



## 100TH GENERAL ASSEMBLY

### State of Illinois

2017 and 2018

SB1327

Introduced 2/9/2017, by Sen. Kyle McCarter

#### SYNOPSIS AS INTRODUCED:

35 ILCS 105/3-5	
35 ILCS 105/3-30	from Ch. 120, par. 439.3-30
35 ILCS 105/3-50	from Ch. 120, par. 439.3-50
35 ILCS 110/2	from Ch. 120, par. 439.32
35 ILCS 110/3-5	
35 ILCS 110/3-30	from Ch. 120, par. 439.33-30
35 ILCS 115/2	from Ch. 120, par. 439.102
35 ILCS 115/3-5	
35 ILCS 115/3-30	from Ch. 120, par. 439.103-30
35 ILCS 120/2-5	
35 ILCS 120/2-30	from Ch. 120, par. 441-30
35 ILCS 120/2-45	from Ch. 120, par. 441-45

Amends the Use Tax Act, the Service Use Tax Act, the Service Occupation Tax Act, and the Retailers' Occupation Tax Act. Provides that the exemption for graphic arts machinery and equipment applies for all periods on and after September 1, 2004. Provides that the exemption includes production related tangible personal property beginning on July 1, 2014. Provides that, beginning on July 1, 2014, the manufacturing and assembly exemption also includes production related tangible personal property. Makes changes to the definition of "production related tangible personal property". Provides that the graphic arts exemption and the manufacturing and assembly exemption are each exempt from the Acts' automatic sunset provisions. Effective immediately.

LRB100 05630 HLH 15644 b

FISCAL NOTE ACT  
MAY APPLY

A BILL FOR

1 AN ACT concerning revenue.

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

4 Section 5. The Use Tax Act is amended by changing Sections  
5 3-5, 3-30, and 3-50 as follows:

6 (35 ILCS 105/3-5)

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

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

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

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

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

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

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

1 the car is subject to the Replacement Vehicle Tax.

2 (6) Until July 1, 2003 and beginning again on September 1,  
3 2004 ~~through August 30, 2014~~, graphic arts machinery and  
4 equipment, including repair and replacement parts, both new and  
5 used, and including that manufactured on special order,  
6 certified by the purchaser to be used primarily for graphic  
7 arts production, and including machinery and equipment  
8 purchased for lease. Equipment includes chemicals or chemicals  
9 acting as catalysts but only if the chemicals or chemicals  
10 acting as catalysts effect a direct and immediate change upon a  
11 graphic arts product. The exemption under this paragraph (6)  
12 also includes production related tangible personal property,  
13 as defined in Section 3-30, purchased on or after July 1, 2014.  
14 The exemption under this paragraph (6) is exempt from the  
15 provisions of Section 3-90.

16 (7) Farm chemicals.

17 (8) 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 (9) Personal property purchased from a teacher-sponsored  
22 student organization affiliated with an elementary or  
23 secondary school located in Illinois.

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

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

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

1 such equipment.

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

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

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

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

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

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

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

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

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

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



1 after July 1, 2014. The exemption provided by this paragraph  
2 (18) does not include machinery and equipment used in (i) the  
3 generation of electricity for wholesale or retail sale; (ii)  
4 the generation or treatment of natural or artificial gas for  
5 wholesale or retail sale that is delivered to customers through  
6 pipes, pipelines, or mains; or (iii) the treatment of water for  
7 wholesale or retail sale that is delivered to customers through  
8 pipes, pipelines, or mains. The provisions of Public Act 98-583  
9 are declaratory of existing law as to the meaning and scope of  
10 this exemption. The exemption under this paragraph (6) is  
11 exempt from the provisions of Section 3-90.

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

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

19 (21) Horses, or interests in horses, registered with and  
20 meeting the requirements of any of the Arabian Horse Club  
21 Registry of America, Appaloosa Horse Club, American Quarter  
22 Horse Association, United States Trotting Association, or  
23 Jockey Club, as appropriate, used for purposes of breeding or  
24 racing for prizes. This item (21) is exempt from the provisions  
25 of Section 3-90, and the exemption provided for under this item  
26 (21) applies for all periods beginning May 30, 1995, but no

1 claim for credit or refund is allowed on or after January 1,  
2 2008 for such taxes paid during the period beginning May 30,  
3 2000 and ending on January 1, 2008.

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

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

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

1 corporation, society, association, foundation, or institution  
2 that has been issued a sales tax exemption identification  
3 number by the Department that assists victims of the disaster  
4 who reside within the declared disaster area.

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

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

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

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

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

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

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

24           (31) Beginning on the effective date of this amendatory Act  
25 of the 92nd General Assembly, computers and communications  
26 equipment utilized for any hospital purpose and equipment used

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

23 (32) Beginning on the effective date of this amendatory Act  
24 of the 92nd General Assembly, personal property purchased by a  
25 lessor who leases the property, under a lease of one year or  
26 longer executed or in effect at the time the lessor would

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

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



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

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

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

1 materials, parts, equipment, components, and consumable  
2 supplies used in the modification, replacement, repair, and  
3 maintenance of aircraft engines or power plants, whether such  
4 engines or power plants are installed or uninstalled upon any  
5 such aircraft. "Consumable supplies" include, but are not  
6 limited to, adhesive, tape, sandpaper, general purpose  
7 lubricants, cleaning solution, latex gloves, and protective  
8 films. This exemption applies only to the use of qualifying  
9 tangible personal property by persons who modify, refurbish,  
10 complete, repair, replace, or maintain aircraft and who (i)  
11 hold an Air Agency Certificate and are empowered to operate an  
12 approved repair station by the Federal Aviation  
13 Administration, (ii) have a Class IV Rating, and (iii) conduct  
14 operations in accordance with Part 145 of the Federal Aviation  
15 Regulations. The exemption does not include aircraft operated  
16 by a commercial air carrier providing scheduled passenger air  
17 service pursuant to authority issued under Part 121 or Part 129  
18 of the Federal Aviation Regulations. The changes made to this  
19 paragraph (35) by Public Act 98-534 are declarative of existing  
20 law.

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

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

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

11 (Source: P.A. 98-104, eff. 7-22-13; 98-422, eff. 8-16-13;  
12 98-456, eff. 8-16-13; 98-534, eff. 8-23-13; 98-574, eff.  
13 1-1-14; 98-583, eff. 1-1-14; 98-756, eff. 7-16-14; 99-180, eff.  
14 7-29-15; 99-855, eff. 8-19-16.)

15 (35 ILCS 105/3-30) (from Ch. 120, par. 439.3-30)

16 Sec. 3-30. Graphic arts production. For the purposes of  
17 this Act, "graphic arts production" means the production of  
18 tangible personal property for wholesale or retail sale or  
19 lease by means of printing, including ink jet printing, by one  
20 or more of the processes described in Groups 323110 through  
21 323122 of Subsector 323, Groups 511110 through 511199 of  
22 Subsector 511, and Group 512230 of Subsector 512 of the North  
23 American Industry Classification System published by the U.S.  
24 Office of Management and Budget, 1997 edition. Graphic arts  
25 production does not include (i) the transfer of images onto

1 paper or other tangible personal property by means of  
2 photocopying or (ii) final printed products in electronic or  
3 audio form, including the production of software or  
4 audio-books. For purposes of this Section, persons engaged  
5 primarily in the business of printing or publishing newspapers  
6 or magazines that qualify as newsprint and ink, by one or more  
7 of the processes described in Groups 511110 through 511199 of  
8 subsector 511 of the North American Industry Classification  
9 System published by the U.S. Office of Management and Budget,  
10 1997 edition, are deemed to be engaged in graphic arts  
11 production.

12 For the purposes of the exemption provided in paragraph (6)  
13 of Section 3-5 of this Act, "production related tangible  
14 personal property" means all tangible personal property that is  
15 used or consumed by the purchaser in a graphic arts facility in  
16 which graphic arts production takes place and includes, without  
17 limitation, tangible personal property that is purchased for  
18 incorporation into real estate within a graphic arts production  
19 facility, supplies and consumables used in a graphic arts  
20 production facility including fuels, coolants, solvents, oils,  
21 lubricants, and adhesives, hand tools, protective apparel, and  
22 fire and safety equipment used or consumed within a  
23 manufacturing facility, and tangible personal property that is  
24 used or consumed in activities such as research and  
25 development, preproduction material handling, receiving,  
26 quality control, inventory control, storage, staging, and

1 packaging for shipping and transportation purposes.  
2 "Production related tangible personal property" does not  
3 include (i) tangible personal property that is used, within or  
4 without a graphic arts production facility, in sales,  
5 purchasing, accounting, fiscal management, marketing,  
6 personnel recruitment or selection, or landscaping or (ii)  
7 tangible personal property that is required to be titled or  
8 registered with a department, agency, or unit of federal,  
9 State, or local government.

10 (Source: P.A. 96-116, eff. 7-31-09.)

