

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 3-55, 3-61, and 10 as follows:

6 (35 ILCS 105/3-55) (from Ch. 120, par. 439.3-55)

7 Sec. 3-55. Multistate exemption. To prevent actual or
8 likely multistate taxation, the tax imposed by this Act does
9 not apply to the use of tangible personal property in this
10 State under the following circumstances:

11 (a) The use, in this State, of tangible personal property
12 acquired outside this State by a nonresident individual and
13 brought into this State by the individual for his or her own
14 use while temporarily within this State or while passing
15 through this State.

16 (b) (Blank). ~~The use, in this State, of tangible personal~~
17 ~~property by an interstate carrier for hire as rolling stock~~
18 ~~moving in interstate commerce or by lessors under a lease of~~
19 ~~one year or longer executed or in effect at the time of~~
20 ~~purchase of tangible personal property by interstate carriers~~
21 ~~for hire for use as rolling stock moving in interstate commerce~~
22 ~~as long as so used by the interstate carriers for hire, and~~
23 ~~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 (c) The use, in this State, by owners, lessors, or shippers
5 of tangible personal property that is utilized by interstate
6 carriers for hire for use as rolling stock moving in interstate
7 commerce as long as so used by the interstate carriers for
8 hire, and equipment operated by a telecommunications provider,
9 licensed as a common carrier by the Federal Communications
10 Commission, which is permanently installed in or affixed to
11 aircraft moving in interstate commerce.

12 (d) The use, in this State, of tangible personal property
13 that is acquired outside this State and caused to be brought
14 into this State by a person who has already paid a tax in
15 another State in respect to the sale, purchase, or use of that
16 property, to the extent of the amount of the tax properly due
17 and paid in the other State.

18 (e) The temporary storage, in this State, of tangible
19 personal property that is acquired outside this State and that,
20 after being brought into this State and stored here
21 temporarily, is used solely outside this State or is physically
22 attached to or incorporated into other tangible personal
23 property that is used solely outside this State, or is altered
24 by converting, fabricating, manufacturing, printing,
25 processing, or shaping, and, as altered, is used solely outside
26 this State.

1 (f) The temporary storage in this State of building
2 materials and fixtures that are acquired either in this State
3 or outside this State by an Illinois registered combination
4 retailer and construction contractor, and that the purchaser
5 thereafter uses outside this State by incorporating that
6 property into real estate located outside this State.

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

15 (h) Except as provided in subsection (h-1), the use, in
16 this State, of a motor vehicle that was sold in this State to a
17 nonresident, even though the motor vehicle is delivered to the
18 nonresident in this State, if the motor vehicle is not to be
19 titled in this State, and if a drive-away permit is issued to
20 the motor vehicle as provided in Section 3-603 of the Illinois
21 Vehicle Code or if the nonresident purchaser has vehicle
22 registration plates to transfer to the motor vehicle upon
23 returning to his or her home state. The issuance of the
24 drive-away permit or having the out-of-state registration
25 plates to be transferred shall be prima facie evidence that the
26 motor vehicle will not be titled in this State.

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

1 subsection (h-1) shall be proportionately distributed as if the
2 tax were collected at the 6.25% general rate imposed under this
3 Act.

4 (h-2) The following exemptions apply with respect to
5 certain aircraft:

6 (1) Beginning on July 1, 2007, no tax is imposed under
7 this Act on the purchase of an aircraft, as defined in
8 Section 3 of the Illinois Aeronautics Act, if all of the
9 following conditions are met:

10 (A) the aircraft leaves this State within 15 days
11 after the later of either the issuance of the final
12 billing for the purchase of the aircraft or the
13 authorized approval for return to service, completion
14 of the maintenance record entry, and completion of the
15 test flight and ground test for inspection, as required
16 by 14 C.F.R. 91.407;

17 (B) the aircraft is not based or registered in this
18 State after the purchase of the aircraft; and

19 (C) the purchaser provides the Department with a
20 signed and dated certification, on a form prescribed by
21 the Department, certifying that the requirements of
22 this item (1) are met. The certificate must also
23 include the name and address of the purchaser, the
24 address of the location where the aircraft is to be
25 titled or registered, the address of the primary
26 physical location of the aircraft, and other

1 information that the Department may reasonably
2 require.

3 (2) Beginning on July 1, 2007, no tax is imposed under
4 this Act on the use of an aircraft, as defined in Section 3
5 of the Illinois Aeronautics Act, that is temporarily
6 located in this State for the purpose of a prepurchase
7 evaluation if all of the following conditions are met:

8 (A) the aircraft is not based or registered in this
9 State after the prepurchase evaluation; and

10 (B) the purchaser provides the Department with a
11 signed and dated certification, on a form prescribed by
12 the Department, certifying that the requirements of
13 this item (2) are met. The certificate must also
14 include the name and address of the purchaser, the
15 address of the location where the aircraft is to be
16 titled or registered, the address of the primary
17 physical location of the aircraft, and other
18 information that the Department may reasonably
19 require.

20 (3) Beginning on July 1, 2007, no tax is imposed under
21 this Act on the use of an aircraft, as defined in Section 3
22 of the Illinois Aeronautics Act, that is temporarily
23 located in this State for the purpose of a post-sale
24 customization if all of the following conditions are met:

25 (A) the aircraft leaves this State within 15 days
26 after the authorized approval for return to service,

1 completion of the maintenance record entry, and
2 completion of the test flight and ground test for
3 inspection, as required by 14 C.F.R. 91.407;

4 (B) the aircraft is not based or registered in this
5 State either before or after the post-sale
6 customization; and

7 (C) the purchaser provides the Department with a
8 signed and dated certification, on a form prescribed by
9 the Department, certifying that the requirements of
10 this item (3) are met. The certificate must also
11 include the name and address of the purchaser, the
12 address of the location where the aircraft is to be
13 titled or registered, the address of the primary
14 physical location of the aircraft, and other
15 information that the Department may reasonably
16 require.

17 If tax becomes due under this subsection (h-2) because of
18 the purchaser's use of the aircraft in this State, the
19 purchaser shall file a return with the Department and pay the
20 tax on the fair market value of the aircraft. This return and
21 payment of the tax must be made no later than 30 days after the
22 aircraft is used in a taxable manner in this State. The tax is
23 based on the fair market value of the aircraft on the date that
24 it is first used in a taxable manner in this State.

25 For purposes of this subsection (h-2):

26 "Based in this State" means hangared, stored, or otherwise

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

4 "Post-sale customization" means any improvement,
5 maintenance, or repair that is performed on an aircraft
6 following a transfer of ownership of the aircraft.

7 "Prepurchase evaluation" means an examination of an
8 aircraft to provide a potential purchaser with information
9 relevant to the potential purchase.

10 "Registered in this State" means an aircraft registered
11 with the Department of Transportation, Aeronautics Division,
12 or titled or registered with the Federal Aviation
13 Administration to an address located in this State.

14 This subsection (h-2) is exempt from the provisions of
15 Section 3-90.

16 (i) Beginning July 1, 1999, the use, in this State, of fuel
17 acquired outside this State and brought into this State in the
18 fuel supply tanks of locomotives engaged in freight hauling and
19 passenger service for interstate commerce. This subsection is
20 exempt from the provisions of Section 3-90.

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

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

18 (Source: P.A. 97-73, eff. 6-30-11.)

19 (35 ILCS 105/3-61)

20 Sec. 3-61. Motor vehicles; trailers; use as rolling stock
21 definition.

22 (a) (Blank). ~~Through June 30, 2003, "use as rolling stock~~
23 ~~moving in interstate commerce" in subsections (b) and (c) of~~
24 ~~Section 3-55 means for motor vehicles, as defined in Section~~
25 ~~1-146 of the Illinois Vehicle Code, and trailers, as defined in~~

1 ~~Section 1-209 of the Illinois Vehicle Code, when on 15 or more~~
2 ~~occasions in a 12-month period the motor vehicle and trailer~~
3 ~~has carried persons or property for hire in interstate~~
4 ~~commerce, even just between points in Illinois, if the motor~~
5 ~~vehicle and trailer transports persons whose journeys or~~
6 ~~property whose shipments originate or terminate outside~~
7 ~~Illinois. This definition applies to all property purchased for~~
8 ~~the purpose of being attached to those motor vehicles or~~
9 ~~trailers as a part thereof.~~

