commercial
22 purposes" means the transportation of persons or property in
23 furtherance of any commercial or industrial enterprise,
24 whether for-hire or not.

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

1 supply, as defined under Section 3.145 of the Environmental
2 Protection Act, that is operated by a not-for-profit
3 corporation that holds a valid water supply permit issued under
4 Title IV of the Environmental Protection Act. This paragraph is
5 exempt from the provisions of Section 3-90.

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

1 Regulations. The exemption does not include aircraft operated
2 by a commercial air carrier providing scheduled passenger air
3 service pursuant to authority issued under Part 121 or Part 129
4 of the Federal Aviation Regulations. The changes made to this
5 paragraph (35) by Public Act 98-534 are declarative of existing
6 law.

7 (36) Tangible personal property purchased by a
8 public-facilities corporation, as described in Section
9 11-65-10 of the Illinois Municipal Code, for purposes of
10 constructing or furnishing a municipal convention hall, but
11 only if the legal title to the municipal convention hall is
12 transferred to the municipality without any further
13 consideration by or on behalf of the municipality at the time
14 of the completion of the municipal convention hall or upon the
15 retirement or redemption of any bonds or other debt instruments
16 issued by the public-facilities corporation in connection with
17 the development of the municipal convention hall. This
18 exemption includes existing public-facilities corporations as
19 provided in Section 11-65-25 of the Illinois Municipal Code.
20 This paragraph is exempt from the provisions of Section 3-90.

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

23 (38) Merchandise that is subject to the Rental Purchase
24 Agreement Occupation and Use Tax. The purchaser must certify
25 that the item is purchased to be rented subject to a rental
26 purchase agreement, as defined in the Rental Purchase Agreement

1 Act, and provide proof of registration under the Rental
2 Purchase Agreement Occupation and Use Tax Act. This paragraph
3 is exempt from the provisions of Section 3-90.

4 (38) Beginning on July 1, 2018, qualified tangible personal
5 property used in the construction or operation of a data center
6 that has been granted a certificate of exemption by the
7 Department of Commerce and Economic Opportunity under Section
8 605-1025 of the Department of Commerce and Economic Opportunity
9 Law of the Civil Administrative Code of Illinois, whether that
10 tangible personal property is purchased by the owner of the
11 data center or by a contractor, subcontractor, or tenant of the
12 owner. This paragraph is exempt from the provisions of Section
13 3-90.

14 (Source: P.A. 99-180, eff. 7-29-15; 99-855, eff. 8-19-16;
15 100-22, eff. 7-6-17; 100-437, eff. 1-1-18; revised 9-27-17.)

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

18 (35 ILCS 110/3-5)

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

21 (1) Personal property purchased from a corporation,
22 society, association, foundation, institution, or
23 organization, other than a limited liability company, that is
24 organized and operated as a not-for-profit service enterprise

1 for the benefit of persons 65 years of age or older if the
2 personal property was not purchased by the enterprise for the
3 purpose of resale by the enterprise.

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

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

22 (4) 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 (5) Until July 1, 2003 and beginning again on September 1,

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

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

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

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

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

16 Farm machinery and equipment also includes computers,
17 sensors, software, and related equipment used primarily in the
18 computer-assisted operation of production agriculture
19 facilities, equipment, and activities such as, but not limited
20 to, the collection, monitoring, and correlation of animal and
21 crop data for the purpose of formulating animal diets and
22 agricultural chemicals. This item (7) is exempt from the
23 provisions of Section 3-75.