11 (35 ILCS 105/3-50) (from Ch. 120, par. 439.3-50)

12 Sec. 3-50. Manufacturing and assembly exemption. The  
13 manufacturing and assembling machinery and equipment exemption  
14 includes machinery and equipment that replaces machinery and  
15 equipment in an existing manufacturing facility as well as  
16 machinery and equipment that are for use in an expanded or new  
17 manufacturing facility. The machinery and equipment exemption  
18 also includes machinery and equipment used in the general  
19 maintenance or repair of exempt machinery and equipment or for  
20 in-house manufacture of exempt machinery and equipment. The  
21 machinery and equipment exemption does not include machinery  
22 and equipment used in (i) the generation of electricity for  
23 wholesale or retail sale; (ii) the generation or treatment of  
24 natural or artificial gas for wholesale or retail sale that is  
25 delivered to customers through pipes, pipelines, or mains; or

1 (iii) the treatment of water for wholesale or retail sale that  
2 is delivered to customers through pipes, pipelines, or mains.  
3 The provisions of this amendatory Act of the 98th General  
4 Assembly are declaratory of existing law as to the meaning and  
5 scope of this exemption. For the purposes of this exemption,  
6 terms have the following meanings:

7 (1) "Manufacturing process" means the production of an  
8 article of tangible personal property, whether the article  
9 is a finished product or an article for use in the process  
10 of manufacturing or assembling a different article of  
11 tangible personal property, by a procedure commonly  
12 regarded as manufacturing, processing, fabricating, or  
13 refining that changes some existing material into a  
14 material with a different form, use, or name. In relation  
15 to a recognized integrated business composed of a series of  
16 operations that collectively constitute manufacturing, or  
17 individually constitute manufacturing operations, the  
18 manufacturing process commences with the first operation  
19 or stage of production in the series and does not end until  
20 the completion of the final product in the last operation  
21 or stage of production in the series. For purposes of this  
22 exemption, photoprocessing is a manufacturing process of  
23 tangible personal property for wholesale or retail sale.

24 (2) "Assembling process" means the production of an  
25 article of tangible personal property, whether the article  
26 is a finished product or an article for use in the process

1 of manufacturing or assembling a different article of  
2 tangible personal property, by the combination of existing  
3 materials in a manner commonly regarded as assembling that  
4 results in an article or material of a different form, use,  
5 or name.

6 (3) "Machinery" means major mechanical machines or  
7 major components of those machines contributing to a  
8 manufacturing or assembling process.

9 (4) "Equipment" includes an independent device or tool  
10 separate from machinery but essential to an integrated  
11 manufacturing or assembly process; including computers  
12 used primarily in a manufacturer's computer assisted  
13 design, computer assisted manufacturing (CAD/CAM) system;  
14 any subunit or assembly comprising a component of any  
15 machinery or auxiliary, adjunct, or attachment parts of  
16 machinery, such as tools, dies, jigs, fixtures, patterns,  
17 and molds; and any parts that require periodic replacement  
18 in the course of normal operation; but does not include  
19 hand tools. Equipment includes chemicals or chemicals  
20 acting as catalysts but only if the chemicals or chemicals  
21 acting as catalysts effect a direct and immediate change  
22 upon a product being manufactured or assembled for  
23 wholesale or retail sale or lease.

24 (5) "Production related tangible personal property"  
25 means all tangible personal property that is used or  
26 consumed by the purchaser in a manufacturing facility in

1           which a manufacturing process takes place and includes,  
2           without limitation, tangible personal property that is  
3           purchased for incorporation into real estate within a  
4           manufacturing facility, supplies and consumables used in a  
5           manufacturing facility, including fuels, coolants,  
6           solvents, oils, lubricants, and adhesives, hand tools,  
7           protective apparel, and fire and safety equipment used or  
8           consumed within a manufacturing facility, and tangible  
9           personal property that is used or consumed in activities  
10          such as research and development, preproduction material  
11          handling, receiving, quality control, inventory control,  
12          storage, staging, and packaging for shipping and  
13          transportation purposes. "Production related tangible  
14          personal property" does not include (i) tangible personal  
15          property that is used, within or without a manufacturing  
16          facility, in sales, purchasing, accounting, fiscal  
17          management, marketing, personnel recruitment or selection,  
18          or landscaping or (ii) tangible personal property that is  
19          required to be titled or registered with a department,  
20          agency, or unit of federal, State, or local government.

21          The manufacturing and assembling machinery and equipment  
22          exemption includes production related tangible personal  
23          property that is purchased on or after July 1, 2007 and on or  
24          before June 30, 2008 and on and after July 1, 2014. The  
25          exemption for production related tangible personal property  
26          purchased on or after July 1, 2007 and on or before June 30,



1 2008 is subject to both of the following limitations:

2 (1) The maximum amount of the exemption for any one  
3 taxpayer may not exceed 5% of the purchase price of  
4 production related tangible personal property that is  
5 purchased on or after July 1, 2007 and on or before June  
6 30, 2008. A credit under Section 3-85 of this Act may not  
7 be earned by the purchase of production related tangible  
8 personal property for which an exemption is received under  
9 this Section.

10 (2) The maximum aggregate amount of the exemptions for  
11 production related tangible personal property purchased on  
12 or after July 1, 2007 and on or before June 30, 2008  
13 awarded under this Act and the Retailers' Occupation Tax  
14 Act to all taxpayers may not exceed \$10,000,000. If the  
15 claims for the exemption exceed \$10,000,000, then the  
16 Department shall reduce the amount of the exemption to each  
17 taxpayer on a pro rata basis.

18 The Department shall ~~may~~ adopt rules to implement and  
19 administer the exemption for production related tangible  
20 personal property.

21 The manufacturing and assembling machinery and equipment  
22 exemption includes the sale of materials to a purchaser who  
23 produces exempted types of machinery, equipment, or tools and  
24 who rents or leases that machinery, equipment, or tools to a  
25 manufacturer of tangible personal property. This exemption  
26 also includes the sale of materials to a purchaser who

1 manufactures those materials into an exempted type of  
2 machinery, equipment, or tools that the purchaser uses himself  
3 or herself in the manufacturing of tangible personal property.  
4 This exemption includes the sale of exempted types of machinery  
5 or equipment to a purchaser who is not the manufacturer, but  
6 who rents or leases the use of the property to a manufacturer.  
7 The purchaser of the machinery and equipment who has an active  
8 resale registration number shall furnish that number to the  
9 seller at the time of purchase. A user of the machinery,  
10 equipment, or tools without an active resale registration  
11 number shall prepare a certificate of exemption for each  
12 transaction stating facts establishing the exemption for that  
13 transaction, and that certificate shall be available to the  
14 Department for inspection or audit. The Department shall  
15 prescribe the form of the certificate. Informal rulings,  
16 opinions, or letters issued by the Department in response to an  
17 inquiry or request for an opinion from any person regarding the  
18 coverage and applicability of this exemption to specific  
19 devices shall be published, maintained as a public record, and  
20 made available for public inspection and copying. If the  
21 informal ruling, opinion, or letter contains trade secrets or  
22 other confidential information, where possible, the Department  
23 shall delete that information before publication. Whenever  
24 informal rulings, opinions, or letters contain a policy of  
25 general applicability, the Department shall formulate and  
26 adopt that policy as a rule in accordance with the Illinois

1 Administrative Procedure Act.

2 (Source: P.A. 98-583, eff. 1-1-14.)

3 Section 10. The Service Use Tax Act is amended by changing  
4 Sections 2, 3-5, and 3-30 as follows:

5 (35 ILCS 110/2) (from Ch. 120, par. 439.32)

6 Sec. 2. Definitions.

7 "Use" means the exercise by any person of any right or  
8 power over tangible personal property incident to the ownership  
9 of that property, but does not include the sale or use for  
10 demonstration by him of that property in any form as tangible  
11 personal property in the regular course of business. "Use" does  
12 not mean the interim use of tangible personal property nor the  
13 physical incorporation of tangible personal property, as an  
14 ingredient or constituent, into other tangible personal  
15 property, (a) which is sold in the regular course of business  
16 or (b) which the person incorporating such ingredient or  
17 constituent therein has undertaken at the time of such purchase  
18 to cause to be transported in interstate commerce to  
19 destinations outside the State of Illinois.

20 "Purchased from a serviceman" means the acquisition of the  
21 ownership of, or title to, tangible personal property through a  
22 sale of service.

23 "Purchaser" means any person who, through a sale of  
24 service, acquires the ownership of, or title to, any tangible

1 personal property.

2 "Cost price" means the consideration paid by the serviceman  
3 for a purchase valued in money, whether paid in money or  
4 otherwise, including cash, credits and services, and shall be  
5 determined without any deduction on account of the supplier's  
6 cost of the property sold or on account of any other expense  
7 incurred by the supplier. When a serviceman contracts out part  
8 or all of the services required in his sale of service, it  
9 shall be presumed that the cost price to the serviceman of the  
10 property transferred to him or her by his or her subcontractor  
11 is equal to 50% of the subcontractor's charges to the  
12 serviceman in the absence of proof of the consideration paid by  
13 the subcontractor for the purchase of such property.

14 "Selling price" means the consideration for a sale valued  
15 in money whether received in money or otherwise, including  
16 cash, credits and service, and shall be determined without any  
17 deduction on account of the serviceman's cost of the property  
18 sold, the cost of materials used, labor or service cost or any  
19 other expense whatsoever, but does not include interest or  
20 finance charges which appear as separate items on the bill of  
21 sale or sales contract nor charges that are added to prices by  
22 sellers on account of the seller's duty to collect, from the  
23 purchaser, the tax that is imposed by this Act.