10 (b) (Blank). ~~On and after July 1, 2003 and through June 30,~~
11 ~~2004, "use as rolling stock moving in interstate commerce" in~~
12 ~~paragraphs (b) and (c) of Section 3-55 occurs for motor~~
13 ~~vehicles, as defined in Section 1-146 of the Illinois Vehicle~~
14 ~~Code, when during a 12-month period the rolling stock has~~
15 ~~carried persons or property for hire in interstate commerce for~~
16 ~~51% of its total trips and transports persons whose journeys or~~
17 ~~property whose shipments originate or terminate outside~~
18 ~~Illinois. Trips that are only between points in Illinois shall~~
19 ~~not be counted as interstate trips when calculating whether the~~
20 ~~tangible personal property qualifies for the exemption but such~~
21 ~~trips shall be included in total trips taken.~~

22 (c) This subsection (c) applies to motor vehicles, other
23 than limousines, purchased through June 30, 2017. For motor
24 vehicles, other than limousines, purchased on or after July 1,
25 2017, subsection (d-5) applies. This subsection (c) applies to
26 limousines purchased before, on, or after July 1, 2017. "Use

1 ~~Beginning July 1, 2004, "use~~ as rolling stock moving in
2 interstate commerce" in paragraph ~~paragraphs (b) and~~ (c) of
3 Section 3-55 occurs for motor vehicles, as defined in Section
4 1-146 of the Illinois Vehicle Code, when during a 12-month
5 period the rolling stock has carried persons or property for
6 hire in interstate commerce for greater than 50% of its total
7 trips for that period or for greater than 50% of its total
8 miles for that period. The person claiming the exemption shall
9 make an election at the time of purchase to use either the
10 trips or mileage method. Persons who purchased motor vehicles
11 prior to July 1, 2004 shall make an election to use either the
12 trips or mileage method and document that election in their
13 books and records. If no election is made under this subsection
14 to use the trips or mileage method, the person shall be deemed
15 to have chosen the mileage method.

16 For purposes of determining qualifying trips or miles,
17 motor vehicles that carry persons or property for hire, even
18 just between points in Illinois, will be considered used for
19 hire in interstate commerce if the motor vehicle transports
20 persons whose journeys or property whose shipments originate or
21 terminate outside Illinois. The exemption for motor vehicles
22 used as rolling stock moving in interstate commerce may be
23 claimed only for the following vehicles: (i) motor vehicles
24 whose gross vehicle weight rating exceeds 16,000 pounds; and
25 (ii) limousines, as defined in Section 1-139.1 of the Illinois
26 Vehicle Code. Through June 30, 2017, this ~~This~~ definition

1 applies to all property purchased for the purpose of being
2 attached to those motor vehicles as a part thereof. On and
3 after July 1, 2017, this definition applies to property
4 purchased for the purpose of being attached to limousines as a
5 part thereof.

6 (d) For purchases made through June 30, 2017 ~~Beginning July~~
7 ~~1, 2004,~~ "use as rolling stock moving in interstate commerce"
8 in paragraph ~~paragraphs (b) and~~ (c) of Section 3-55 occurs for
9 trailers, as defined in Section 1-209 of the Illinois Vehicle
10 Code, semitrailers as defined in Section 1-187 of the Illinois
11 Vehicle Code, and pole trailers as defined in Section 1-161 of
12 the Illinois Vehicle Code, when during a 12-month period the
13 rolling stock has carried persons or property for hire in
14 interstate commerce for greater than 50% of its total trips for
15 that period or for greater than 50% of its total miles for that
16 period. The person claiming the exemption for a trailer or
17 trailers that will not be dedicated to a motor vehicle or group
18 of motor vehicles shall make an election at the time of
19 purchase to use either the trips or mileage method. Persons who
20 purchased trailers prior to July 1, 2004 that are not dedicated
21 to a motor vehicle or group of motor vehicles shall make an
22 election to use either the trips or mileage method and document
23 that election in their books and records. If no election is
24 made under this subsection to use the trips or mileage method,
25 the person shall be deemed to have chosen the mileage method.

26 For purposes of determining qualifying trips or miles,

1 trailers, semitrailers, or pole trailers that carry property
2 for hire, even just between points in Illinois, will be
3 considered used for hire in interstate commerce if the
4 trailers, semitrailers, or pole trailers transport property
5 whose shipments originate or terminate outside Illinois. This
6 definition applies to all property purchased for the purpose of
7 being attached to those trailers, semitrailers, or pole
8 trailers as a part thereof. In lieu of a person providing
9 documentation regarding the qualifying use of each individual
10 trailer, semitrailer, or pole trailer, that person may document
11 such qualifying use by providing documentation of the
12 following:

13 (1) If a trailer, semitrailer, or pole trailer is
14 dedicated to a motor vehicle that qualifies as rolling
15 stock moving in interstate commerce under subsection (c) of
16 this Section, then that trailer, semitrailer, or pole
17 trailer qualifies as rolling stock moving in interstate
18 commerce under this subsection.

19 (2) If a trailer, semitrailer, or pole trailer is
20 dedicated to a group of motor vehicles that all qualify as
21 rolling stock moving in interstate commerce under
22 subsection (c) of this Section, then that trailer,
23 semitrailer, or pole trailer qualifies as rolling stock
24 moving in interstate commerce under this subsection.

25 (3) If one or more trailers, semitrailers, or pole
26 trailers are dedicated to a group of motor vehicles and not

1 all of those motor vehicles in that group qualify as
2 rolling stock moving in interstate commerce under
3 subsection (c) of this Section, then the percentage of
4 those trailers, semitrailers, or pole trailers that
5 qualifies as rolling stock moving in interstate commerce
6 under this subsection is equal to the percentage of those
7 motor vehicles in that group that qualify as rolling stock
8 moving in interstate commerce under subsection (c) of this
9 Section to which those trailers, semitrailers, or pole
10 trailers are dedicated. However, to determine the
11 qualification for the exemption provided under this item
12 (3), the mathematical application of the qualifying
13 percentage to one or more trailers, semitrailers, or pole
14 trailers under this subpart shall not be allowed as to any
15 fraction of a trailer, semitrailer, or pole trailer.

16 (d-5) For motor vehicles and trailers purchased on or after
17 July 1, 2017, "use as rolling stock moving in interstate
18 commerce" means that:

19 (1) the motor vehicle or trailer is used to transport
20 persons or property for hire;

21 (2) for purposes of the exemption under subsection (c)
22 of Section 3-55, the purchaser who is an owner, lessor, or
23 shipper claiming the exemption certifies that the motor
24 vehicle or trailer will be utilized, from the time of
25 purchase and continuing through the statute of limitations
26 for issuing a notice of tax liability under this Act, by an

1 interstate carrier or carriers for hire who hold, and are
2 required by Federal Motor Carrier Safety Administration
3 regulations to hold, an active USDOT Number with the
4 Carrier Operation listed as "Interstate" and the Operation
5 Classification listed as "authorized for hire", "exempt
6 for hire", or both "authorized for hire" and "exempt for
7 hire"; except that this paragraph (2) does not apply to a
8 motor vehicle or trailer used at an airport to support the
9 operation of an aircraft moving in interstate commerce, as
10 long as (i) in the case of a motor vehicle, the motor
11 vehicle meets paragraphs (1) and (3) of this subsection
12 (d-5) or (ii) in the case of a trailer, the trailer meets
13 paragraph (1) of this subsection (d-5); and

14 (3) for motor vehicles, the gross vehicle weight rating
15 exceeds 16,000 pounds.

16 The definition of "use as rolling stock moving in
17 interstate commerce" in this subsection (d-5) applies to all
18 property purchased on or after July 1, 2017 for the purpose of
19 being attached to a motor vehicle or trailer as a part thereof,
20 regardless of whether the motor vehicle or trailer was
21 purchased before, on, or after July 1, 2017.

22 If an item ceases to meet requirements (1) through (3)
23 under this subsection (d-5), then the tax is imposed on the
24 selling price, allowing for a reasonable depreciation for the
25 period during which the item qualified for the exemption.

26 For purposes of this subsection (d-5):

1 "Motor vehicle" excludes limousines, but otherwise
2 means that term as defined in Section 1-146 of the Illinois
3 Vehicle Code.

4 "Trailer" means (i) "trailer", as defined in Section
5 1-209 of the Illinois Vehicle Code, (ii) "semitrailer", as
6 defined in Section 1-187 of the Illinois Vehicle Code, and
7 (iii) "pole trailer", as defined in Section 1-161 of the
8 Illinois Vehicle Code.