24 (8) Until June 30, 2013, fuel and petroleum products sold
25 to or used by an air common carrier, certified by the carrier
26 to be used for consumption, shipment, or storage in the conduct

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

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

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

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

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

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

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

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

26 (14) Horses, or interests in horses, registered with and

1 meeting the requirements of any of the Arabian Horse Club
2 Registry of America, Appaloosa Horse Club, American Quarter
3 Horse Association, United States Trotting Association, or
4 Jockey Club, as appropriate, used for purposes of breeding or
5 racing for prizes. This item (14) is exempt from the provisions
6 of Section 3-75, and the exemption provided for under this item
7 (14) applies for all periods beginning May 30, 1995, but no
8 claim for credit or refund is allowed on or after the effective
9 date of this amendatory Act of the 95th General Assembly for
10 such taxes paid during the period beginning May 30, 2000 and
11 ending on the effective date of this amendatory Act of the 95th
12 General Assembly.

13 (15) Computers and communications equipment utilized for
14 any hospital purpose and equipment used in the diagnosis,
15 analysis, or treatment of hospital patients purchased by a
16 lessor who leases the equipment, under a lease of one year or
17 longer executed or in effect at the time the lessor would
18 otherwise be subject to the tax imposed by this Act, to a
19 hospital that has been issued an active tax exemption
20 identification number by the Department under Section 1g of the
21 Retailers' Occupation Tax Act. If the equipment is leased in a
22 manner that does not qualify for this exemption or is used in
23 any other non-exempt manner, the lessor shall be liable for the
24 tax imposed under this Act or the Use Tax Act, as the case may
25 be, based on the fair market value of the property at the time
26 the non-qualifying use occurs. No lessor shall collect or

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

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

1 is not refunded to the lessee for any reason, the lessor is
2 liable to pay that amount to the Department.

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

13 (18) 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 used in the
16 performance of infrastructure repairs in this State, including
17 but not limited to municipal roads and streets, access roads,
18 bridges, sidewalks, waste disposal systems, water and sewer
19 line extensions, water distribution and purification
20 facilities, storm water drainage and retention facilities, and
21 sewage treatment facilities, resulting from a State or
22 federally declared disaster in Illinois or bordering Illinois
23 when such repairs are initiated on facilities located in the
24 declared disaster area within 6 months after the disaster.

25 (19) Beginning July 1, 1999, game or game birds purchased
26 at a "game breeding and hunting preserve area" as that term is

1 used in the Wildlife Code. This paragraph is exempt from the
2 provisions of Section 3-75.

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

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

1 parents and teachers of the school children. This paragraph
2 does not apply to fundraising events (i) for the benefit of
3 private home instruction or (ii) for which the fundraising
4 entity purchases the personal property sold at the events from
5 another individual or entity that sold the property for the
6 purpose of resale by the fundraising entity and that profits
7 from the sale to the fundraising entity. This paragraph is
8 exempt from the provisions of Section 3-75.

9 (22) Beginning January 1, 2000 and through December 31,
10 2001, new or used automatic vending machines that prepare and
11 serve hot food and beverages, including coffee, soup, and other
12 items, and replacement parts for these machines. Beginning
13 January 1, 2002 and through June 30, 2003, machines and parts
14 for machines used in commercial, coin-operated amusement and
15 vending business if a use or occupation tax is paid on the
16 gross receipts derived from the use of the commercial,
17 coin-operated amusement and vending machines. This paragraph
18 is exempt from the provisions of Section 3-75.

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

1 assistance under Article V of the Illinois Public Aid Code who
2 resides in a licensed long-term care facility, as defined in
3 the Nursing Home Care Act, or in a licensed facility as defined
4 in the ID/DD Community Care Act, the MC/DD Act, or the
5 Specialized Mental Health Rehabilitation Act of 2013.