24 "Department" means the Department of Revenue.

25 "Person" means any natural individual, firm, partnership,  
26 association, joint stock company, joint venture, public or

1 private corporation, limited liability company, and any  
2 receiver, executor, trustee, guardian or other representative  
3 appointed by order of any court.

4 "Sale of service" means any transaction except:

5 (1) a retail sale of tangible personal property taxable  
6 under the Retailers' Occupation Tax Act or under the Use  
7 Tax Act.

8 (2) a sale of tangible personal property for the  
9 purpose of resale made in compliance with Section 2c of the  
10 Retailers' Occupation Tax Act.

11 (3) except as hereinafter provided, a sale or transfer  
12 of tangible personal property as an incident to the  
13 rendering of service for or by any governmental body, or  
14 for or by any corporation, society, association,  
15 foundation or institution organized and operated  
16 exclusively for charitable, religious or educational  
17 purposes or any not-for-profit corporation, society,  
18 association, foundation, institution or organization which  
19 has no compensated officers or employees and which is  
20 organized and operated primarily for the recreation of  
21 persons 55 years of age or older. A limited liability  
22 company may qualify for the exemption under this paragraph  
23 only if the limited liability company is organized and  
24 operated exclusively for educational purposes.

25 (4) a sale or transfer of tangible personal property as  
26 an incident to the rendering of service for interstate

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

11 (4a) a sale or transfer of tangible personal property  
12 as an incident to the rendering of service for owners,  
13 lessors, or shippers of tangible personal property which is  
14 utilized by interstate carriers for hire for use as rolling  
15 stock moving in interstate commerce so long as so used by  
16 interstate carriers for hire, and equipment operated by a  
17 telecommunications provider, licensed as a common carrier  
18 by the Federal Communications Commission, which is  
19 permanently installed in or affixed to aircraft moving in  
20 interstate commerce.

21 (4a-5) on and after July 1, 2003 and through June 30,  
22 2004, a sale or transfer of a motor vehicle of the second  
23 division with a gross vehicle weight in excess of 8,000  
24 pounds as an incident to the rendering of service if that  
25 motor vehicle is subject to the commercial distribution fee  
26 imposed under Section 3-815.1 of the Illinois Vehicle Code.

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

16 (5) a sale or transfer of machinery and equipment used  
17 primarily in the process of the manufacturing or  
18 assembling, either in an existing, an expanded or a new  
19 manufacturing facility, of tangible personal property for  
20 wholesale or retail sale or lease, whether such sale or  
21 lease is made directly by the manufacturer or by some other  
22 person, whether the materials used in the process are owned  
23 by the manufacturer or some other person, or whether such  
24 sale or lease is made apart from or as an incident to the  
25 seller's engaging in a service occupation and the  
26 applicable tax is a Service Use Tax or Service Occupation

1 Tax, rather than Use Tax or Retailers' Occupation Tax. The  
2 exemption provided by this paragraph (5) does not include  
3 machinery and equipment used in (i) the generation of  
4 electricity for wholesale or retail sale; (ii) the  
5 generation or treatment of natural or artificial gas for  
6 wholesale or retail sale that is delivered to customers  
7 through pipes, pipelines, or mains; or (iii) the treatment  
8 of water for wholesale or retail sale that is delivered to  
9 customers through pipes, pipelines, or mains. The  
10 provisions of this amendatory Act of the 98th General  
11 Assembly are declaratory of existing law as to the meaning  
12 and scope of this exemption. The exemption under this  
13 paragraph (5) is exempt from the provisions of Section  
14 3-75.

15 (5a) the repairing, reconditioning or remodeling, for  
16 a common carrier by rail, of tangible personal property  
17 which belongs to such carrier for hire, and as to which  
18 such carrier receives the physical possession of the  
19 repaired, reconditioned or remodeled item of tangible  
20 personal property in Illinois, and which such carrier  
21 transports, or shares with another common carrier in the  
22 transportation of such property, out of Illinois on a  
23 standard uniform bill of lading showing the person who  
24 repaired, reconditioned or remodeled the property to a  
25 destination outside Illinois, for use outside Illinois.

26 (5b) a sale or transfer of tangible personal property



1           which is produced by the seller thereof on special order in  
2           such a way as to have made the applicable tax the Service  
3           Occupation Tax or the Service Use Tax, rather than the  
4           Retailers' Occupation Tax or the Use Tax, for an interstate  
5           carrier by rail which receives the physical possession of  
6           such property in Illinois, and which transports such  
7           property, or shares with another common carrier in the  
8           transportation of such property, out of Illinois on a  
9           standard uniform bill of lading showing the seller of the  
10          property as the shipper or consignor of such property to a  
11          destination outside Illinois, for use outside Illinois.

12           (6) until July 1, 2003, a sale or transfer of  
13          distillation machinery and equipment, sold as a unit or kit  
14          and assembled or installed by the retailer, which machinery  
15          and equipment is certified by the user to be used only for  
16          the production of ethyl alcohol that will be used for  
17          consumption as motor fuel or as a component of motor fuel  
18          for the personal use of such user and not subject to sale  
19          or resale.

20           (7) at the election of any serviceman not required to  
21          be otherwise registered as a retailer under Section 2a of  
22          the Retailers' Occupation Tax Act, made for each fiscal  
23          year sales of service in which the aggregate annual cost  
24          price of tangible personal property transferred as an  
25          incident to the sales of service is less than 35%, or 75%  
26          in the case of servicemen transferring prescription drugs

1 or servicemen engaged in graphic arts production, of the  
2 aggregate annual total gross receipts from all sales of  
3 service. The purchase of such tangible personal property by  
4 the serviceman shall be subject to tax under the Retailers'  
5 Occupation Tax Act and the Use Tax Act. However, if a  
6 primary serviceman who has made the election described in  
7 this paragraph subcontracts service work to a secondary  
8 serviceman who has also made the election described in this  
9 paragraph, the primary serviceman does not incur a Use Tax  
10 liability if the secondary serviceman (i) has paid or will  
11 pay Use Tax on his or her cost price of any tangible  
12 personal property transferred to the primary serviceman  
13 and (ii) certifies that fact in writing to the primary  
14 serviceman.

15 Tangible personal property transferred incident to the  
16 completion of a maintenance agreement is exempt from the tax  
17 imposed pursuant to this Act.

18 Exemption (5) also includes machinery and equipment used in  
19 the general maintenance or repair of such exempt machinery and  
20 equipment or for in-house manufacture of exempt machinery and  
21 equipment. Beginning on July 1, 2014, exemption (5) also  
22 includes production related tangible personal property, as  
23 defined in Section 3-50 of the Use Tax Act. The machinery and  
24 equipment exemption does not include machinery and equipment  
25 used in (i) the generation of electricity for wholesale or  
26 retail sale; (ii) the generation or treatment of natural or

1 artificial gas for wholesale or retail sale that is delivered  
2 to customers through pipes, pipelines, or mains; or (iii) the  
3 treatment of water for wholesale or retail sale that is  
4 delivered to customers through pipes, pipelines, or mains. The  
5 provisions of this amendatory Act of the 98th General Assembly  
6 are declaratory of existing law as to the meaning and scope of  
7 this exemption. For the purposes of exemption (5), each of  
8 these terms shall have the following meanings: (1)  
9 "manufacturing process" shall mean the production of any  
10 article of tangible personal property, whether such article is  
11 a finished product or an article for use in the process of  
12 manufacturing or assembling a different article of tangible  
13 personal property, by procedures commonly regarded as  
14 manufacturing, processing, fabricating, or refining which  
15 changes some existing material or materials into a material  
16 with a different form, use or name. In relation to a recognized  
17 integrated business composed of a series of operations which  
18 collectively constitute manufacturing, or individually  
19 constitute manufacturing operations, the manufacturing process  
20 shall be deemed to commence with the first operation or stage  
21 of production in the series, and shall not be deemed to end  
22 until the completion of the final product in the last operation  
23 or stage of production in the series; and further, for purposes  
24 of exemption (5), photoprocessing is deemed to be a  
25 manufacturing process of tangible personal property for  
26 wholesale or retail sale; (2) "assembling process" shall mean

1 the production of any article of tangible personal property,  
2 whether such article is a finished product or an article for  
3 use in the process of manufacturing or assembling a different  
4 article of tangible personal property, by the combination of  
5 existing materials in a manner commonly regarded as assembling  
6 which results in a material of a different form, use or name;  
7 (3) "machinery" shall mean major mechanical machines or major  
8 components of such machines contributing to a manufacturing or  
9 assembling process; and (4) "equipment" shall include any  
10 independent device or tool separate from any machinery but  
11 essential to an integrated manufacturing or assembly process;  
12 including computers used primarily in a manufacturer's  
13 computer assisted design, computer assisted manufacturing  
14 (CAD/CAM) system; or any subunit or assembly comprising a  
15 component of any machinery or auxiliary, adjunct or attachment  
16 parts of machinery, such as tools, dies, jigs, fixtures,  
17 patterns and molds; or any parts which require periodic  
18 replacement in the course of normal operation; but shall not  
19 include hand tools. Equipment includes chemicals or chemicals  
20 acting as catalysts but only if the chemicals or chemicals  
21 acting as catalysts effect a direct and immediate change upon a  
22 product being manufactured or assembled for wholesale or retail  
23 sale or lease. The purchaser of such machinery and equipment  
24 who has an active resale registration number shall furnish such  
25 number to the seller at the time of purchase. The user of such  
26 machinery and equipment and tools without an active resale

1 registration number shall prepare a certificate of exemption  
2 for each transaction stating facts establishing the exemption  
3 for that transaction, which certificate shall be available to  
4 the Department for inspection or audit. The Department shall  
5 prescribe the form of the certificate.