9 (e) For aircraft and watercraft purchased on or after
10 January 1, 2014, "use as rolling stock moving in interstate
11 commerce" in paragraph ~~paragraphs (b) and~~ (c) of Section 3-55
12 occurs when, during a 12-month period, the rolling stock has
13 carried persons or property for hire in interstate commerce for
14 greater than 50% of its total trips for that period or for
15 greater than 50% of its total miles for that period. The person
16 claiming the exemption shall make an election at the time of
17 purchase to use either the trips or mileage method and document
18 that election in their books and records. If no election is
19 made under this subsection to use the trips or mileage method,
20 the person shall be deemed to have chosen the mileage method.
21 For aircraft, flight hours may be used in lieu of recording
22 miles in determining whether the aircraft meets the mileage
23 test in this subsection. For watercraft, nautical miles or trip
24 hours may be used in lieu of recording miles in determining
25 whether the watercraft meets the mileage test in this
26 subsection.

1 Notwithstanding any other provision of law to the contrary,
2 property purchased on or after January 1, 2014 for the purpose
3 of being attached to aircraft or watercraft as a part thereof
4 qualifies as rolling stock moving in interstate commerce only
5 if the aircraft or watercraft to which it will be attached
6 qualifies as rolling stock moving in interstate commerce under
7 the test set forth in this subsection (e), regardless of when
8 the aircraft or watercraft was purchased. Persons who purchased
9 aircraft or watercraft prior to January 1, 2014 shall make an
10 election to use either the trips or mileage method and document
11 that election in their books and records for the purpose of
12 determining whether property purchased on or after January 1,
13 2014 for the purpose of being attached to aircraft or
14 watercraft as a part thereof qualifies as rolling stock moving
15 in interstate commerce under this subsection (e).

16 (f) The election to use either the trips or mileage method
17 made under the provisions of subsections (c), (d), or (e) of
18 this Section will remain in effect for the duration of the
19 purchaser's ownership of that item.

20 (Source: P.A. 98-584, eff. 8-27-13.)

21 (35 ILCS 105/10) (from Ch. 120, par. 439.10)

22 Sec. 10. Except as to motor vehicles, aircraft, watercraft,
23 and trailers, and except as to cigarettes as defined in the
24 Cigarette Use Tax Act, when tangible personal property is
25 purchased from a retailer for use in this State by a purchaser

1 who did not pay the tax imposed by this Act to the retailer,
2 and who does not file returns with the Department as a retailer
3 under Section 9 of this Act, such purchaser (by the last day of
4 the month following the calendar month in which such purchaser
5 makes any payment upon the selling price of such property)
6 shall, except as otherwise provided in this Section, file a
7 return with the Department and pay the tax upon that portion of
8 the selling price so paid by the purchaser during the preceding
9 calendar month. ~~When tangible personal property, including but~~
10 ~~not limited to motor vehicles and aircraft, is purchased by a~~
11 ~~lessor, under a lease for one year or longer, executed or in~~
12 ~~effect at the time of purchase to an interstate carrier for~~
13 ~~hire, who did not pay the tax imposed by this Act to the~~
14 ~~retailer, such lessor (by the last day of the month following~~
15 ~~the calendar month in which such property reverts to the use of~~
16 ~~such lessor) shall file a return with the Department and pay~~
17 ~~the tax upon the fair market value of such property on the date~~
18 ~~of such reversion. However, in determining the fair market~~
19 ~~value at the time of reversion, the fair market value of such~~
20 ~~property shall not exceed the original purchase price of the~~
21 ~~property that was paid by the lessor at the time of purchase.~~
22 Such return shall be filed on a form prescribed by the
23 Department and shall contain such information as the Department
24 may reasonably require. Such return and payment from the
25 purchaser shall be submitted to the Department sooner than the
26 last day of the month after the month in which the purchase is

1 made to the extent that that may be necessary in order to
2 secure the title to a motor vehicle or the certificate of
3 registration for an aircraft. However, except as to motor
4 vehicles and aircraft, and except as to cigarettes as defined
5 in the Cigarette Use Tax Act, if the purchaser's annual use tax
6 liability does not exceed \$600, the purchaser may file the
7 return on an annual basis on or before April 15th of the year
8 following the year use tax liability was incurred. Individual
9 purchasers with an annual use tax liability that does not
10 exceed \$600 may, in lieu of the filing and payment requirements
11 in this Section, file and pay in compliance with Section 502.1
12 of the Illinois Income Tax Act.

13 If cigarettes, as defined in the Cigarette Use Tax Act, are
14 purchased from a retailer for use in this State by a purchaser
15 who did not pay the tax imposed by this Act to the retailer,
16 and who does not file returns with the Department as a retailer
17 under Section 9 of this Act, such purchaser must, within 30
18 days after acquiring the cigarettes, file a return with the
19 Department and pay the tax upon that portion of the selling
20 price so paid by the purchaser for the cigarettes.

21 In addition with respect to motor vehicles, aircraft,
22 watercraft, and trailers, a purchaser of such tangible personal
23 property for use in this State, who purchases such tangible
24 personal property from an out-of-state retailer, shall file
25 with the Department, upon a form to be prescribed and supplied
26 by the Department, a return for each such item of tangible

1 personal property purchased, except that if, in the same
2 transaction, (i) a purchaser of motor vehicles, aircraft,
3 watercraft, or trailers who is a retailer of motor vehicles,
4 aircraft, watercraft, or trailers purchases more than one motor
5 vehicle, aircraft, watercraft, or trailer for the purpose of
6 resale or (ii) a purchaser of motor vehicles, aircraft,
7 watercraft, or trailers purchases more than one motor vehicle,
8 aircraft, watercraft, or trailer for use as qualifying rolling
9 stock as provided in Section 3-55 of this Act, then the
10 purchaser may report the purchase of all motor vehicles,
11 aircraft, watercraft, or trailers involved in that transaction
12 to the Department on a single return prescribed by the
13 Department. Such return in the case of motor vehicles and
14 aircraft must show the name and address of the seller, the
15 name, address of purchaser, the amount of the selling price
16 including the amount allowed by the retailer for traded in
17 property, if any; the amount allowed by the retailer for the
18 traded-in tangible personal property, if any, to the extent to
19 which Section 2 of this Act allows an exemption for the value
20 of traded-in property; the balance payable after deducting such
21 trade-in allowance from the total selling price; the amount of
22 tax due from the purchaser with respect to such transaction;
23 the amount of tax collected from the purchaser by the retailer
24 on such transaction (or satisfactory evidence that such tax is
25 not due in that particular instance if that is claimed to be
26 the fact); the place and date of the sale, a sufficient

1 identification of the property sold, and such other information
2 as the Department may reasonably require.

3 Such return shall be filed not later than 30 days after
4 such motor vehicle or aircraft is brought into this State for
5 use.

6 For purposes of this Section, "watercraft" means a Class 2,
7 Class 3, or Class 4 watercraft as defined in Section 3-2 of the
8 Boat Registration and Safety Act, a personal watercraft, or any
9 boat equipped with an inboard motor.

10 The return and tax remittance or proof of exemption from
11 the tax that is imposed by this Act may be transmitted to the
12 Department by way of the State agency with which, or State
13 officer with whom, the tangible personal property must be
14 titled or registered (if titling or registration is required)
15 if the Department and such agency or State officer determine
16 that this procedure will expedite the processing of
17 applications for title or registration.

18 With each such return, the purchaser shall remit the proper
19 amount of tax due (or shall submit satisfactory evidence that
20 the sale is not taxable if that is the case), to the Department
21 or its agents, whereupon the Department shall issue, in the
22 purchaser's name, a tax receipt (or a certificate of exemption
23 if the Department is satisfied that the particular sale is tax
24 exempt) which such purchaser may submit to the agency with
25 which, or State officer with whom, he must title or register
26 the tangible personal property that is involved (if titling or

1 registration is required) in support of such purchaser's
2 application for an Illinois certificate or other evidence of
3 title or registration to such tangible personal property.

4 When a purchaser pays a tax imposed by this Act directly to
5 the Department, the Department (upon request therefor from such
6 purchaser) shall issue an appropriate receipt to such purchaser
7 showing that he has paid such tax to the Department. Such
8 receipt shall be sufficient to relieve the purchaser from
9 further liability for the tax to which such receipt may refer.

10 A user who is liable to pay use tax directly to the
11 Department only occasionally and not on a frequently recurring
12 basis, and who is not required to file returns with the
13 Department as a retailer under Section 9 of this Act, or under
14 the "Retailers' Occupation Tax Act", or as a registrant with
15 the Department under the "Service Occupation Tax Act" or the
16 "Service Use Tax Act", need not register with the Department.
17 However, if such a user has a frequently recurring direct use
18 tax liability to pay to the Department, such user shall be
19 required to register with the Department on forms prescribed by
20 the Department and to obtain and display a certificate of
21 registration from the Department. In that event, all of the
22 provisions of Section 9 of this Act concerning the filing of
23 regular monthly, quarterly or annual tax returns and all of the
24 provisions of Section 2a of the "Retailers' Occupation Tax Act"
25 concerning the requirements for registrants to post bond or
26 other security with the Department, as the provisions of such

1 sections now exist or may hereafter be amended, shall apply to
2 such users to the same extent as if such provisions were
3 included herein.