6 (24) Beginning on the effective date of this amendatory Act
7 of the 92nd General Assembly, computers and communications
8 equipment utilized for any hospital purpose and equipment used
9 in the diagnosis, analysis, or treatment of hospital patients
10 purchased by a lessor who leases the equipment, under a lease
11 of one year or longer executed or in effect at the time the
12 lessor would otherwise be subject to the tax imposed by this
13 Act, to a hospital that has been issued an active tax exemption
14 identification number by the Department under Section 1g of the
15 Retailers' Occupation Tax Act. If the equipment is leased in a
16 manner that does not qualify for this exemption or is used in
17 any other nonexempt manner, the lessor shall be liable for the
18 tax imposed under this Act or the Use Tax Act, as the case may
19 be, based on the fair market value of the property at the time
20 the nonqualifying use occurs. No lessor shall collect or
21 attempt to collect an amount (however designated) that purports
22 to reimburse that lessor for the tax imposed by this Act or the
23 Use Tax Act, as the case may be, if the tax has not been paid by
24 the lessor. If a lessor improperly collects any such amount
25 from the lessee, the lessee shall have a legal right to claim a
26 refund of that amount from the lessor. If, however, that amount

1 is not refunded to the lessee for any reason, the lessor is
2 liable to pay that amount to the Department. This paragraph is
3 exempt from the provisions of Section 3-75.

4 (25) Beginning on the effective date of this amendatory Act
5 of the 92nd General Assembly, personal property purchased by a
6 lessor who leases the property, under a lease of one year or
7 longer executed or in effect at the time the lessor would
8 otherwise be subject to the tax imposed by this Act, to a
9 governmental body that has been issued an active tax exemption
10 identification number by the Department under Section 1g of the
11 Retailers' Occupation Tax Act. If the property is leased in a
12 manner that does not qualify for this exemption or is used in
13 any other nonexempt manner, the lessor shall be liable for the
14 tax imposed under this Act or the Use Tax Act, as the case may
15 be, based on the fair market value of the property at the time
16 the nonqualifying use occurs. No lessor shall collect or
17 attempt to collect an amount (however designated) that purports
18 to reimburse that lessor for the tax imposed by this Act or the
19 Use Tax Act, as the case may be, if the tax has not been paid by
20 the lessor. If a lessor improperly collects any such amount
21 from the lessee, the lessee shall have a legal right to claim a
22 refund of that amount from the lessor. If, however, that amount
23 is not refunded to the lessee for any reason, the lessor is
24 liable to pay that amount to the Department. This paragraph is
25 exempt from the provisions of Section 3-75.

26 (26) Beginning January 1, 2008, tangible personal property

1 used in the construction or maintenance of a community water
2 supply, as defined under Section 3.145 of the Environmental
3 Protection Act, that is operated by a not-for-profit
4 corporation that holds a valid water supply permit issued under
5 Title IV of the Environmental Protection Act. This paragraph is
6 exempt from the provisions of Section 3-75.

7 (27) Beginning January 1, 2010, materials, parts,
8 equipment, components, and furnishings incorporated into or
9 upon an aircraft as part of the modification, refurbishment,
10 completion, replacement, repair, or maintenance of the
11 aircraft. This exemption includes consumable supplies used in
12 the modification, refurbishment, completion, replacement,
13 repair, and maintenance of aircraft, but excludes any
14 materials, parts, equipment, components, and consumable
15 supplies used in the modification, replacement, repair, and
16 maintenance of aircraft engines or power plants, whether such
17 engines or power plants are installed or uninstalled upon any
18 such aircraft. "Consumable supplies" include, but are not
19 limited to, adhesive, tape, sandpaper, general purpose
20 lubricants, cleaning solution, latex gloves, and protective
21 films. This exemption applies only to the use of qualifying
22 tangible personal property transferred incident to the
23 modification, refurbishment, completion, replacement, repair,
24 or maintenance of aircraft by persons who (i) hold an Air
25 Agency Certificate and are empowered to operate an approved
26 repair station by the Federal Aviation Administration, (ii)

1 have a Class IV Rating, and (iii) conduct operations in
2 accordance with Part 145 of the Federal Aviation Regulations.
3 The exemption does not include aircraft operated by a
4 commercial air carrier providing scheduled passenger air
5 service pursuant to authority issued under Part 121 or Part 129
6 of the Federal Aviation Regulations. The changes made to this
7 paragraph (27) by Public Act 98-534 are declarative of existing
8 law.