6 Any informal rulings, opinions or letters issued by the  
7 Department in response to an inquiry or request for any opinion  
8 from any person regarding the coverage and applicability of  
9 exemption (5) to specific devices shall be published,  
10 maintained as a public record, and made available for public  
11 inspection and copying. If the informal ruling, opinion or  
12 letter contains trade secrets or other confidential  
13 information, where possible the Department shall delete such  
14 information prior to publication. Whenever such informal  
15 rulings, opinions, or letters contain any policy of general  
16 applicability, the Department shall formulate and adopt such  
17 policy as a rule in accordance with the provisions of the  
18 Illinois Administrative Procedure Act.

19 On and after July 1, 1987, no entity otherwise eligible  
20 under exemption (3) of this Section shall make tax free  
21 purchases unless it has an active exemption identification  
22 number issued by the Department.

23 The purchase, employment and transfer of such tangible  
24 personal property as newsprint and ink for the primary purpose  
25 of conveying news (with or without other information) is not a  
26 purchase, use or sale of service or of tangible personal

1 property within the meaning of this Act.

2 "Serviceman" means any person who is engaged in the  
3 occupation of making sales of service.

4 "Sale at retail" means "sale at retail" as defined in the  
5 Retailers' Occupation Tax Act.

6 "Supplier" means any person who makes sales of tangible  
7 personal property to servicemen for the purpose of resale as an  
8 incident to a sale of service.

9 "Serviceman maintaining a place of business in this State",  
10 or any like term, means and includes any serviceman:

11 1. having or maintaining within this State, directly or  
12 by a subsidiary, an office, distribution house, sales  
13 house, warehouse or other place of business, or any agent  
14 or other representative operating within this State under  
15 the authority of the serviceman or its subsidiary,  
16 irrespective of whether such place of business or agent or  
17 other representative is located here permanently or  
18 temporarily, or whether such serviceman or subsidiary is  
19 licensed to do business in this State;

20 1.1. having a contract with a person located in this  
21 State under which the person, for a commission or other  
22 consideration based on the sale of service by the  
23 serviceman, directly or indirectly refers potential  
24 customers to the serviceman by providing to the potential  
25 customers a promotional code or other mechanism that allows  
26 the serviceman to track purchases referred by such persons.

1 Examples of mechanisms that allow the serviceman to track  
2 purchases referred by such persons include but are not  
3 limited to the use of a link on the person's Internet  
4 website, promotional codes distributed through the  
5 person's hand-delivered or mailed material, and  
6 promotional codes distributed by the person through radio  
7 or other broadcast media. The provisions of this paragraph  
8 1.1 shall apply only if the cumulative gross receipts from  
9 sales of service by the serviceman to customers who are  
10 referred to the serviceman by all persons in this State  
11 under such contracts exceed \$10,000 during the preceding 4  
12 quarterly periods ending on the last day of March, June,  
13 September, and December; a serviceman meeting the  
14 requirements of this paragraph 1.1 shall be presumed to be  
15 maintaining a place of business in this State but may rebut  
16 this presumption by submitting proof that the referrals or  
17 other activities pursued within this State by such persons  
18 were not sufficient to meet the nexus standards of the  
19 United States Constitution during the preceding 4  
20 quarterly periods;

21 1.2. beginning July 1, 2011, having a contract with a  
22 person located in this State under which:

23 A. the serviceman sells the same or substantially  
24 similar line of services as the person located in this  
25 State and does so using an identical or substantially  
26 similar name, trade name, or trademark as the person

1 located in this State; and

2 B. the serviceman provides a commission or other  
3 consideration to the person located in this State based  
4 upon the sale of services by the serviceman.

5 The provisions of this paragraph 1.2 shall apply only if  
6 the cumulative gross receipts from sales of service by the  
7 serviceman to customers in this State under all such  
8 contracts exceed \$10,000 during the preceding 4 quarterly  
9 periods ending on the last day of March, June, September,  
10 and December;

11 2. soliciting orders for tangible personal property by  
12 means of a telecommunication or television shopping system  
13 (which utilizes toll free numbers) which is intended by the  
14 retailer to be broadcast by cable television or other means  
15 of broadcasting, to consumers located in this State;

16 3. pursuant to a contract with a broadcaster or  
17 publisher located in this State, soliciting orders for  
18 tangible personal property by means of advertising which is  
19 disseminated primarily to consumers located in this State  
20 and only secondarily to bordering jurisdictions;

21 4. soliciting orders for tangible personal property by  
22 mail if the solicitations are substantial and recurring and  
23 if the retailer benefits from any banking, financing, debt  
24 collection, telecommunication, or marketing activities  
25 occurring in this State or benefits from the location in  
26 this State of authorized installation, servicing, or



1 repair facilities;

2 5. being owned or controlled by the same interests  
3 which own or control any retailer engaging in business in  
4 the same or similar line of business in this State;

5 6. having a franchisee or licensee operating under its  
6 trade name if the franchisee or licensee is required to  
7 collect the tax under this Section;

8 7. pursuant to a contract with a cable television  
9 operator located in this State, soliciting orders for  
10 tangible personal property by means of advertising which is  
11 transmitted or distributed over a cable television system  
12 in this State; or

13 8. engaging in activities in Illinois, which  
14 activities in the state in which the supply business  
15 engaging in such activities is located would constitute  
16 maintaining a place of business in that state.

17 (Source: P.A. 98-583, eff. 1-1-14; 98-1089, eff. 1-1-15.)

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  
25 for the benefit of persons 65 years of age or older if the

1 personal property was not purchased by the enterprise for the  
2 purpose of resale by the enterprise.

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

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

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

25 (5) Until July 1, 2003 and beginning again on September 1,  
26 2004 ~~through August 30, 2014~~, graphic arts machinery and

1 equipment, including repair and replacement parts, both new and  
2 used, and including that manufactured on special order or  
3 purchased for lease, certified by the purchaser to be used  
4 primarily for graphic arts production. Equipment includes  
5 chemicals or chemicals acting as catalysts but only if the  
6 chemicals or chemicals acting as catalysts effect a direct and  
7 immediate change upon a graphic arts product. The exemption  
8 provided by this paragraph (5) also includes production related  
9 tangible personal property, as defined in Section 3-30,  
10 purchased on or after July 1, 2014. The exemption provided by  
11 this paragraph (5) is exempt from the provisions of Section  
12 3-75.

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

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

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

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

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

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

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

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

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

25 (10) Until July 1, 2003, oil field exploration, drilling,  
26 and production equipment, including (i) rigs and parts of rigs,

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

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

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

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

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

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

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

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



1 refund of that amount from the lessor. If, however, that amount  
2 is not refunded to the lessee for any reason, the lessor is  
3 liable to pay that amount to the Department.

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

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

26 (19) Beginning July 1, 1999, game or game birds purchased

1 at a "game breeding and hunting preserve area" as that term is  
2 used in the Wildlife Code. This paragraph is exempt from the  
3 provisions of Section 3-75.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

26 (Source: P.A. 98-104, eff. 7-22-13; 98-422, eff. 8-16-13;

1 98-456, eff. 8-16-13; 98-534, eff. 8-23-13; 98-756, eff.  
2 7-16-14; 99-180, eff. 7-29-15; 99-855, eff. 8-19-16.)

3 (35 ILCS 110/3-30) (from Ch. 120, par. 439.33-30)

4 Sec. 3-30. Graphic arts production. For the purposes of  
5 this Act, "graphic arts production" means the production of  
6 tangible personal property for wholesale or retail sale or  
7 lease by means of printing, including ink jet printing, by one  
8 or more of the processes described in Groups 323110 through  
9 323122 of Subsector 323, Groups 511110 through 511199 of  
10 Subsector 511, and Group 512230 of Subsector 512 of the North  
11 American Industry Classification System published by the U.S.  
12 Office of Management and Budget, 1997 edition. Graphic arts  
13 production does not include (i) the transfer of images onto  
14 paper or other tangible personal property by means of  
15 photocopying or (ii) final printed products in electronic or  
16 audio form, including the production of software or  
17 audio-books. For purposes of this Section, persons engaged  
18 primarily in the business of printing or publishing newspapers  
19 or magazines that qualify as newsprint and ink, by one or more  
20 of the processes described in Groups 511110 through 511199 of  
21 subsector 511 of the North American Industry Classification  
22 System published by the U.S. Office of Management and Budget,  
23 1997 edition, are deemed to be engaged in graphic arts  
24 production.