4 (Source: P.A. 96-520, eff. 8-14-09; 96-1000, eff. 7-2-10;
5 96-1388, eff. 7-29-10.)

6 Section 10. The Service Use Tax Act is amended by changing
7 Sections 2 and 3-51 as follows:

8 (35 ILCS 110/2) (from Ch. 120, par. 439.32)

9 Sec. 2. Definitions.

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

23 "Purchased from a serviceman" means the acquisition of the
24 ownership of, or title to, tangible personal property through a

1 sale of service.

2 "Purchaser" means any person who, through a sale of
3 service, acquires the ownership of, or title to, any tangible
4 personal property.

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

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

1 "Department" means the Department of Revenue.

2 "Person" means any natural individual, firm, partnership,
3 association, joint stock company, joint venture, public or
4 private corporation, limited liability company, and any
5 receiver, executor, trustee, guardian or other representative
6 appointed by order of any court.

7 "Sale of service" means any transaction except:

8 (1) a retail sale of tangible personal property taxable
9 under the Retailers' Occupation Tax Act or under the Use
10 Tax Act.

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

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

1 operated exclusively for educational purposes.

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

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

24 (4a-5) on and after July 1, 2003 and through June 30,
25 2004, a sale or transfer of a motor vehicle of the second
26 division with a gross vehicle weight in excess of 8,000

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

19 (5) a sale or transfer of machinery and equipment used
20 primarily in the process of the manufacturing or
21 assembling, either in an existing, an expanded or a new
22 manufacturing facility, of tangible personal property for
23 wholesale or retail sale or lease, whether such sale or
24 lease is made directly by the manufacturer or by some other
25 person, whether the materials used in the process are owned
26 by the manufacturer or some other person, or whether such

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

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

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

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

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

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

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

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

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

1 establishing the exemption for that transaction, which
2 certificate shall be available to the Department for inspection
3 or audit. The Department shall prescribe the form of the
4 certificate.

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 (5) 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 (3) of this Section shall make tax free
20 purchases unless it has an active exemption identification
21 number issued by the Department.

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

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

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

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

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

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

19 1.1. having a contract with a person located in this
20 State under which the person, for a commission or other
21 consideration based on the sale of service by the
22 serviceman, directly or indirectly refers potential
23 customers to the serviceman by providing to the potential
24 customers a promotional code or other mechanism that allows
25 the serviceman to track purchases referred by such persons.
26 Examples of mechanisms that allow the serviceman to track

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

20 1.2. beginning July 1, 2011, having a contract with a
21 person located in this State under which:

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

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

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

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

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

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

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

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

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

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

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

17 (35 ILCS 110/3-51)

18 Sec. 3-51. Motor vehicles; trailers; use as rolling stock
19 definition.

20 (a) (Blank). ~~Through June 30, 2003, "use as rolling stock~~
21 ~~moving in interstate commerce" in subsection (b) of Section~~
22 ~~3-45 means for motor vehicles, as defined in Section 1-46 of~~
23 ~~the Illinois Vehicle Code, and trailers, as defined in Section~~
24 ~~1-209 of the Illinois Vehicle Code, when on 15 or more~~
25 ~~occasions in a 12 month period the motor vehicle and trailer~~

1 ~~has carried persons or property for hire in interstate~~
2 ~~commerce, even just between points in Illinois, if the motor~~
3 ~~vehicle and trailer transports persons whose journeys or~~
4 ~~property whose shipments originate or terminate outside~~
5 ~~Illinois. This definition applies to all property purchased for~~
6 ~~the purpose of being attached to those motor vehicles or~~
7 ~~trailers as a part thereof.~~

8 (b) (Blank). ~~On and after July 1, 2003 and through June 30,~~
9 ~~2004, "use as rolling stock moving in interstate commerce" in~~
10 ~~paragraphs (4) and (4a) of the definition of "sale of service"~~
11 ~~in Section 2 and subsection (b) of Section 3-45 occurs for~~
12 ~~motor vehicles, as defined in Section 1-146 of the Illinois~~
13 ~~Vehicle Code, when during a 12-month period the rolling stock~~
14 ~~has carried persons or property for hire in interstate commerce~~
15 ~~for 51% of its total trips and transports persons whose~~
16 ~~journeys or property whose shipments originate or terminate~~
17 ~~outside Illinois. Trips that are only between points in~~
18 ~~Illinois shall not be counted as interstate trips when~~
19 ~~calculating whether the tangible personal property qualifies~~
20 ~~for the exemption but such trips shall be included in total~~
21 ~~trips taken.~~

22 (c) This subsection (c) applies to motor vehicles, other
23 than limousines, purchased through June 30, 2017. For motor
24 vehicles, other than limousines, purchased on or after July 1,
25 2017, subsection (d-5) applies. This subsection (c) applies to
26 limousines purchased before, on, or after July 1, 2017. "Use

1 ~~Beginning July 1, 2004, "use~~ as rolling stock moving in
2 interstate commerce" in paragraph ~~paragraphs (4) and~~ (4a) of
3 the definition of "sale of service" in Section 2 and subsection
4 (b) of Section 3-45 occurs for motor vehicles, as defined in
5 Section 1-146 of the Illinois Vehicle Code, when during a
6 12-month period the rolling stock has carried persons or
7 property for hire in interstate commerce for greater than 50%
8 of its total trips for that period or for greater than 50% of
9 its total miles for that period. The person claiming the
10 exemption shall make an election at the time of purchase to use
11 either the trips or mileage method. Persons who purchased motor
12 vehicles prior to July 1, 2004 shall make an election to use
13 either the trips or mileage method and document that election
14 in their books and records. If no election is made under this
15 subsection to use the trips or mileage method, the person shall
16 be deemed to have chosen the mileage method.

17 For purposes of determining qualifying trips or miles,
18 motor vehicles that carry persons or property for hire, even
19 just between points in Illinois, will be considered used for
20 hire in interstate commerce if the motor vehicle transports
21 persons whose journeys or property whose shipments originate or
22 terminate outside Illinois. The exemption for motor vehicles
23 used as rolling stock moving in interstate commerce may be
24 claimed only for the following vehicles: (i) motor vehicles
25 whose gross vehicle weight rating exceeds 16,000 pounds; and
26 (ii) limousines, as defined in Section 1-139.1 of the Illinois

1 Vehicle Code. Through June 30, 2017, this ~~This~~ definition
2 applies to all property purchased for the purpose of being
3 attached to those motor vehicles as a part thereof. On and
4 after July 1, 2017, this definition applies to property
5 purchased for the purpose of being attached to limousines as a
6 part thereof.

7 (d) For purchases made through June 30, 2017 ~~Beginning July~~
8 ~~1, 2004,~~ "use as rolling stock moving in interstate commerce"
9 in paragraph ~~paragraphs (4) and~~ (4a) of the definition of "sale
10 of service" in Section 2 and subsection (b) of Section 3-45
11 occurs for trailers, as defined in Section 1-209 of the
12 Illinois Vehicle Code, semitrailers as defined in Section 1-187
13 of the Illinois Vehicle Code, and pole trailers as defined in
14 Section 1-161 of the Illinois Vehicle Code, when during a
15 12-month period the rolling stock has carried persons or
16 property for hire in interstate commerce for greater than 50%
17 of its total trips for that period or for greater than 50% of
18 its total miles for that period. The person claiming the
19 exemption for a trailer or trailers that will not be dedicated
20 to a motor vehicle or group of motor vehicles shall make an
21 election at the time of purchase to use either the trips or
22 mileage method. Persons who purchased trailers prior to July 1,
23 2004 that are not dedicated to a motor vehicle or group of
24 motor vehicles shall make an election to use either the trips
25 or mileage method and document that election in their books and
26 records. If no election is made under this subsection to use

1 the trips or mileage method, the person shall be deemed to have
2 chosen the mileage method.