9 (28) Tangible personal property purchased by a
10 public-facilities corporation, as described in Section
11 11-65-10 of the Illinois Municipal Code, for purposes of
12 constructing or furnishing a municipal convention hall, but
13 only if the legal title to the municipal convention hall is
14 transferred to the municipality without any further
15 consideration by or on behalf of the municipality at the time
16 of the completion of the municipal convention hall or upon the
17 retirement or redemption of any bonds or other debt instruments
18 issued by the public-facilities corporation in connection with
19 the development of the municipal convention hall. This
20 exemption includes existing public-facilities corporations as
21 provided in Section 11-65-25 of the Illinois Municipal Code.
22 This paragraph is exempt from the provisions of Section 3-75.

23 (29) Beginning January 1, 2017, menstrual pads, tampons,
24 and menstrual cups.

25 (30) Beginning on July 1, 2018, qualified tangible personal
26 property used in the construction or operation of a data center

1 that has been granted a certificate of exemption by the
2 Department of Commerce and Economic Opportunity under Section
3 605-1025 of the Department of Commerce and Economic Opportunity
4 Law of the Civil Administrative Code of Illinois, whether that
5 tangible personal property is purchased by the owner of the
6 data center or by a contractor, subcontractor, or tenant of the
7 owner. This paragraph is exempt from the provisions of Section
8 3-75.

9 (Source: P.A. 99-180, eff. 7-29-15; 99-855, eff. 8-19-16;
10 100-22, eff. 7-6-17.)

11 Section 20. The Service Occupation Tax Act is amended by
12 changing Section 3-5 as follows:

13 (35 ILCS 115/3-5)

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

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

23 (2) Personal property purchased by a not-for-profit
24 Illinois county fair association for use in conducting,

1 operating, or promoting the county fair.

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

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

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

1 chemicals or chemicals acting as catalysts but only if the
2 chemicals or chemicals acting as catalysts effect a direct and
3 immediate change upon a graphic arts product. Beginning on July
4 1, 2017, graphic arts machinery and equipment is included in
5 the manufacturing and assembling machinery and equipment
6 exemption under Section 2 of this Act.

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

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

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

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

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

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

26 Beginning July 1, 2013, fuel and petroleum products sold to

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

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

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

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

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

17 (13) Beginning January 1, 1992 and through June 30, 2016,
18 food for human consumption that is to be consumed off the
19 premises where it is sold (other than alcoholic beverages, soft
20 drinks and food that has been prepared for immediate
21 consumption) and prescription and non-prescription medicines,
22 drugs, medical appliances, and insulin, urine testing
23 materials, syringes, and needles used by diabetics, for human
24 use, when purchased for use by a person receiving medical
25 assistance under Article V of the Illinois Public Aid Code who
26 resides in a licensed long-term care facility, as defined in

1 the Nursing Home Care Act, or in a licensed facility as defined
2 in the ID/DD Community Care Act, the MC/DD Act, or the
3 Specialized Mental Health Rehabilitation Act of 2013.

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

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

18 (16) Computers and communications equipment utilized for
19 any hospital purpose and equipment used in the diagnosis,
20 analysis, or treatment of hospital patients sold to a lessor
21 who leases the equipment, under a lease of one year or longer
22 executed or in effect at the time of the purchase, to a
23 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.

26 (17) Personal property sold to a lessor who leases the

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

6 (18) 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 donated for
9 disaster relief to be used in a State or federally declared
10 disaster area in Illinois or bordering Illinois by a
11 manufacturer or retailer that is registered in this State to a
12 corporation, society, association, foundation, or institution
13 that has been issued a sales tax exemption identification
14 number by the Department that assists victims of the disaster
15 who reside within the declared disaster area.