25 For the purposes of the exemption provided in paragraph (5)



1 of Section 3-5 of this Act, "production related tangible  
2 personal property" means all tangible personal property that is  
3 used or consumed by the purchaser in a graphic arts facility in  
4 which graphic arts production takes place and includes, without  
5 limitation, tangible personal property that is purchased for  
6 incorporation into real estate within a graphic arts production  
7 facility, supplies and consumables used in a graphic arts  
8 production facility including fuels, coolants, solvents, oils,  
9 lubricants, and adhesives, hand tools, protective apparel, and  
10 fire and safety equipment used or consumed within a  
11 manufacturing facility, and tangible personal property that is  
12 used or consumed in activities such as research and  
13 development, preproduction material handling, receiving,  
14 quality control, inventory control, storage, staging, and  
15 packaging for shipping and transportation purposes.  
16 "Production related tangible personal property" does not  
17 include (i) tangible personal property that is used, within or  
18 without a graphic arts production facility, in sales,  
19 purchasing, accounting, fiscal management, marketing,  
20 personnel recruitment or selection, or landscaping or (ii)  
21 tangible personal property that is required to be titled or  
22 registered with a department, agency, or unit of federal,  
23 State, or local government.

24 (Source: P.A. 96-116, eff. 7-31-09.)

25 Section 15. The Service Occupation Tax Act is amended by

1 changing Sections 2, 3-5, and 3-30 as follows:

2 (35 ILCS 115/2) (from Ch. 120, par. 439.102)

3 Sec. 2. "Transfer" means any transfer of the title to  
4 property or of the ownership of property whether or not the  
5 transferor retains title as security for the payment of amounts  
6 due him from the transferee.

7 "Cost Price" means the consideration paid by the serviceman  
8 for a purchase valued in money, whether paid in money or  
9 otherwise, including cash, credits and services, and shall be  
10 determined without any deduction on account of the supplier's  
11 cost of the property sold or on account of any other expense  
12 incurred by the supplier. When a serviceman contracts out part  
13 or all of the services required in his sale of service, it  
14 shall be presumed that the cost price to the serviceman of the  
15 property transferred to him by his or her subcontractor is  
16 equal to 50% of the subcontractor's charges to the serviceman  
17 in the absence of proof of the consideration paid by the  
18 subcontractor for the purchase of such property.

19 "Department" means the Department of Revenue.

20 "Person" means any natural individual, firm, partnership,  
21 association, joint stock company, joint venture, public or  
22 private corporation, limited liability company, and any  
23 receiver, executor, trustee, guardian or other representative  
24 appointed by order of any court.

25 "Sale of Service" means any transaction except:

1           (a) A retail sale of tangible personal property taxable  
2 under the Retailers' Occupation Tax Act or under the Use Tax  
3 Act.

4           (b) A sale of tangible personal property for the purpose of  
5 resale made in compliance with Section 2c of the Retailers'  
6 Occupation Tax Act.

7           (c) Except as hereinafter provided, a sale or transfer of  
8 tangible personal property as an incident to the rendering of  
9 service for or by any governmental body or for or by any  
10 corporation, society, association, foundation or institution  
11 organized and operated exclusively for charitable, religious  
12 or educational purposes or any not-for-profit corporation,  
13 society, association, foundation, institution or organization  
14 which has no compensated officers or employees and which is  
15 organized and operated primarily for the recreation of persons  
16 55 years of age or older. A limited liability company may  
17 qualify for the exemption under this paragraph only if the  
18 limited liability company is organized and operated  
19 exclusively for educational purposes.

20           (d) A sale or transfer of tangible personal property as an  
21 incident to the rendering of service for interstate carriers  
22 for hire for use as rolling stock moving in interstate commerce  
23 or lessors under leases of one year or longer, executed or in  
24 effect at the time of purchase, to interstate carriers for hire  
25 for use as rolling stock moving in interstate commerce, and  
26 equipment operated by a telecommunications provider, licensed

1 as a common carrier by the Federal Communications Commission,  
2 which is permanently installed in or affixed to aircraft moving  
3 in interstate commerce.

4 (d-1) A sale or transfer of tangible personal property as  
5 an incident to the rendering of service for owners, lessors or  
6 shippers of tangible personal property which is utilized by  
7 interstate carriers for hire for use as rolling stock moving in  
8 interstate commerce, and equipment operated by a  
9 telecommunications provider, licensed as a common carrier by  
10 the Federal Communications Commission, which is permanently  
11 installed in or affixed to aircraft moving in interstate  
12 commerce.

13 (d-1.1) On and after July 1, 2003 and through June 30,  
14 2004, a sale or transfer of a motor vehicle of the second  
15 division with a gross vehicle weight in excess of 8,000 pounds  
16 as an incident to the rendering of service if that motor  
17 vehicle is subject to the commercial distribution fee imposed  
18 under Section 3-815.1 of the Illinois Vehicle Code. Beginning  
19 on July 1, 2004 and through June 30, 2005, the use in this  
20 State of motor vehicles of the second division: (i) with a  
21 gross vehicle weight rating in excess of 8,000 pounds; (ii)  
22 that are subject to the commercial distribution fee imposed  
23 under Section 3-815.1 of the Illinois Vehicle Code; and (iii)  
24 that are primarily used for commercial purposes. Through June  
25 30, 2005, this exemption applies to repair and replacement  
26 parts added after the initial purchase of such a motor vehicle

1 if that motor vehicle is used in a manner that would qualify  
2 for the rolling stock exemption otherwise provided for in this  
3 Act. For purposes of this paragraph, "used for commercial  
4 purposes" means the transportation of persons or property in  
5 furtherance of any commercial or industrial enterprise whether  
6 for-hire or not.

7 (d-2) The repairing, reconditioning or remodeling, for a  
8 common carrier by rail, of tangible personal property which  
9 belongs to such carrier for hire, and as to which such carrier  
10 receives the physical possession of the repaired,  
11 reconditioned or remodeled item of tangible personal property  
12 in Illinois, and which such carrier transports, or shares with  
13 another common carrier in the transportation of such property,  
14 out of Illinois on a standard uniform bill of lading showing  
15 the person who repaired, reconditioned or remodeled the  
16 property as the shipper or consignor of such property to a  
17 destination outside Illinois, for use outside Illinois.

18 (d-3) A sale or transfer of tangible personal property  
19 which is produced by the seller thereof on special order in  
20 such a way as to have made the applicable tax the Service  
21 Occupation Tax or the Service Use Tax, rather than the  
22 Retailers' Occupation Tax or the Use Tax, for an interstate  
23 carrier by rail which receives the physical possession of such  
24 property in Illinois, and which transports such property, or  
25 shares with another common carrier in the transportation of  
26 such property, out of Illinois on a standard uniform bill of

1 lading showing the seller of the property as the shipper or  
2 consignor of such property to a destination outside Illinois,  
3 for use outside Illinois.

4 (d-4) Until January 1, 1997, a sale, by a registered  
5 serviceman paying tax under this Act to the Department, of  
6 special order printed materials delivered outside Illinois and  
7 which are not returned to this State, if delivery is made by  
8 the seller or agent of the seller, including an agent who  
9 causes the product to be delivered outside Illinois by a common  
10 carrier or the U.S. postal service.

11 (e) A sale or transfer of machinery and equipment used  
12 primarily in the process of the manufacturing or assembling,  
13 either in an existing, an expanded or a new manufacturing  
14 facility, of tangible personal property for wholesale or retail  
15 sale or lease, whether such sale or lease is made directly by  
16 the manufacturer or by some other person, whether the materials  
17 used in the process are owned by the manufacturer or some other  
18 person, or whether such sale or lease is made apart from or as  
19 an incident to the seller's engaging in a service occupation  
20 and the applicable tax is a Service Occupation Tax or Service  
21 Use Tax, rather than Retailers' Occupation Tax or Use Tax. The  
22 exemption provided by this paragraph (e) does not include  
23 machinery and equipment used in (i) the generation of  
24 electricity for wholesale or retail sale; (ii) the generation  
25 or treatment of natural or artificial gas for wholesale or  
26 retail sale that is delivered to customers through pipes,

1 pipelines, or mains; or (iii) the treatment of water for  
2 wholesale or retail sale that is delivered to customers through  
3 pipes, pipelines, or mains. The provisions of this amendatory  
4 Act of the 98th General Assembly are declaratory of existing  
5 law as to the meaning and scope of this exemption. The  
6 exemption under this subsection (e) is exempt from the  
7 provisions of Section 3-55.

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

15 (g) At the election of any serviceman not required to be  
16 otherwise registered as a retailer under Section 2a of the  
17 Retailers' Occupation Tax Act, made for each fiscal year sales  
18 of service in which the aggregate annual cost price of tangible  
19 personal property transferred as an incident to the sales of  
20 service is less than 35% (75% in the case of servicemen  
21 transferring prescription drugs or servicemen engaged in  
22 graphic arts production) of the aggregate annual total gross  
23 receipts from all sales of service. The purchase of such  
24 tangible personal property by the serviceman shall be subject  
25 to tax under the Retailers' Occupation Tax Act and the Use Tax  
26 Act. However, if a primary serviceman who has made the election

1 described in this paragraph subcontracts service work to a  
2 secondary serviceman who has also made the election described  
3 in this paragraph, the primary serviceman does not incur a Use  
4 Tax liability if the secondary serviceman (i) has paid or will  
5 pay Use Tax on his or her cost price of any tangible personal  
6 property transferred to the primary serviceman and (ii)  
7 certifies that fact in writing to the primary serviceman.