3 For purposes of determining qualifying trips or miles,
4 trailers, semitrailers, or pole trailers that carry property
5 for hire, even just between points in Illinois, will be
6 considered used for hire in interstate commerce if the
7 trailers, semitrailers, or pole trailers transport property
8 whose shipments originate or terminate outside Illinois. This
9 definition applies to all property purchased for the purpose of
10 being attached to those trailers, semitrailers, or pole
11 trailers as a part thereof. In lieu of a person providing
12 documentation regarding the qualifying use of each individual
13 trailer, semitrailer, or pole trailer, that person may document
14 such qualifying use by providing documentation of the
15 following:

16 (1) If a trailer, semitrailer, or pole trailer is
17 dedicated to a motor vehicle that qualifies as rolling
18 stock moving in interstate commerce under subsection (c) of
19 this Section, then that trailer, semitrailer, or pole
20 trailer qualifies as rolling stock moving in interstate
21 commerce under this subsection.

22 (2) If a trailer, semitrailer, or pole trailer is
23 dedicated to a group of motor vehicles that all qualify as
24 rolling stock moving in interstate commerce under
25 subsection (c) of this Section, then that trailer,
26 semitrailer, or pole trailer qualifies as rolling stock

1 moving in interstate commerce under this subsection.

2 (3) If one or more trailers, semitrailers, or pole
3 trailers are dedicated to a group of motor vehicles and not
4 all of those motor vehicles in that group qualify as
5 rolling stock moving in interstate commerce under
6 subsection (c) of this Section, then the percentage of
7 those trailers, semitrailers, or pole trailers that
8 qualifies as rolling stock moving in interstate commerce
9 under this subsection is equal to the percentage of those
10 motor vehicles in that group that qualify as rolling stock
11 moving in interstate commerce under subsection (c) of this
12 Section to which those trailers, semitrailers, or pole
13 trailers are dedicated. However, to determine the
14 qualification for the exemption provided under this item
15 (3), the mathematical application of the qualifying
16 percentage to one or more trailers, semitrailers, or pole
17 trailers under this subpart shall not be allowed as to any
18 fraction of a trailer, semitrailer, or pole trailer.

19 (d-5) For motor vehicles and trailers purchased on or after
20 July 1, 2017, "use as rolling stock moving in interstate
21 commerce" means that:

22 (1) the motor vehicle or trailer is used to transport
23 persons or property for hire;

24 (2) for purposes of the exemption under paragraph (4a)
25 of the definition of "sale of service" in Section 2, the
26 purchaser who is an owner, lessor, or shipper claiming the

1 exemption certifies that the motor vehicle or trailer will
2 be utilized, from the time of purchase and continuing
3 through the statute of limitations for issuing a notice of
4 tax liability under this Act, by an interstate carrier or
5 carriers for hire who hold, and are required by Federal
6 Motor Carrier Safety Administration regulations to hold,
7 an active USDOT Number with the Carrier Operation listed as
8 "Interstate" and the Operation Classification listed as
9 "authorized for hire", "exempt for hire", or both
10 "authorized for hire" and "exempt for hire"; except that
11 this paragraph (2) does not apply to a motor vehicle or
12 trailer used at an airport to support the operation of an
13 aircraft moving in interstate commerce, as long as (i) in
14 the case of a motor vehicle, the motor vehicle meets
15 paragraphs (1) and (3) of this subsection (d-5) or (ii) in
16 the case of a trailer, the trailer meets paragraph (1) of
17 this subsection (d-5); and

18 (3) for motor vehicles, the gross vehicle weight rating
19 exceeds 16,000 pounds.

20 The definition of "use as rolling stock moving in
21 interstate commerce" in this subsection (d-5) applies to all
22 property purchased on or after July 1, 2017 for the purpose of
23 being attached to a motor vehicle or trailer as a part thereof,
24 regardless of whether the motor vehicle or trailer was
25 purchased before, on, or after July 1, 2017.

26 If an item ceases to meet requirements (1) through (3)

1 under this subsection (d-5), then the tax is imposed on the
2 selling price, allowing for a reasonable depreciation for the
3 period during which the item qualified for the exemption.

4 For purposes of this subsection (d-5):

5 "Motor vehicle" excludes limousines, but otherwise
6 means that term as defined in Section 1-146 of the Illinois
7 Vehicle Code.

8 "Trailer" means (i) "trailer", as defined in Section
9 1-209 of the Illinois Vehicle Code, (ii) "semitrailer", as
10 defined in Section 1-187 of the Illinois Vehicle Code, and
11 (iii) "pole trailer", as defined in Section 1-161 of the
12 Illinois Vehicle Code.

13 (e) For aircraft and watercraft purchased on or after
14 January 1, 2014, "use as rolling stock moving in interstate
15 commerce" in (i) ~~paragraph paragraphs (4) and~~ (4a) of the
16 definition of "sale of service" in Section 2 and (ii)
17 subsection (b) of Section 3-45 occurs when, during a 12-month
18 period, the rolling stock has carried persons or property for
19 hire in interstate commerce for greater than 50% of its total
20 trips for that period or for greater than 50% of its total
21 miles for that period. The person claiming the exemption shall
22 make an election at the time of purchase to use either the
23 trips or mileage method and document that election in their
24 books and records. If no election is made under this subsection
25 to use the trips or mileage method, the person shall be deemed
26 to have chosen the mileage method. For aircraft, flight hours

1 may be used in lieu of recording miles in determining whether
2 the aircraft meets the mileage test in this subsection. For
3 watercraft, nautical miles or trip hours may be used in lieu of
4 recording miles in determining whether the watercraft meets the
5 mileage test in this subsection.

6 Notwithstanding any other provision of law to the contrary,
7 property purchased on or after January 1, 2014 for the purpose
8 of being attached to aircraft or watercraft as a part thereof
9 qualifies as rolling stock moving in interstate commerce only
10 if the aircraft or watercraft to which it will be attached
11 qualifies as rolling stock moving in interstate commerce under
12 the test set forth in this subsection (e), regardless of when
13 the aircraft or watercraft was purchased. Persons who purchased
14 aircraft or watercraft prior to January 1, 2014 shall make an
15 election to use either the trips or mileage method and document
16 that election in their books and records for the purpose of
17 determining whether property purchased on or after January 1,
18 2014 for the purpose of being attached to aircraft or
19 watercraft as a part thereof qualifies as rolling stock moving
20 in interstate commerce under this subsection (e).

21 (f) The election to use either the trips or mileage method
22 made under the provisions of subsections (c), (d), or (e) of
23 this Section will remain in effect for the duration of the
24 purchaser's ownership of that item.

25 (Source: P.A. 98-584, eff. 8-27-13.)

1 Section 15. The Service Occupation Tax Act is amended by
2 changing Sections 2 and 2d as follows:

3 (35 ILCS 115/2) (from Ch. 120, par. 439.102)

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

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

20 "Department" means the Department of Revenue.

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

1 "Sale of Service" means any transaction except:

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

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

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

21 (d) (Blank). ~~A sale or transfer of tangible personal~~
22 ~~property as an incident to the rendering of service for~~
23 ~~interstate carriers for hire for use as rolling stock moving in~~
24 ~~interstate commerce or lessors under leases of one year or~~
25 ~~longer, executed or in effect at the time of purchase, to~~
26 ~~interstate carriers for hire for use as rolling stock moving in~~

1 ~~interstate commerce, and equipment operated by a~~
2 ~~telecommunications provider, licensed as a common carrier by~~
3 ~~the Federal Communications Commission, which is permanently~~
4 ~~installed in or affixed to aircraft moving in interstate~~
5 ~~commerce.~~

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

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

1 30, 2005, this exemption applies to repair and replacement
2 parts added after the initial purchase of such a motor vehicle
3 if that motor vehicle is used in a manner that would qualify
4 for the rolling stock exemption otherwise provided for in this
5 Act. For purposes of this paragraph, "used for commercial
6 purposes" means the transportation of persons or property in
7 furtherance of any commercial or industrial enterprise whether
8 for-hire or not.

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

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

1 shares with another common carrier in the transportation of
2 such property, out of Illinois on a standard uniform bill of
3 lading showing the seller of the property as the shipper or
4 consignor of such property to a destination outside Illinois,
5 for use outside Illinois.