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

1 declared disaster area within 6 months after the disaster.

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

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

24 (22) Beginning January 1, 2000, personal property,
25 including food, purchased through fundraising events for the
26 benefit of a public or private elementary or secondary school,

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

12 (23) Beginning January 1, 2000 and through December 31,
13 2001, new or used automatic vending machines that prepare and
14 serve hot food and beverages, including coffee, soup, and other
15 items, and replacement parts for these machines. Beginning
16 January 1, 2002 and through June 30, 2003, machines and parts
17 for machines used in commercial, coin-operated amusement and
18 vending business if a use or occupation tax is paid on the
19 gross receipts derived from the use of the commercial,
20 coin-operated amusement and vending machines. This paragraph
21 is exempt from the provisions of Section 3-55.

22 (24) Beginning on the effective date of this amendatory Act
23 of the 92nd General Assembly, computers and communications
24 equipment utilized for any hospital purpose and equipment used
25 in the diagnosis, analysis, or treatment of hospital patients
26 sold to a lessor who leases the equipment, under a lease of one

1 year or longer executed or in effect at the time of the
2 purchase, to a hospital that has been issued an active tax
3 exemption identification number by the Department under
4 Section 1g of the Retailers' Occupation Tax Act. This paragraph
5 is exempt from the provisions of Section 3-55.

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

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

1 issue a permit to any taxpayer in good standing with the
2 Department who is eligible for the exemption under this
3 paragraph (26). The permit issued under this paragraph (26)
4 shall authorize the holder, to the extent and in the manner
5 specified in the rules adopted under this Act, to purchase
6 tangible personal property from a retailer exempt from the
7 taxes imposed by this Act. Taxpayers shall maintain all
8 necessary books and records to substantiate the use and
9 consumption of all such tangible personal property outside of
10 the State of Illinois.

11 (27) Beginning January 1, 2008, tangible personal property
12 used in the construction or maintenance of a community water
13 supply, as defined under Section 3.145 of the Environmental
14 Protection Act, that is operated by a not-for-profit
15 corporation that holds a valid water supply permit issued under
16 Title IV of the Environmental Protection Act. This paragraph is
17 exempt from the provisions of Section 3-55.

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

1 issued by the public-facilities corporation in connection with
2 the development of the municipal convention hall. This
3 exemption includes existing public-facilities corporations as
4 provided in Section 11-65-25 of the Illinois Municipal Code.
5 This paragraph is exempt from the provisions of Section 3-55.

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

1 accordance with Part 145 of the Federal Aviation Regulations.
2 The exemption does not include aircraft operated by a
3 commercial air carrier providing scheduled passenger air
4 service pursuant to authority issued under Part 121 or Part 129
5 of the Federal Aviation Regulations. The changes made to this
6 paragraph (29) by Public Act 98-534 are declarative of existing
7 law.

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

10 (31) Beginning on July 1, 2018, qualified tangible personal
11 property used in the construction or operation of a data center
12 that has been granted a certificate of exemption by the
13 Department of Commerce and Economic Opportunity under Section
14 605-1025 of the Department of Commerce and Economic Opportunity
15 Law of the Civil Administrative Code of Illinois, whether that
16 tangible personal property is purchased by the owner of the
17 data center or by a contractor, subcontractor, or tenant of the
18 owner. This paragraph is exempt from the provisions of Section
19 3-55.

20 (Source: P.A. 99-180, eff. 7-29-15; 99-855, eff. 8-19-16;
21 100-22, eff. 7-6-17.)

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

24 (35 ILCS 120/2-5)

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

4 (1) Farm chemicals.