8 Tangible personal property transferred incident to the  
9 completion of a maintenance agreement is exempt from the tax  
10 imposed pursuant to this Act.

11 Exemption (e) also includes machinery and equipment used in  
12 the general maintenance or repair of such exempt machinery and  
13 equipment or for in-house manufacture of exempt machinery and  
14 equipment. Beginning on July 1, 2014, exemption (e) also  
15 includes production related tangible personal property, as  
16 defined in Section 2-45 of the Retailers' Occupation Tax Act.

17 The machinery and equipment exemption does not include  
18 machinery and equipment used in (i) the generation of  
19 electricity for wholesale or retail sale; (ii) the generation  
20 or treatment of natural or artificial gas for wholesale or  
21 retail sale that is delivered to customers through pipes,  
22 pipelines, or mains; or (iii) the treatment of water for  
23 wholesale or retail sale that is delivered to customers through  
24 pipes, pipelines, or mains. The provisions of this amendatory  
25 Act of the 98th General Assembly are declaratory of existing  
26 law as to the meaning and scope of this exemption. For the



1 purposes of exemption (e), each of these terms shall have the  
2 following meanings: (1) "manufacturing process" shall mean the  
3 production of any article of tangible personal property,  
4 whether such article is a finished product or an article for  
5 use in the process of manufacturing or assembling a different  
6 article of tangible personal property, by procedures commonly  
7 regarded as manufacturing, processing, fabricating, or  
8 refining which changes some existing material or materials into  
9 a material with a different form, use or name. In relation to a  
10 recognized integrated business composed of a series of  
11 operations which collectively constitute manufacturing, or  
12 individually constitute manufacturing operations, the  
13 manufacturing process shall be deemed to commence with the  
14 first operation or stage of production in the series, and shall  
15 not be deemed to end until the completion of the final product  
16 in the last operation or stage of production in the series; and  
17 further for purposes of exemption (e), photoprocessing is  
18 deemed to be a manufacturing process of tangible personal  
19 property for wholesale or retail sale; (2) "assembling process"  
20 shall mean the production of any article of tangible personal  
21 property, whether such article is a finished product or an  
22 article for use in the process of manufacturing or assembling a  
23 different article of tangible personal property, by the  
24 combination of existing materials in a manner commonly regarded  
25 as assembling which results in a material of a different form,  
26 use or name; (3) "machinery" shall mean major mechanical

1 machines or major components of such machines contributing to a  
2 manufacturing or assembling process; and (4) "equipment" shall  
3 include any independent device or tool separate from any  
4 machinery but essential to an integrated manufacturing or  
5 assembly process; including computers used primarily in a  
6 manufacturer's computer assisted design, computer assisted  
7 manufacturing (CAD/CAM) system; or any subunit or assembly  
8 comprising a component of any machinery or auxiliary, adjunct  
9 or attachment parts of machinery, such as tools, dies, jigs,  
10 fixtures, patterns and molds; or any parts which require  
11 periodic replacement in the course of normal operation; but  
12 shall not include hand tools. Equipment includes chemicals or  
13 chemicals acting as catalysts but only if the chemicals or  
14 chemicals acting as catalysts effect a direct and immediate  
15 change upon a product being manufactured or assembled for  
16 wholesale or retail sale or lease. The purchaser of such  
17 machinery and equipment who has an active resale registration  
18 number shall furnish such number to the seller at the time of  
19 purchase. The purchaser of such machinery and equipment and  
20 tools without an active resale registration number shall  
21 furnish to the seller a certificate of exemption for each  
22 transaction stating facts establishing the exemption for that  
23 transaction, which certificate shall be available to the  
24 Department for inspection or audit.

25       Except as provided in Section 2d of this Act, the rolling  
26 stock exemption applies to rolling stock used by an interstate

1 carrier for hire, even just between points in Illinois, if such  
2 rolling stock transports, for hire, persons whose journeys or  
3 property whose shipments originate or terminate outside  
4 Illinois.

5 Any informal rulings, opinions or letters issued by the  
6 Department in response to an inquiry or request for any opinion  
7 from any person regarding the coverage and applicability of  
8 exemption (e) to specific devices shall be published,  
9 maintained as a public record, and made available for public  
10 inspection and copying. If the informal ruling, opinion or  
11 letter contains trade secrets or other confidential  
12 information, where possible the Department shall delete such  
13 information prior to publication. Whenever such informal  
14 rulings, opinions, or letters contain any policy of general  
15 applicability, the Department shall formulate and adopt such  
16 policy as a rule in accordance with the provisions of the  
17 Illinois Administrative Procedure Act.

18 On and after July 1, 1987, no entity otherwise eligible  
19 under exemption (c) of this Section shall make tax free  
20 purchases unless it has an active exemption identification  
21 number issued by the Department.

22 "Serviceman" means any person who is engaged in the  
23 occupation of making sales of service.

24 "Sale at Retail" means "sale at retail" as defined in the  
25 Retailers' Occupation Tax Act.

26 "Supplier" means any person who makes sales of tangible

1 personal property to servicemen for the purpose of resale as an  
2 incident to a sale of service.

3 (Source: P.A. 98-583, eff. 1-1-14.)

4 (35 ILCS 115/3-5)

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

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

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

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

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

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

11 (5) Until July 1, 2003 and beginning again on September 1,  
12 2004 ~~through August 30, 2014~~, graphic arts machinery and  
13 equipment, including repair and replacement parts, both new and  
14 used, and including that manufactured on special order or  
15 purchased for lease, certified by the purchaser to be used  
16 primarily for graphic arts production. Equipment includes  
17 chemicals or chemicals acting as catalysts but only if the  
18 chemicals or chemicals acting as catalysts effect a direct and  
19 immediate change upon a graphic arts product. The exemption  
20 provided by this paragraph (5) also includes production related  
21 tangible personal property, as defined in Section 3-30,  
22 purchased on or after July 1, 2014. The exemption under this  
23 paragraph (5) is exempt from the provisions of Section 3-55.

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

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

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

1 such equipment.

2 Farm machinery and equipment also includes computers,  
3 sensors, software, and related equipment used primarily in the  
4 computer-assisted operation of production agriculture  
5 facilities, equipment, and activities such as, but not limited  
6 to, the collection, monitoring, and correlation of animal and  
7 crop data for the purpose of formulating animal diets and  
8 agricultural chemicals. This item (7) is exempt from the  
9 provisions of Section 3-55.

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

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

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

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

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

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



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

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

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

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

1 Jockey Club, as appropriate, used for purposes of breeding or  
2 racing for prizes. This item (15) is exempt from the provisions  
3 of Section 3-55, and the exemption provided for under this item  
4 (15) applies for all periods beginning May 30, 1995, but no  
5 claim for credit or refund is allowed on or after January 1,  
6 2008 (the effective date of Public Act 95-88) for such taxes  
7 paid during the period beginning May 30, 2000 and ending on  
8 January 1, 2008 (the effective date of Public Act 95-88).

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

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

23 (18) Beginning with taxable years ending on or after  
24 December 31, 1995 and ending with taxable years ending on or  
25 before December 31, 2004, personal property that is donated for  
26 disaster relief to be used in a State or federally declared

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

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

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

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

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

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

1 from the sale to the fundraising entity. This paragraph is  
2 exempt from the provisions of Section 3-55.

3 (23) Beginning January 1, 2000 and through December 31,  
4 2001, new or used automatic vending machines that prepare and  
5 serve hot food and beverages, including coffee, soup, and other  
6 items, and replacement parts for these machines. Beginning  
7 January 1, 2002 and through June 30, 2003, machines and parts  
8 for machines used in commercial, coin-operated amusement and  
9 vending business if a use or occupation tax is paid on the  
10 gross receipts derived from the use of the commercial,  
11 coin-operated amusement and vending machines. This paragraph  
12 is exempt from the provisions of Section 3-55.

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

23 (25) Beginning on the effective date of this amendatory Act  
24 of the 92nd General Assembly, personal property sold to a  
25 lessor who leases the property, under a lease of one year or  
26 longer executed or in effect at the time of the purchase, to a

1 governmental body that has been issued an active tax exemption  
2 identification number by the Department under Section 1g of the  
3 Retailers' Occupation Tax Act. This paragraph is exempt from  
4 the provisions of Section 3-55.

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

1 the State of Illinois.

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

9 (28) Tangible personal property sold to 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 3-55.

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

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

25 (30) Beginning January 1, 2017, menstrual pads, tampons,  
26 and menstrual cups.



1 (Source: P.A. 98-104, eff. 7-22-13; 98-422, eff. 8-16-13;  
2 98-456, eff. 8-16-13; 98-534, eff. 8-23-13; 98-756, eff.  
3 7-16-14; 99-180, eff. 7-29-15; 99-855, eff. 8-19-16.)