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

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

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

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. The machinery and equipment exemption does not
15 include machinery and equipment used in (i) the generation of
16 electricity for wholesale or retail sale; (ii) the generation
17 or treatment of natural or artificial gas for wholesale or
18 retail sale that is delivered to customers through pipes,
19 pipelines, or mains; or (iii) the treatment of water for
20 wholesale or retail sale that is delivered to customers through
21 pipes, pipelines, or mains. The provisions of this amendatory
22 Act of the 98th General Assembly are declaratory of existing
23 law as to the meaning and scope of this exemption. For the
24 purposes of exemption (e), each of these terms shall have the
25 following meanings: (1) "manufacturing process" shall mean the
26 production of any article of tangible personal property,

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

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

22 Except as provided in Section 2d of this Act, the rolling
23 stock exemption applies to rolling stock used by an interstate
24 carrier for hire, even just between points in Illinois, if such
25 rolling stock transports, for hire, persons whose journeys or
26 property whose shipments originate or terminate outside

1 Illinois.

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

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

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

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

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

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

1 (35 ILCS 115/2d)

2 Sec. 2d. Motor vehicles; trailers; use as rolling stock
3 definition.

4 (a) (Blank). ~~Through June 30, 2003, "use as rolling stock~~
5 ~~moving in interstate commerce" in subsections (d) and (d-1) of~~
6 ~~the definition of "sale of service" in Section 2 means for~~
7 ~~motor vehicles, as defined in Section 1-146 of the Illinois~~
8 ~~Vehicle Code, and trailers, as defined in Section 1-209 of the~~
9 ~~Illinois Vehicle Code, when on 15 or more occasions in a~~
10 ~~12-month period the motor vehicle and trailer has carried~~
11 ~~persons or property for hire in interstate commerce, even just~~
12 ~~between points in Illinois, if the motor vehicle and trailer~~
13 ~~transports persons whose journeys or property whose shipments~~
14 ~~originate or terminate outside Illinois. This definition~~
15 ~~applies to all property purchased for the purpose of being~~
16 ~~attached to those motor vehicles or trailers as a part thereof.~~

17 (b) (Blank). ~~On and after July 1, 2003 and through June 30,~~
18 ~~2004, "use as rolling stock moving in interstate commerce" in~~
19 ~~paragraphs (d) and (d-1) of the definition of "sale of service"~~
20 ~~in Section 2 occurs for motor vehicles, as defined in Section~~
21 ~~1-146 of the Illinois Vehicle Code, when during a 12-month~~
22 ~~period the rolling stock has carried persons or property for~~
23 ~~hire in interstate commerce for 51% of its total trips and~~
24 ~~transports persons whose journeys or property whose shipments~~
25 ~~originate or terminate outside Illinois. Trips that are only~~

1 ~~between points in Illinois will not be counted as interstate~~
2 ~~trips when calculating whether the tangible personal property~~
3 ~~qualifies for the exemption but such trips will be included in~~
4 ~~total trips taken.~~

5 (c) This subsection (c) applies to motor vehicles, other
6 than limousines, purchased through June 30, 2017. For motor
7 vehicles, other than limousines, purchased on or after July 1,
8 2017, subsection (d-5) applies. This subsection (c) applies to
9 limousines purchased before, on, or after July 1, 2017. "Use
10 ~~Beginning July 1, 2004, "use~~ as rolling stock moving in
11 interstate commerce" in paragraph ~~paragraphs (d) and (d-1)~~ of
12 the definition of "sale of service" in Section 2 occurs for
13 motor vehicles, as defined in Section 1-146 of the Illinois
14 Vehicle Code, when during a 12-month period the rolling stock
15 has carried persons or property for hire in interstate commerce
16 for greater than 50% of its total trips for that period or for
17 greater than 50% of its total miles for that period. The person
18 claiming the exemption shall make an election at the time of
19 purchase to use either the trips or mileage method. Persons who
20 purchased motor vehicles prior to July 1, 2004 shall make an
21 election to use either the trips or mileage method and document
22 that election in their books and records. If no election is
23 made under this subsection to use the trips or mileage method,
24 the person shall be deemed to have chosen the mileage method.

25 For purposes of determining qualifying trips or miles,
26 motor vehicles that carry persons or property for hire, even

1 just between points in Illinois, will be considered used for
2 hire in interstate commerce if the motor vehicle transports
3 persons whose journeys or property whose shipments originate or
4 terminate outside Illinois. The exemption for motor vehicles
5 used as rolling stock moving in interstate commerce may be
6 claimed only for the following vehicles: (i) motor vehicles
7 whose gross vehicle weight rating exceeds 16,000 pounds; and
8 (ii) limousines, as defined in Section 1-139.1 of the Illinois
9 Vehicle Code. Through June 30, 2017, this ~~This~~ definition
10 applies to all property purchased for the purpose of being
11 attached to those motor vehicles as a part thereof. On and
12 after July 1, 2017, this definition applies to property
13 purchased for the purpose of being attached to limousines as a
14 part thereof.

15 (d) For purchases made through June 30, 2017 ~~Beginning July~~
16 ~~1, 2004,~~ "use as rolling stock moving in interstate commerce"
17 in paragraph ~~paragraphs (d) and (d-1)~~ of the definition of
18 "sale of service" in Section 2 occurs for trailers, as defined
19 in Section 1-209 of the Illinois Vehicle Code, semitrailers as
20 defined in Section 1-187 of the Illinois Vehicle Code, and pole
21 trailers as defined in Section 1-161 of the Illinois Vehicle
22 Code, when during a 12-month period the rolling stock has
23 carried persons or property for hire in interstate commerce for
24 greater than 50% of its total trips for that period or for
25 greater than 50% of its total miles for that period. The person
26 claiming the exemption for a trailer or trailers that will not

1 be dedicated to a motor vehicle or group of motor vehicles
2 shall make an election at the time of purchase to use either
3 the trips or mileage method. Persons who purchased trailers
4 prior to July 1, 2004 that are not dedicated to a motor vehicle
5 or group of motor vehicles shall make an election to use either
6 the trips or mileage method and document that election in their
7 books and records. If no election is made under this subsection
8 to use the trips or mileage method, the person shall be deemed
9 to have chosen the mileage method.

10 For purposes of determining qualifying trips or miles,
11 trailers, semitrailers, or pole trailers that carry property
12 for hire, even just between points in Illinois, will be
13 considered used for hire in interstate commerce if the
14 trailers, semitrailers, or pole trailers transport property
15 whose shipments originate or terminate outside Illinois. This
16 definition applies to all property purchased for the purpose of
17 being attached to those trailers, semitrailers, or pole
18 trailers as a part thereof. In lieu of a person providing
19 documentation regarding the qualifying use of each individual
20 trailer, semitrailer, or pole trailer, that person may document
21 such qualifying use by providing documentation of the
22 following:

23 (1) If a trailer, semitrailer, or pole trailer is
24 dedicated to a motor vehicle that qualifies as rolling
25 stock moving in interstate commerce under subsection (c) of
26 this Section, then that trailer, semitrailer, or pole

1 trailer qualifies as rolling stock moving in interstate
2 commerce under this subsection.

3 (2) If a trailer, semitrailer, or pole trailer is
4 dedicated to a group of motor vehicles that all qualify as
5 rolling stock moving in interstate commerce under
6 subsection (c) of this Section, then that trailer,
7 semitrailer, or pole trailer qualifies as rolling stock
8 moving in interstate commerce under this subsection.

9 (3) If one or more trailers, semitrailers, or pole
10 trailers are dedicated to a group of motor vehicles and not
11 all of those motor vehicles in that group qualify as
12 rolling stock moving in interstate commerce under
13 subsection (c) of this Section, then the percentage of
14 those trailers, semitrailers, or pole trailers that
15 qualifies as rolling stock moving in interstate commerce
16 under this subsection is equal to the percentage of those
17 motor vehicles in that group that qualify as rolling stock
18 moving in interstate commerce under subsection (c) of this
19 Section to which those trailers, semitrailers, or pole
20 trailers are dedicated. However, to determine the
21 qualification for the exemption provided under this item
22 (3), the mathematical application of the qualifying
23 percentage to one or more trailers, semitrailers, or pole
24 trailers under this subpart shall not be allowed as to any
25 fraction of a trailer, semitrailer, or pole trailer.

26 (d-5) For motor vehicles and trailers purchased on or after

1 July 1, 2017, "use as rolling stock moving in interstate
2 commerce" means that:

3 (1) the motor vehicle or trailer is used to transport
4 persons or property for hire;

5 (2) for purposes of the exemption under paragraph (d-1)
6 of the definition of "sale of service" in Section 2, the
7 purchaser who is an owner, lessor, or shipper claiming the
8 exemption certifies that the motor vehicle or trailer will
9 be utilized, from the time of purchase and continuing
10 through the statute of limitations for issuing a notice of
11 tax liability under this Act, by an interstate carrier or
12 carriers for hire who hold, and are required by Federal
13 Motor Carrier Safety Administration regulations to hold,
14 an active USDOT Number with the Carrier Operation listed as
15 "Interstate" and the Operation Classification listed as
16 "authorized for hire", "exempt for hire", or both
17 "authorized for hire" and "exempt for hire"; except that
18 this paragraph (2) does not apply to a motor vehicle or
19 trailer used at an airport to support the operation of an
20 aircraft moving in interstate commerce, as long as (i) in
21 the case of a motor vehicle, the motor vehicle meets
22 paragraphs (1) and (3) of this subsection (d-5) or (ii) in
23 the case of a trailer, the trailer meets paragraph (1) of
24 this subsection (d-5); and

25 (3) for motor vehicles, the gross vehicle weight rating
26 exceeds 16,000 pounds.