5 (2) Farm machinery and equipment, both new and used,
6 including that manufactured on special order, certified by
7 the purchaser to be used primarily for production
8 agriculture or State or federal agricultural programs,
9 including individual replacement parts for the machinery
10 and equipment, including machinery and equipment purchased
11 for lease, and including implements of husbandry defined in
12 Section 1-130 of the Illinois Vehicle Code, farm machinery
13 and agricultural chemical and fertilizer spreaders, and
14 nurse wagons required to be registered under Section 3-809
15 of the Illinois Vehicle Code, but excluding other motor
16 vehicles required to be registered under the Illinois
17 Vehicle Code. Horticultural polyhouses or hoop houses used
18 for propagating, growing, or overwintering plants shall be
19 considered farm machinery and equipment under this item
20 (2). Agricultural chemical tender tanks and dry boxes shall
21 include units sold separately from a motor vehicle required
22 to be licensed and units sold mounted on a motor vehicle
23 required to be licensed, if the selling price of the tender
24 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
2 not limited to, tractors, harvesters, sprayers, planters,
3 seeders, or spreaders. Precision farming equipment
4 includes, but is not limited to, soil testing sensors,
5 computers, monitors, software, global positioning and
6 mapping systems, and other such equipment.

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

15 (3) Until July 1, 2003, distillation machinery and
16 equipment, sold as a unit or kit, assembled or installed by
17 the retailer, certified by the user to be used only for the
18 production of ethyl alcohol that will be used for
19 consumption as motor fuel or as a component of motor fuel
20 for the personal use of the user, and not subject to sale
21 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
25 new and used, and including that manufactured on special
26 order or purchased for lease, certified by the purchaser to

1 be used primarily for graphic arts production. Equipment
2 includes chemicals or chemicals acting as catalysts but
3 only if the chemicals or chemicals acting as catalysts
4 effect a direct and immediate change upon a graphic arts
5 product. Beginning on July 1, 2017, graphic arts machinery
6 and equipment is included in the manufacturing and
7 assembling machinery and equipment exemption under
8 paragraph (14).

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

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

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

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

22 (9) Personal property sold to a not-for-profit arts or
23 cultural organization that establishes, by proof required
24 by the Department by rule, that it has received an
25 exemption under Section 501(c)(3) of the Internal Revenue
26 Code and that is organized and operated primarily for the

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

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

19 (11) Personal property sold to a governmental body, to
20 a corporation, society, association, foundation, or
21 institution organized and operated exclusively for
22 charitable, religious, or educational purposes, or to a
23 not-for-profit corporation, society, association,
24 foundation, institution, or organization that has no
25 compensated officers or employees and that is organized and
26 operated primarily for the recreation of persons 55 years

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

8 (12) (Blank).

9 (12-5) On and after July 1, 2003 and through June 30,
10 2004, motor vehicles of the second division with a gross
11 vehicle weight in excess of 8,000 pounds that are subject
12 to the commercial distribution fee imposed under Section
13 3-815.1 of the Illinois Vehicle Code. Beginning on July 1,
14 2004 and through June 30, 2005, the use in this State of
15 motor vehicles of the second division: (i) with a gross
16 vehicle weight rating in excess of 8,000 pounds; (ii) that
17 are subject to the commercial distribution fee imposed
18 under Section 3-815.1 of the Illinois Vehicle Code; and
19 (iii) that are primarily used for commercial purposes.
20 Through June 30, 2005, this exemption applies to repair and
21 replacement parts added after the initial purchase of such
22 a motor vehicle if that motor vehicle is used in a manner
23 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
2 not.

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

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

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

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

18 (16) Petroleum products sold to a purchaser if the
19 seller is prohibited by federal law from charging tax to
20 the purchaser.

21 (17) Tangible personal property sold to a common
22 carrier by rail or motor that receives the physical
23 possession of the property in Illinois and that transports
24 the property, or shares with another common carrier in the
25 transportation of the property, out of Illinois on a
26 standard uniform bill of lading showing the seller of the

1 property as the shipper or consignor of the property to a
2 destination outside Illinois, for use outside Illinois.

