



Sen. Pat McGuire

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1 AMENDMENT TO SENATE BILL 1871

2 AMENDMENT NO. _____. Amend Senate Bill 1871, AS AMENDED,
3 by replacing everything after the enacting clause with the
4 following:

5 "Section 5. The Use Tax Act is amended by changing Sections
6 3-55, 3-61, and 10 as follows:

7 (35 ILCS 105/3-55) (from Ch. 120, par. 439.3-55)

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

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

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

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

20 (d) The use, in this State, of tangible personal property
21 that is acquired outside this State and caused to be brought
22 into this State by a person who has already paid a tax in
23 another State in respect to the sale, purchase, or use of that
24 property, to the extent of the amount of the tax properly due
25 and paid in the other State.

26 (e) The temporary storage, in this State, of tangible

1 personal property that is acquired outside this State and that,
2 after being brought into this State and stored here
3 temporarily, is used solely outside this State or is physically
4 attached to or incorporated into other tangible personal
5 property that is used solely outside this State, or is altered
6 by converting, fabricating, manufacturing, printing,
7 processing, or shaping, and, as altered, is used solely outside
8 this State.

9 (f) The temporary storage in this State of building
10 materials and fixtures that are acquired either in this State
11 or outside this State by an Illinois registered combination
12 retailer and construction contractor, and that the purchaser
13 thereafter uses outside this State by incorporating that
14 property into real estate located outside this State.

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

23 (h) Except as provided in subsection (h-1), the use, in
24 this State, of a motor vehicle that was sold in this State to a
25 nonresident, even though the motor vehicle is delivered to the
26 nonresident in this State, if the motor vehicle is not to be

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

9 (h-1) The exemption under subsection (h) does not apply if
10 the state in which the motor vehicle will be titled does not
11 allow a reciprocal exemption for the use in that state of a
12 motor vehicle sold and delivered in that state to an Illinois
13 resident but titled in Illinois. The tax collected under this
14 Act on the sale of a motor vehicle in this State to a resident
15 of another state that does not allow a reciprocal exemption
16 shall be imposed at a rate equal to the state's rate of tax on
17 taxable property in the state in which the purchaser is a
18 resident, except that the tax shall not exceed the tax that
19 would otherwise be imposed under this Act. At the time of the
20 sale, the purchaser shall execute a statement, signed under
21 penalty of perjury, of his or her intent to title the vehicle
22 in the state in which the purchaser is a resident within 30
23 days after the sale and of the fact of the payment to the State
24 of Illinois of tax in an amount equivalent to the state's rate
25 of tax on taxable property in his or her state of residence and
26 shall submit the statement to the appropriate tax collection

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

12 (h-2) The following exemptions apply with respect to
13 certain aircraft:

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

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

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

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

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

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

18 (B) the purchaser provides the Department with a
19 signed and dated certification, on a form prescribed by
20 the Department, certifying that the requirements of
21 this item (2) are met. The certificate must also
22 include the name and address of the purchaser, the
23 address of the location where the aircraft is to be
24 titled or registered, the address of the primary
25 physical location of the aircraft, and other
26 information that the Department may reasonably

1 require.

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

7 (A) the aircraft leaves this State within 15 days
8 after the authorized approval for return to service,
9 completion of the maintenance record entry, and
10 completion of the test flight and ground test for
11 inspection, as required by 14 C.F.R. 91.407;

12 (B) the aircraft is not based or registered in this
13 State either before or after the post-sale
14 customization; and

15 (C) the purchaser provides the Department with a
16 signed and dated certification, on a form prescribed by
17 the Department, certifying that the requirements of
18 this item (3) are met. The certificate must also
19 include the name and address of the purchaser, the
20 address of the location where the aircraft is to be
21 titled or registered, the address of the primary
22 physical location of the aircraft, and other
23 information that the Department may reasonably
24 require.