1 The definition of "use as rolling stock moving in
2 interstate commerce" in this subsection (d-5) applies to all
3 property purchased on or after July 1, 2017 for the purpose of
4 being attached to a motor vehicle or trailer as a part thereof,
5 regardless of whether the motor vehicle or trailer was
6 purchased before, on, or after July 1, 2017.

7 If an item ceases to meet requirements (1) through (3)
8 under this subsection (d-5), then the tax is imposed on the
9 selling price, allowing for a reasonable depreciation for the
10 period during which the item qualified for the exemption.

11 For purposes of this subsection (d-5):

12 "Motor vehicle" excludes limousines, but otherwise
13 means that term as defined in Section 1-146 of the Illinois
14 Vehicle Code.

15 "Trailer" means (i) "trailer", as defined in Section
16 1-209 of the Illinois Vehicle Code, (ii) "semitrailer", as
17 defined in Section 1-187 of the Illinois Vehicle Code, and
18 (iii) "pole trailer", as defined in Section 1-161 of the
19 Illinois Vehicle Code.

20 (e) For aircraft and watercraft purchased on or after
21 January 1 2014, "use as rolling stock moving in interstate
22 commerce" in ~~paragraph paragraphs (d) and~~ (d-1) of the
23 definition of "sale of service" in Section 2 occurs when,
24 during a 12-month period, the rolling stock has carried persons
25 or property for hire in interstate commerce for greater than
26 50% of its total trips for that period or for greater than 50%

1 of its total miles for that period. The person claiming the
2 exemption shall make an election at the time of purchase to use
3 either the trips or mileage method and document that election
4 in their books and records. If no election is made under this
5 subsection to use the trips or mileage method, the person shall
6 be deemed to have chosen the mileage method. For aircraft,
7 flight hours may be used in lieu of recording miles in
8 determining whether the aircraft meets the mileage test in this
9 subsection. For watercraft, nautical miles or trip hours may be
10 used in lieu of recording miles in determining whether the
11 watercraft meets the mileage test in this subsection.

12 Notwithstanding any other provision of law to the contrary,
13 property purchased on or after January 1, 2014 for the purpose
14 of being attached to aircraft or watercraft as a part thereof
15 qualifies as rolling stock moving in interstate commerce only
16 if the aircraft or watercraft to which it will be attached
17 qualifies as rolling stock moving in interstate commerce under
18 the test set forth in this subsection (e), regardless of when
19 the aircraft or watercraft was purchased. Persons who purchased
20 aircraft or watercraft prior to January 1, 2014 shall make an
21 election to use either the trips or mileage method and document
22 that election in their books and records for the purpose of
23 determining whether property purchased on or after January 1,
24 2014 for the purpose of being attached to aircraft or
25 watercraft as a part thereof qualifies as rolling stock moving
26 in interstate commerce under this subsection (e).

1 (f) The election to use either the trips or mileage method
2 made under the provisions of subsections (c), (d), or (e) of
3 this Section will remain in effect for the duration of the
4 purchaser's ownership of that item.

5 (Source: P.A. 98-584, eff. 8-27-13.)

6 Section 20. The Retailers' Occupation Tax Act is amended by
7 changing Sections 2-5 and 2-51 as follows:

8 (35 ILCS 120/2-5)

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

12 (1) Farm chemicals.

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

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

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

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

24 (3) Until July 1, 2003, distillation machinery and
25 equipment, sold as a unit or kit, assembled or installed by the
26 retailer, certified by the user to be used only for the

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

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

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

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

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

22 (8) Personal property sold to an Illinois county fair
23 association for use in conducting, operating, or promoting the
24 county fair.

25 (9) Personal property sold to a not-for-profit arts or
26 cultural organization that establishes, by proof required by

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

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

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

1 organized and operated primarily for the recreation of persons
2 55 years of age or older. A limited liability company may
3 qualify for the exemption under this paragraph only if the
4 limited liability company is organized and operated
5 exclusively for educational purposes. On and after July 1,
6 1987, however, no entity otherwise eligible for this exemption
7 shall make tax-free purchases unless it has an active
8 identification number issued by the Department.

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

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

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

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

18 (14) Machinery and equipment that will be used by the
19 purchaser, or a lessee of the purchaser, primarily in the
20 process of manufacturing or assembling tangible personal
21 property for wholesale or retail sale or lease, whether the
22 sale or lease is made directly by the manufacturer or by some
23 other person, whether the materials used in the process are
24 owned by the manufacturer or some other person, or whether the
25 sale or lease is made apart from or as an incident to the
26 seller's engaging in the service occupation of producing

1 machines, tools, dies, jigs, patterns, gauges, or other similar
2 items of no commercial value on special order for a particular
3 purchaser. The exemption provided by this paragraph (14) does
4 not include machinery and equipment used in (i) the generation
5 of electricity for wholesale or retail sale; (ii) the
6 generation or treatment of natural or artificial gas for
7 wholesale or retail sale that is delivered to customers through
8 pipes, pipelines, or mains; or (iii) the treatment of water for
9 wholesale or retail sale that is delivered to customers through
10 pipes, pipelines, or mains. The provisions of Public Act 98-583
11 are declaratory of existing law as to the meaning and scope of
12 this exemption.

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 120/2-51)

24 Sec. 2-51. Motor vehicles; trailers; use as rolling stock
25 definition.

1 (a) (Blank). ~~Through June 30, 2003, "use as rolling stock~~
2 ~~moving in interstate commerce" in paragraphs (12) and (13) of~~
3 ~~Section 2-5 means for motor vehicles, as defined in Section~~
4 ~~1-146 of the Illinois Vehicle Code, and trailers, as defined in~~
5 ~~Section 1-209 of the Illinois Vehicle Code, when on 15 or more~~
6 ~~occasions in a 12 month period the motor vehicle and trailer~~
7 ~~has carried persons or property for hire in interstate~~
8 ~~commerce, even just between points in Illinois, if the motor~~
9 ~~vehicle and trailer transports persons whose journeys or~~
10 ~~property whose shipments originate or terminate outside~~
11 ~~Illinois. This definition applies to all property purchased for~~
12 ~~the purpose of being attached to those motor vehicles or~~
13 ~~trailers as a part thereof.~~

14 (b) (Blank). ~~On and after July 1, 2003 and through June 30,~~
15 ~~2004, "use as rolling stock moving in interstate commerce" in~~
16 ~~paragraphs (12) and (13) of Section 2-5 occurs for motor~~
17 ~~vehicles, as defined in Section 1-146 of the Illinois Vehicle~~
18 ~~Code, when during a 12 month period the rolling stock has~~
19 ~~carried persons or property for hire in interstate commerce for~~
20 ~~51% of its total trips and transports persons whose journeys or~~
21 ~~property whose shipments originate or terminate outside~~
22 ~~Illinois. Trips that are only between points in Illinois shall~~
23 ~~not be counted as interstate trips when calculating whether the~~
24 ~~tangible personal property qualifies for the exemption but such~~
25 ~~trips shall be included in total trips taken.~~

26 (c) This subsection (c) applies to motor vehicles, other

1 than limousines, purchased through June 30, 2017. For motor
2 vehicles, other than limousines, purchased on or after July 1,
3 2017, subsection (d-5) applies. This subsection (c) applies to
4 limousines purchased before, on, or after July 1, 2017. "Use
5 ~~Beginning July 1, 2004, "use~~ as rolling stock moving in
6 interstate commerce" in ~~paragraph paragraphs (12) and~~ (13) of
7 Section 2-5 occurs for motor vehicles, as defined in Section
8 1-146 of the Illinois Vehicle Code, when during a 12-month
9 period the rolling stock has carried persons or property for
10 hire in interstate commerce for greater than 50% of its total
11 trips for that period or for greater than 50% of its total
12 miles for that period. The person claiming the exemption shall
13 make an election at the time of purchase to use either the
14 trips or mileage method. Persons who purchased motor vehicles
15 prior to July 1, 2004 shall make an election to use either the
16 trips or mileage method and document that election in their
17 books and records. If no election is made under this subsection
18 to use the trips or mileage method, the person shall be deemed
19 to have chosen the mileage method.