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

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

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

23 (21) Coal and aggregate exploration, mining,
24 off-highway hauling, processing, maintenance, and
25 reclamation equipment, including replacement parts and
26 equipment, and including equipment purchased for lease,

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

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

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

26 (23) A transaction in which the purchase order is

1 received by a florist who is located outside Illinois, but
2 who has a florist located in Illinois deliver the property
3 to the purchaser or the purchaser's donee in Illinois.

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

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

22 (25-5) The exemption under item (25) does not apply if
23 the state in which the motor vehicle will be titled does
24 not allow a reciprocal exemption for a motor vehicle sold
25 and delivered in that state to an Illinois resident but
26 titled in Illinois. The tax collected under this Act on the

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

26 (25-7) Beginning on July 1, 2007, no tax is imposed

1 under this Act on the sale of an aircraft, as defined in
2 Section 3 of the Illinois Aeronautics Act, if all of the
3 following conditions are met:

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

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

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

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

25 "Based in this State" means hangared, stored, or
26 otherwise used, excluding post-sale customizations as

1 defined in this Section, for 10 or more days in each
2 12-month period immediately following the date of the sale
3 of the aircraft.

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

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

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

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

26 (28) Computers and communications equipment utilized

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

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

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

25 (31) Beginning with taxable years ending on or after
26 December 31, 1995 and ending with taxable years ending on

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

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

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

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

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

25 (35) Beginning January 1, 2000 and through December 31,
26 2001, new or used automatic vending machines that prepare

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

10 (35-5) Beginning August 23, 2001 and through June 30,
11 2016, food for human consumption that is to be consumed off
12 the premises where it is sold (other than alcoholic
13 beverages, soft drinks, and food that has been prepared for
14 immediate consumption) and prescription and
15 nonprescription medicines, drugs, medical appliances, and
16 insulin, urine testing materials, syringes, and needles
17 used by diabetics, for human use, when purchased for use by
18 a person receiving medical assistance under Article V of
19 the Illinois Public Aid Code who resides in a licensed
20 long-term care facility, as defined in the Nursing Home
21 Care Act, or a licensed facility as defined in the ID/DD
22 Community Care Act, the MC/DD Act, or the Specialized
23 Mental Health Rehabilitation Act of 2013.

24 (36) Beginning August 2, 2001, computers and
25 communications equipment utilized for any hospital purpose
26 and equipment used in the diagnosis, analysis, or treatment

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

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

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

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

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

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

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

23 (41) Tangible personal property sold to a
24 public-facilities corporation, as described in Section
25 11-65-10 of the Illinois Municipal Code, for purposes of
26 constructing or furnishing a municipal convention hall,

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

12 (42) Beginning January 1, 2017, menstrual pads,
13 tampons, and menstrual cups.

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

22 (44) Beginning on July 1, 2018, qualified tangible
23 personal property used in the construction or operation of
24 a data center that has been granted a certificate of
25 exemption by the Department of Commerce and Economic
26 Opportunity under Section 605-1025 of the Department of

1 Commerce and Economic Opportunity Law of the Civil
2 Administrative Code of Illinois, whether that tangible
3 personal property is purchased by the owner of the data
4 center or by a contractor, subcontractor, or tenant of the
5 owner. This paragraph is exempt from the provisions of
6 Section 2-70.

7 (Source: P.A. 99-180, eff. 7-29-15; 99-855, eff. 8-19-16;
8 100-22, eff. 7-6-17; 100-321, eff. 8-24-17; 100-437, eff.
9 1-1-18; revised 9-26-17.)