25 If tax becomes due under this subsection (h-2) because of
26 the purchaser's use of the aircraft in this State, the

1 purchaser shall file a return with the Department and pay the
2 tax on the fair market value of the aircraft. This return and
3 payment of the tax must be made no later than 30 days after the
4 aircraft is used in a taxable manner in this State. The tax is
5 based on the fair market value of the aircraft on the date that
6 it is first used in a taxable manner in this State.

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

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

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

15 "Prepurchase evaluation" means an examination of an
16 aircraft to provide a potential purchaser with information
17 relevant to the potential purchase.

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

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

24 (i) Beginning July 1, 1999, the use, in this State, of fuel
25 acquired outside this State and brought into this State in the
26 fuel supply tanks of locomotives engaged in freight hauling and

1 passenger service for interstate commerce. This subsection is
2 exempt from the provisions of Section 3-90.

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

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

1 (35 ILCS 105/3-61)

2 Sec. 3-61. 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 (b) and (c) of~~
6 ~~Section 3-55 means for motor vehicles, as defined in Section~~
7 ~~1-146 of the Illinois Vehicle Code, and trailers, as defined in~~
8 ~~Section 1-209 of the Illinois Vehicle Code, when on 15 or more~~
9 ~~occasions in a 12-month period the motor vehicle and trailer~~
10 ~~has carried persons or property for hire in interstate~~
11 ~~commerce, even just between points in Illinois, if the motor~~
12 ~~vehicle and trailer transports persons whose journeys or~~
13 ~~property whose shipments originate or terminate outside~~
14 ~~Illinois. This definition applies to all property purchased for~~
15 ~~the purpose of being attached to those motor vehicles or~~
16 ~~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 (b) and (c) of Section 3-55 occurs for motor~~
20 ~~vehicles, as defined in Section 1-146 of the Illinois Vehicle~~
21 ~~Code, when during a 12-month period the rolling stock has~~
22 ~~carried persons or property for hire in interstate commerce for~~
23 ~~51% of its total trips and transports persons whose journeys or~~
24 ~~property whose shipments originate or terminate outside~~
25 ~~Illinois. Trips that are only between points in Illinois shall~~

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

4 (c) This subsection (c) applies to motor vehicles, other
5 than limousines, purchased through June 30, 2017. For motor
6 vehicles, other than limousines, purchased on or after July 1,
7 2017, subsection (d-5) applies. This subsection (c) applies to
8 limousines purchased before, on, or after July 1, 2017. "Use
9 ~~Beginning July 1, 2004, "use~~ as rolling stock moving in
10 interstate commerce" in paragraph ~~paragraphs (b) and (c)~~ of
11 Section 3-55 occurs for motor vehicles, as defined in Section
12 1-146 of the Illinois Vehicle Code, when during a 12-month
13 period the rolling stock has carried persons or property for
14 hire in interstate commerce for greater than 50% of its total
15 trips for that period or for greater than 50% of its total
16 miles for that period. The person claiming the exemption shall
17 make an election at the time of purchase to use either the
18 trips or mileage method. Persons who purchased motor vehicles
19 prior to July 1, 2004 shall make an election to use either the
20 trips or mileage method and document that election in their
21 books and records. If no election is made under this subsection
22 to use the trips or mileage method, the person shall be deemed
23 to have chosen the mileage method.

24 For purposes of determining qualifying trips or miles,
25 motor vehicles that carry persons or property for hire, even
26 just between points in Illinois, will be considered used for

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

14 (d) For purchases made through June 30, 2017 ~~Beginning July~~
15 ~~1, 2004,~~ "use as rolling stock moving in interstate commerce"
16 in paragraph ~~paragraphs (b) and~~ (c) of Section 3-55 occurs for
17 trailers, as defined in Section 1-209 of the Illinois Vehicle
18 Code, semitrailers as defined in Section 1-187 of the Illinois
19 Vehicle Code, and pole trailers as defined in Section 1-161 of
20 the Illinois Vehicle Code, when during a 12-month period the
21 rolling stock has carried persons or property for hire in
22 interstate commerce for greater than 50% of its total trips for
23 that period or for greater than 50% of its total miles for that
24 period. The person claiming the exemption for a trailer or
25 trailers that will not be dedicated to a motor vehicle or group
26 of motor vehicles shall make an election at the time of