4 (35 ILCS 115/3-30) (from Ch. 120, par. 439.103-30)

5 Sec. 3-30. Graphic arts production. For purposes of this  
6 Act, "graphic arts production" means the production of tangible  
7 personal property for wholesale or retail sale or lease by  
8 means of printing, including ink jet printing, by one or more  
9 of the processes described in Groups 323110 through 323122 of  
10 Subsector 323, Groups 511110 through 511199 of Subsector 511,  
11 and Group 512230 of Subsector 512 of the North American  
12 Industry Classification System published by the U.S. Office of  
13 Management and Budget, 1997 edition. Graphic arts production  
14 does not include (i) the transfer of images onto paper or other  
15 tangible personal property by means of photocopying or (ii)  
16 final printed products in electronic or audio form, including  
17 the production of software or audio-books. For the purpose of  
18 this Section, persons engaged primarily in the business of  
19 printing or publishing newspapers or magazines that qualify as  
20 newsprint and ink, by one or more of the processes described in  
21 Groups 511110 through 511199 of subsector 511 of the North  
22 American Industry Classification System published by the U.S.  
23 Office of Management and Budget, 1997 edition, are deemed to be  
24 engaged in graphic arts production.

25 For the purposes of the exemption provided in paragraph (5)

1 of Section 3-5 of this Act, "production related tangible  
2 personal property" means all tangible personal property that is  
3 used or consumed by the purchaser in a graphic arts facility in  
4 which graphic arts production takes place and includes, without  
5 limitation, tangible personal property that is purchased for  
6 incorporation into real estate within a graphic arts production  
7 facility, supplies and consumables used in a graphic arts  
8 production facility including fuels, coolants, solvents, oils,  
9 lubricants, and adhesives, hand tools, protective apparel, and  
10 fire and safety equipment used or consumed within a  
11 manufacturing facility, and tangible personal property that is  
12 used or consumed in activities such as research and  
13 development, preproduction material handling, receiving,  
14 quality control, inventory control, storage, staging, and  
15 packaging for shipping and transportation purposes.  
16 "Production related tangible personal property" does not  
17 include (i) tangible personal property that is used, within or  
18 without a graphic arts production facility, in sales,  
19 purchasing, accounting, fiscal management, marketing,  
20 personnel recruitment or selection, or landscaping or (ii)  
21 tangible personal property that is required to be titled or  
22 registered with a department, agency, or unit of federal,  
23 State, or local government.

24 (Source: P.A. 96-116, eff. 7-31-09.)

25 Section 20. The Retailers' Occupation Tax Act is amended by

1 changing Sections 2-5, 2-30, and 2-45 as follows:

2 (35 ILCS 120/2-5)

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

6 (1) Farm chemicals.

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

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

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

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

23 (4) Until July 1, 2003 and beginning again September 1,  
24 2004 ~~through August 30, 2014~~, graphic arts machinery and  
25 equipment, including repair and replacement parts, both new and  
26 used, and including that manufactured on special order or

1 purchased for lease, certified by the purchaser to be used  
2 primarily for graphic arts production. Equipment includes  
3 chemicals or chemicals acting as catalysts but only if the  
4 chemicals or chemicals acting as catalysts effect a direct and  
5 immediate change upon a graphic arts product. The exemption  
6 provided by this paragraph (4) also includes production related  
7 tangible personal property, as defined in Section 2-30,  
8 purchased on or after July 1, 2014. The exemption under this  
9 paragraph (4) is exempt from the provisions of Section 2-70.

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

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

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

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

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

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

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

18 (11) Personal property sold to a governmental body, to a  
19 corporation, society, association, foundation, or institution  
20 organized and operated exclusively for charitable, religious,  
21 or educational purposes, or to a not-for-profit corporation,  
22 society, association, foundation, institution, or organization  
23 that has no compensated officers or employees and that is  
24 organized and operated primarily for the recreation of persons  
25 55 years of age or older. A limited liability company may  
26 qualify for the exemption under this paragraph only if the

1 limited liability company is organized and operated  
2 exclusively for educational purposes. On and after July 1,  
3 1987, however, no entity otherwise eligible for this exemption  
4 shall make tax-free purchases unless it has an active  
5 identification number issued by the Department.

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

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

1 purchase of such a motor vehicle if that motor vehicle is used  
2 in a manner that would qualify for the rolling stock exemption  
3 otherwise provided for in this Act. For purposes of this  
4 paragraph, "used for commercial purposes" means the  
5 transportation of persons or property in furtherance of any  
6 commercial or industrial enterprise whether for-hire or not.

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

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



1 defined in Section 2-45, purchased on or after July 1, 2014.

2 The exemption provided by this paragraph (14) does not include  
3 machinery and equipment used in (i) the generation of  
4 electricity for wholesale or retail sale; (ii) the generation  
5 or treatment of natural or artificial gas for wholesale or  
6 retail sale that is delivered to customers through pipes,  
7 pipelines, or mains; or (iii) the treatment of water for  
8 wholesale or retail sale that is delivered to customers through  
9 pipes, pipelines, or mains. The provisions of Public Act 98-583  
10 are declaratory of existing law as to the meaning and scope of  
11 this exemption. The exemption provided by this paragraph (14)  
12 is exempt from the provisions of Section 2-70.

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

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

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

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

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

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

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

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

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

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

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

25 (23) A transaction in which the purchase order is received  
26 by a florist who is located outside Illinois, but who has a

1 florist located in Illinois deliver the property to the  
2 purchaser or the purchaser's donee in Illinois.

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

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

21 (25-5) The exemption under item (25) does not apply if the  
22 state in which the motor vehicle will be titled does not allow  
23 a reciprocal exemption for a motor vehicle sold and delivered  
24 in that state to an Illinois resident but titled in Illinois.  
25 The tax collected under this Act on the sale of a motor vehicle  
26 in this State to a resident of another state that does not

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

23 (25-7) Beginning on July 1, 2007, no tax is imposed under  
24 this Act on the sale of an aircraft, as defined in Section 3 of  
25 the Illinois Aeronautics Act, if all of the following  
26 conditions are met:

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

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

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

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

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

24          "Registered in this State" means an aircraft registered  
25          with the Department of Transportation, Aeronautics Division,  
26          or titled or registered with the Federal Aviation

1 Administration to an address located in this State.

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

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

6 (27) 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 (27) is exempt from the provisions  
12 of Section 2-70, and the exemption provided for under this item  
13 (27) 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 (28) 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  
25 this Act.

26 (29) 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 this Act.

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

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



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

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

23           (34) Beginning January 1, 2000, personal property,  
24 including food, purchased through fundraising events for the  
25 benefit of a public or private elementary or secondary school,  
26 a group of those schools, or one or more school districts if

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

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

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

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

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

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

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

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

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

1 exempt from the provisions of Section 2-70.

2 (40) Beginning January 1, 2010, materials, parts,  
3 equipment, components, and furnishings incorporated into or  
4 upon an aircraft as part of the modification, refurbishment,  
5 completion, replacement, repair, or maintenance of the  
6 aircraft. This exemption includes consumable supplies used in  
7 the modification, refurbishment, completion, replacement,  
8 repair, and maintenance of aircraft, but excludes any  
9 materials, parts, equipment, components, and consumable  
10 supplies used in the modification, replacement, repair, and  
11 maintenance of aircraft engines or power plants, whether such  
12 engines or power plants are installed or uninstalled upon any  
13 such aircraft. "Consumable supplies" include, but are not  
14 limited to, adhesive, tape, sandpaper, general purpose  
15 lubricants, cleaning solution, latex gloves, and protective  
16 films. This exemption applies only to the sale of qualifying  
17 tangible personal property to persons who modify, refurbish,  
18 complete, replace, or maintain an aircraft and who (i) hold an  
19 Air Agency Certificate and are empowered to operate an approved  
20 repair station by the Federal Aviation Administration, (ii)  
21 have a Class IV Rating, and (iii) conduct operations in  
22 accordance with Part 145 of the Federal Aviation Regulations.  
23 The exemption does not include aircraft operated by a  
24 commercial air carrier providing scheduled passenger air  
25 service pursuant to authority issued under Part 121 or Part 129  
26 of the Federal Aviation Regulations. The changes made to this

1 paragraph (40) by Public Act 98-534 are declarative of existing  
2 law.

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

17 (42) Beginning January 1, 2017, menstrual pads, tampons,  
18 and menstrual cups.

19 (Source: P.A. 98-104, eff. 7-22-13; 98-422, eff. 8-16-13;  
20 98-456, eff. 8-16-13; 98-534, eff. 8-23-13; 98-574, eff.  
21 1-1-14; 98-583, eff. 1-1-14; 98-756, eff. 7-16-14; 99-180, eff.  
22 7-29-15; 99-855, eff. 8-19-16.)