10 Section 30. The Electricity Excise Tax Law is amended by
11 changing Section 2-4 as follows:

12 (35 ILCS 640/2-4)

13 Sec. 2-4. Tax imposed.

14 (a) Except as provided in subsection (b), a tax is imposed
15 on the privilege of using in this State electricity purchased
16 for use or consumption and not for resale, other than by
17 municipal corporations owning and operating a local
18 transportation system for public service, at the following
19 rates per kilowatt-hour delivered to the purchaser:

20 (i) For the first 2000 kilowatt-hours used or consumed
21 in a month: 0.330 cents per kilowatt-hour;

22 (ii) For the next 48,000 kilowatt-hours used or
23 consumed in a month: 0.319 cents per kilowatt-hour;

24 (iii) For the next 50,000 kilowatt-hours used or

1 consumed in a month: 0.303 cents per kilowatt-hour;

2 (iv) For the next 400,000 kilowatt-hours used or
3 consumed in a month: 0.297 cents per kilowatt-hour;

4 (v) For the next 500,000 kilowatt-hours used or
5 consumed in a month: 0.286 cents per kilowatt-hour;

6 (vi) For the next 2,000,000 kilowatt-hours used or
7 consumed in a month: 0.270 cents per kilowatt-hour;

8 (vii) For the next 2,000,000 kilowatt-hours used or
9 consumed in a month: 0.254 cents per kilowatt-hour;

10 (viii) For the next 5,000,000 kilowatt-hours used or
11 consumed in a month: 0.233 cents per kilowatt-hour;

12 (ix) For the next 10,000,000 kilowatt-hours used or
13 consumed in a month: 0.207 cents per kilowatt-hour;

14 (x) For all electricity in excess of 20,000,000
15 kilowatt-hours used or consumed in a month: 0.202 cents per
16 kilowatt-hour.

17 Provided, that in lieu of the foregoing rates, the tax is
18 imposed on a self-assessing purchaser at the rate of 5.1% of
19 the self-assessing purchaser's purchase price for all
20 electricity distributed, supplied, furnished, sold,
21 transmitted and delivered to the self-assessing purchaser in a
22 month.

23 (b) A tax is imposed on the privilege of using in this
24 State electricity purchased from a municipal system or electric
25 cooperative, as defined in Article XVII of the Public Utilities
26 Act, which has not made an election as permitted by either

1 Section 17-200 or Section 17-300 of such Act, at the lesser of
2 0.32 cents per kilowatt hour of all electricity distributed,
3 supplied, furnished, sold, transmitted, and delivered by such
4 municipal system or electric cooperative to the purchaser or 5%
5 of each such purchaser's purchase price for all electricity
6 distributed, supplied, furnished, sold, transmitted, and
7 delivered by such municipal system or electric cooperative to
8 the purchaser, whichever is the lower rate as applied to each
9 purchaser in each billing period.

10 (c) The tax imposed by this Section 2-4 is not imposed with
11 respect to any use of electricity by business enterprises
12 certified under Section 9-222.1 or 9-222.1A of the Public
13 Utilities Act, as amended, to the extent of such exemption and
14 during the time specified by the Department of Commerce and
15 Economic Opportunity; or with respect to any transaction in
16 interstate commerce, or otherwise, to the extent to which such
17 transaction may not, under the Constitution and statutes of the
18 United States, be made the subject of taxation by this State.

19 (d) Beginning July 1, 2018, a business enterprise that is
20 certified as a qualified data center, as defined by Section
21 605-1025 of the Department of Commerce and Economic Opportunity
22 Law of the Civil Administrative Code of Illinois, by the
23 Department of Commerce and Economic Opportunity is exempt from
24 the tax imposed under this Section. The Department of Commerce
25 and Economic Opportunity may adopt rules to carry out the
26 provisions of this subsection including procedures for

1 applying for the exemption. The Department of Commerce and
2 Economic Opportunity shall notify the Department of Revenue of
3 the certification. The Department of Revenue shall then notify
4 the public utility of the exemption status of the business
5 enterprise. The exemption shall take effect upon certification
6 of the qualifying data center.

7 (Source: P.A. 94-793, eff. 5-19-06.)

8 Section 99. Effective date. This Act takes effect upon
9 becoming law.