20 For purposes of determining qualifying trips or miles,
21 motor vehicles that carry persons or property for hire, even
22 just between points in Illinois, will be considered used for
23 hire in interstate commerce if the motor vehicle transports
24 persons whose journeys or property whose shipments originate or
25 terminate outside Illinois. The exemption for motor vehicles
26 used as rolling stock moving in interstate commerce may be

1 claimed only for the following vehicles: (i) motor vehicles
2 whose gross vehicle weight rating exceeds 16,000 pounds; and
3 (ii) limousines, as defined in Section 1-139.1 of the Illinois
4 Vehicle Code. Through June 30, 2017, this ~~This~~ definition
5 applies to all property purchased for the purpose of being
6 attached to those motor vehicles as a part thereof. On and
7 after July 1, 2017, this definition applies to property
8 purchased for the purpose of being attached to limousines as a
9 part thereof.

10 (d) For purchases made through June 30, 2017 ~~Beginning July~~
11 ~~1, 2004,~~ "use as rolling stock moving in interstate commerce"
12 in paragraph ~~paragraphs (12) and~~ (13) of Section 2-5 occurs for
13 trailers, as defined in Section 1-209 of the Illinois Vehicle
14 Code, semitrailers as defined in Section 1-187 of the Illinois
15 Vehicle Code, and pole trailers as defined in Section 1-161 of
16 the Illinois Vehicle Code, when during a 12-month period the
17 rolling stock has carried persons or property for hire in
18 interstate commerce for greater than 50% of its total trips for
19 that period or for greater than 50% of its total miles for that
20 period. The person claiming the exemption for a trailer or
21 trailers that will not be dedicated to a motor vehicle or group
22 of motor vehicles shall make an election at the time of
23 purchase to use either the trips or mileage method. Persons who
24 purchased trailers prior to July 1, 2004 that are not dedicated
25 to a motor vehicle or group of motor vehicles shall make an
26 election to use either the trips or mileage method and document

1 that election in their books and records. If no election is
2 made under this subsection to use the trips or mileage method,
3 the person shall be deemed to have chosen the mileage method.

4 For purposes of determining qualifying trips or miles,
5 trailers, semitrailers, or pole trailers that carry property
6 for hire, even just between points in Illinois, will be
7 considered used for hire in interstate commerce if the
8 trailers, semitrailers, or pole trailers transport property
9 whose shipments originate or terminate outside Illinois. This
10 definition applies to all property purchased for the purpose of
11 being attached to those trailers, semitrailers, or pole
12 trailers as a part thereof. In lieu of a person providing
13 documentation regarding the qualifying use of each individual
14 trailer, semitrailer, or pole trailer, that person may document
15 such qualifying use by providing documentation of the
16 following:

17 (1) If a trailer, semitrailer, or pole trailer is
18 dedicated to a motor vehicle that qualifies as rolling
19 stock moving in interstate commerce under subsection (c) of
20 this Section, then that trailer, semitrailer, or pole
21 trailer qualifies as rolling stock moving in interstate
22 commerce under this subsection.

23 (2) If a trailer, semitrailer, or pole trailer is
24 dedicated to a group of motor vehicles that all qualify as
25 rolling stock moving in interstate commerce under
26 subsection (c) of this Section, then that trailer,

1 semitrailer, or pole trailer qualifies as rolling stock
2 moving in interstate commerce under this subsection.

3 (3) If one or more trailers, semitrailers, or pole
4 trailers are dedicated to a group of motor vehicles and not
5 all of those motor vehicles in that group qualify as
6 rolling stock moving in interstate commerce under
7 subsection (c) of this Section, then the percentage of
8 those trailers, semitrailers, or pole trailers that
9 qualifies as rolling stock moving in interstate commerce
10 under this subsection is equal to the percentage of those
11 motor vehicles in that group that qualify as rolling stock
12 moving in interstate commerce under subsection (c) of this
13 Section to which those trailers, semitrailers, or pole
14 trailers are dedicated. However, to determine the
15 qualification for the exemption provided under this item
16 (3), the mathematical application of the qualifying
17 percentage to one or more trailers, semitrailers, or pole
18 trailers under this subpart shall not be allowed as to any
19 fraction of a trailer, semitrailer, or pole trailer.

20 (d-5) For motor vehicles and trailers purchased on or after
21 July 1, 2017, "use as rolling stock moving in interstate
22 commerce" means that:

23 (1) the motor vehicle or trailer is used to transport
24 persons or property for hire;

25 (2) for purposes of the exemption under paragraph (13)
26 of Section 2-5, the purchaser who is an owner, lessor, or

1 shipper claiming the exemption certifies that the motor
2 vehicle or trailer will be utilized, from the time of
3 purchase and continuing through the statute of limitations
4 for issuing a notice of tax liability under this Act, by an
5 interstate carrier or carriers for hire who hold, and are
6 required by Federal Motor Carrier Safety Administration
7 regulations to hold, an active USDOT Number with the
8 Carrier Operation listed as "Interstate" and the Operation
9 Classification listed as "authorized for hire", "exempt
10 for hire", or both "authorized for hire" and "exempt for
11 hire"; except that this paragraph (2) does not apply to a
12 motor vehicle or trailer used at an airport to support the
13 operation of an aircraft moving in interstate commerce, as
14 long as (i) in the case of a motor vehicle, the motor
15 vehicle meets paragraphs (1) and (3) of this subsection
16 (d-5) or (ii) in the case of a trailer, the trailer meets
17 paragraph (1) of this subsection (d-5); and

18 (3) for motor vehicles, the gross vehicle weight rating
19 exceeds 16,000 pounds.

20 The definition of "use as rolling stock moving in
21 interstate commerce" in this subsection (d-5) applies to all
22 property purchased on or after July 1, 2017 for the purpose of
23 being attached to a motor vehicle or trailer as a part thereof,
24 regardless of whether the motor vehicle or trailer was
25 purchased before, on, or after July 1, 2017.

26 If an item ceases to meet requirements (1) through (3)

1 under this subsection (d-5), then the tax is imposed on the
2 selling price, allowing for a reasonable depreciation for the
3 period during which the item qualified for the exemption.

4 For purposes of this subsection (d-5):

5 "Motor vehicle" excludes limousines, but otherwise
6 means that term as defined in Section 1-146 of the Illinois
7 Vehicle Code.

8 "Trailer" means (i) "trailer", as defined in Section
9 1-209 of the Illinois Vehicle Code, (ii) "semitrailer", as
10 defined in Section 1-187 of the Illinois Vehicle Code, and
11 (iii) "pole trailer", as defined in Section 1-161 of the
12 Illinois Vehicle Code.

13 (e) For aircraft and watercraft purchased on or after
14 January 1, 2014, "use as rolling stock moving in interstate
15 commerce" in paragraph paragraphs (12) and (13) of Section 2-5
16 occurs when, during a 12-month period, the rolling stock has
17 carried persons or property for hire in interstate commerce for
18 greater than 50% of its total trips for that period or for
19 greater than 50% of its total miles for that period. The person
20 claiming the exemption shall make an election at the time of
21 purchase to use either the trips or mileage method and document
22 that election in their books and records. If no election is
23 made under this subsection to use the trips or mileage method,
24 the person shall be deemed to have chosen the mileage method.
25 For aircraft, flight hours may be used in lieu of recording
26 miles in determining whether the aircraft meets the mileage

1 test in this subsection. For watercraft, nautical miles or trip
2 hours may be used in lieu of recording miles in determining
3 whether the watercraft meets the mileage test in this
4 subsection.

5 Notwithstanding any other provision of law to the contrary,
6 property purchased on or after January 1, 2014 for the purpose
7 of being attached to aircraft or watercraft as a part thereof
8 qualifies as rolling stock moving in interstate commerce only
9 if the aircraft or watercraft to which it will be attached
10 qualifies as rolling stock moving in interstate commerce under
11 the test set forth in this subsection (e), regardless of when
12 the aircraft or watercraft was purchased. Persons who purchased
13 aircraft or watercraft prior to January 1, 2014 shall make an
14 election to use either the trips or mileage method and document
15 that election in their books and records for the purpose of
16 determining whether property purchased on or after January 1,
17 2014 for the purpose of being attached to aircraft or
18 watercraft as a part thereof qualifies as rolling stock moving
19 in interstate commerce under this subsection (e).

20 (f) The election to use either the trips or mileage method
21 made under the provisions of subsections (c), (d), or (e) of
22 this Section will remain in effect for the duration of the
23 purchaser's ownership of that item.

24 (Source: P.A. 98-584, eff. 8-27-13.)

25 Section 99. Effective date. This Act takes effect July 1,
26 2017.