23 (35 ILCS 120/2-30) (from Ch. 120, par. 441-30)

24 Sec. 2-30. Graphic arts production. For purposes of this  
25 Act, "graphic arts production" means the production of tangible

1 personal property for wholesale or retail sale or lease by  
2 means of printing, including ink jet printing, by one or more  
3 of the processes described in Groups 323110 through 323122 of  
4 Subsector 323, Groups 511110 through 511199 of Subsector 511,  
5 and Group 512230 of Subsector 512 of the North American  
6 Industry Classification System published by the U.S. Office of  
7 Management and Budget, 1997 edition. Graphic arts production  
8 does not include (i) the transfer of images onto paper or other  
9 tangible personal property by means of photocopying or (ii)  
10 final printed products in electronic or audio form, including  
11 the production of software or audio-books. For purposes of this  
12 Section, persons engaged primarily in the business of printing  
13 or publishing newspapers or magazines that qualify as newsprint  
14 and ink, by one or more of the processes described in Groups  
15 511110 through 511199 of subsector 511 of the North American  
16 Industry Classification System published by the U.S. Office of  
17 Management and Budget, 1997 edition, are deemed to be engaged  
18 in graphic arts production.

19 For the purposes of the exemption provided in paragraph (4)  
20 of Section 2-5 of this Act, "production related tangible  
21 personal property" means all tangible personal property that is  
22 used or consumed by the purchaser in a graphic arts facility in  
23 which graphic arts production takes place and includes, without  
24 limitation, tangible personal property that is purchased for  
25 incorporation into real estate within a graphic arts production  
26 facility, supplies and consumables used in a graphic arts

1 production facility including fuels, coolants, solvents, oils,  
2 lubricants, and adhesives, hand tools, protective apparel, and  
3 fire and safety equipment used or consumed within a  
4 manufacturing facility, and tangible personal property that is  
5 used or consumed in activities such as research and  
6 development, preproduction material handling, receiving,  
7 quality control, inventory control, storage, staging, and  
8 packaging for shipping and transportation purposes.  
9 "Production related tangible personal property" does not  
10 include (i) tangible personal property that is used, within or  
11 without a graphic arts production facility, in sales,  
12 purchasing, accounting, fiscal management, marketing,  
13 personnel recruitment or selection, or landscaping or (ii)  
14 tangible personal property that is required to be titled or  
15 registered with a department, agency, or unit of federal,  
16 State, or local government.

17 (Source: P.A. 96-116, eff. 7-31-09.)

18 (35 ILCS 120/2-45) (from Ch. 120, par. 441-45)

19 Sec. 2-45. Manufacturing and assembly exemption. The  
20 manufacturing and assembly machinery and equipment exemption  
21 includes machinery and equipment that replaces machinery and  
22 equipment in an existing manufacturing facility as well as  
23 machinery and equipment that are for use in an expanded or new  
24 manufacturing facility.

25 The machinery and equipment exemption also includes



1 machinery and equipment used in the general maintenance or  
2 repair of exempt machinery and equipment or for in-house  
3 manufacture of exempt machinery and equipment. The machinery  
4 and equipment exemption does not include machinery and  
5 equipment used in (i) the generation of electricity for  
6 wholesale or retail sale; (ii) the generation or treatment of  
7 natural or artificial gas for wholesale or retail sale that is  
8 delivered to customers through pipes, pipelines, or mains; or  
9 (iii) the treatment of water for wholesale or retail sale that  
10 is delivered to customers through pipes, pipelines, or mains.  
11 The provisions of this amendatory Act of the 98th General  
12 Assembly are declaratory of existing law as to the meaning and  
13 scope of this exemption. For the purposes of this exemption,  
14 terms have the following meanings:

15 (1) "Manufacturing process" means the production of an  
16 article of tangible personal property, whether the article  
17 is a finished product or an article for use in the process  
18 of manufacturing or assembling a different article of  
19 tangible personal property, by a procedure commonly  
20 regarded as manufacturing, processing, fabricating, or  
21 refining that changes some existing material or materials  
22 into a material with a different form, use, or name. In  
23 relation to a recognized integrated business composed of a  
24 series of operations that collectively constitute  
25 manufacturing, or individually constitute manufacturing  
26 operations, the manufacturing process commences with the

1 first operation or stage of production in the series and  
2 does not end until the completion of the final product in  
3 the last operation or stage of production in the series.  
4 For purposes of this exemption, photoprocessing is a  
5 manufacturing process of tangible personal property for  
6 wholesale or retail sale.

7 (2) "Assembling process" means the production of an  
8 article of tangible personal property, whether the article  
9 is a finished product or an article for use in the process  
10 of manufacturing or assembling a different article of  
11 tangible personal property, by the combination of existing  
12 materials in a manner commonly regarded as assembling that  
13 results in a material of a different form, use, or name.

14 (3) "Machinery" means major mechanical machines or  
15 major components of those machines contributing to a  
16 manufacturing or assembling process.

17 (4) "Equipment" includes an independent device or tool  
18 separate from machinery but essential to an integrated  
19 manufacturing or assembly process; including computers  
20 used primarily in a manufacturer's computer assisted  
21 design, computer assisted manufacturing (CAD/CAM) system;  
22 any subunit or assembly comprising a component of any  
23 machinery or auxiliary, adjunct, or attachment parts of  
24 machinery, such as tools, dies, jigs, fixtures, patterns,  
25 and molds; and any parts that require periodic replacement  
26 in the course of normal operation; but does not include

1 hand tools. Equipment includes chemicals or chemicals  
2 acting as catalysts but only if the chemicals or chemicals  
3 acting as catalysts effect a direct and immediate change  
4 upon a product being manufactured or assembled for  
5 wholesale or retail sale or lease.

6 (5) "Production related tangible personal property"  
7 means all tangible personal property that is used or  
8 consumed by the purchaser in a manufacturing facility in  
9 which a manufacturing process takes place and includes,  
10 without limitation, tangible personal property that is  
11 purchased for incorporation into real estate within a  
12 manufacturing facility, supplies and consumables used in a  
13 manufacturing facility including fuels, coolants,  
14 solvents, oils, lubricants, and adhesives, hand tools,  
15 protective apparel, and fire and safety equipment used or  
16 consumed within a manufacturing facility, and tangible  
17 personal property that is used or consumed in activities  
18 such as research and development, preproduction material  
19 handling, receiving, quality control, inventory control,  
20 storage, staging, and packaging for shipping and  
21 transportation purposes. "Production related tangible  
22 personal property" does not include (i) tangible personal  
23 property that is used, within or without a manufacturing  
24 facility, in sales, purchasing, accounting, fiscal  
25 management, marketing, personnel recruitment or selection,  
26 or landscaping or (ii) tangible personal property that is

1 required to be titled or registered with a department,  
2 agency, or unit of federal, State, or local government.

3 The manufacturing and assembling machinery and equipment  
4 exemption includes production related tangible personal  
5 property that is purchased on or after July 1, 2007 and on or  
6 before June 30, 2008 and on and after July 1, 2014. The  
7 exemption for production related tangible personal property  
8 purchased on or after July 1, 2007 and on or before June 30,  
9 2008 is subject to both of the following limitations:

10 (1) The maximum amount of the exemption for any one  
11 taxpayer may not exceed 5% of the purchase price of  
12 production related tangible personal property that is  
13 purchased on or after July 1, 2007 and on or before June  
14 30, 2008. A credit under Section 3-85 of this Act may not  
15 be earned by the purchase of production related tangible  
16 personal property for which an exemption is received under  
17 this Section.

18 (2) The maximum aggregate amount of the exemptions for  
19 production related tangible personal property purchased on  
20 or after July 1, 2007 and on or before June 30, 2008  
21 awarded under this Act and the Use Tax Act to all taxpayers  
22 may not exceed \$10,000,000. If the claims for the exemption  
23 exceed \$10,000,000, then the Department shall reduce the  
24 amount of the exemption to each taxpayer on a pro rata  
25 basis.

26 The Department shall ~~may~~ adopt rules to implement and

1 administer the exemption for production related tangible  
2 personal property.

3 The manufacturing and assembling machinery and equipment  
4 exemption includes the sale of materials to a purchaser who  
5 produces exempted types of machinery, equipment, or tools and  
6 who rents or leases that machinery, equipment, or tools to a  
7 manufacturer of tangible personal property. This exemption  
8 also includes the sale of materials to a purchaser who  
9 manufactures those materials into an exempted type of  
10 machinery, equipment, or tools that the purchaser uses himself  
11 or herself in the manufacturing of tangible personal property.  
12 The purchaser of the machinery and equipment who has an active  
13 resale registration number shall furnish that number to the  
14 seller at the time of purchase. A purchaser of the machinery,  
15 equipment, and tools without an active resale registration  
16 number shall furnish to the seller a certificate of exemption  
17 for each transaction stating facts establishing the exemption  
18 for that transaction, and that certificate shall be available  
19 to the Department for inspection or audit. Informal rulings,  
20 opinions, or letters issued by the Department in response to an  
21 inquiry or request for an opinion from any person regarding the  
22 coverage and applicability of this exemption to specific  
23 devices shall be published, maintained as a public record, and  
24 made available for public inspection and copying. If the  
25 informal ruling, opinion, or letter contains trade secrets or  
26 other confidential information, where possible, the Department

1 shall delete that information before publication. Whenever  
2 informal rulings, opinions, or letters contain a policy of  
3 general applicability, the Department shall formulate and  
4 adopt that policy as a rule in accordance with the Illinois  
5 Administrative Procedure Act.

6 (Source: P.A. 98-583, eff. 1-1-14.)

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