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

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

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

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

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

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

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

3 (2) for purposes of the exemption under subsection (c)
4 of Section 3-55, the purchaser who is an owner, lessor, or
5 shipper claiming the exemption certifies that the motor
6 vehicle or trailer will be utilized, from the time of
7 purchase and continuing through the statute of limitations
8 for issuing a notice of tax liability under this Act, by an
9 interstate carrier or carriers for hire who hold, and are
10 required by Federal Motor Carrier Safety Administration
11 regulations to hold, an active USDOT Number with the
12 Carrier Operation listed as "Interstate" and the Operation
13 Classification listed as "authorized for hire", "exempt
14 for hire", or both "authorized for hire" and "exempt for
15 hire"; and

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

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

24 If an item ceases to meet requirements (1) through (3)
25 under this subsection (d-5), then the tax is imposed on the
26 selling price, allowing for a reasonable depreciation for the

1 period during which the item qualified for the exemption.

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

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

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

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

1 whether the watercraft meets the mileage test in this
2 subsection.

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

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

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

23 (35 ILCS 105/10) (from Ch. 120, par. 439.10)

24 Sec. 10. Except as to motor vehicles, aircraft, watercraft,
25 and trailers, and except as to cigarettes as defined in the

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

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

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

23 In addition with respect to motor vehicles, aircraft,
24 watercraft, and trailers, a purchaser of such tangible personal
25 property for use in this State, who purchases such tangible
26 personal property from an out-of-state retailer, shall file

1 with the Department, upon a form to be prescribed and supplied
2 by the Department, a return for each such item of tangible
3 personal property purchased, except that if, in the same
4 transaction, (i) a purchaser of motor vehicles, aircraft,
5 watercraft, or trailers who is a retailer of motor vehicles,
6 aircraft, watercraft, or trailers purchases more than one motor
7 vehicle, aircraft, watercraft, or trailer for the purpose of
8 resale or (ii) a purchaser of motor vehicles, aircraft,
9 watercraft, or trailers purchases more than one motor vehicle,
10 aircraft, watercraft, or trailer for use as qualifying rolling
11 stock as provided in Section 3-55 of this Act, then the
12 purchaser may report the purchase of all motor vehicles,
13 aircraft, watercraft, or trailers involved in that transaction
14 to the Department on a single return prescribed by the
15 Department. Such return in the case of motor vehicles and
16 aircraft must show the name and address of the seller, the
17 name, address of purchaser, the amount of the selling price
18 including the amount allowed by the retailer for traded in
19 property, if any; the amount allowed by the retailer for the
20 traded-in tangible personal property, if any, to the extent to
21 which Section 2 of this Act allows an exemption for the value
22 of traded-in property; the balance payable after deducting such
23 trade-in allowance from the total selling price; the amount of
24 tax due from the purchaser with respect to such transaction;
25 the amount of tax collected from the purchaser by the retailer
26 on such transaction (or satisfactory evidence that such tax is

1 not due in that particular instance if that is claimed to be
2 the fact); the place and date of the sale, a sufficient
3 identification of the property sold, and such other information
4 as the Department may reasonably require.

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

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

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

20 With each such return, the purchaser shall remit the proper
21 amount of tax due (or shall submit satisfactory evidence that
22 the sale is not taxable if that is the case), to the Department
23 or its agents, whereupon the Department shall issue, in the
24 purchaser's name, a tax receipt (or a certificate of exemption
25 if the Department is satisfied that the particular sale is tax
26 exempt) which such purchaser may submit to the agency with

1 which, or State officer with whom, he must title or register
2 the tangible personal property that is involved (if titling or
3 registration is required) in support of such purchaser's
4 application for an Illinois certificate or other evidence of
5 title or registration to such tangible personal property.

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

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

1 concerning the requirements for registrants to post bond or
2 other security with the Department, as the provisions of such
3 sections now exist or may hereafter be amended, shall apply to
4 such users to the same extent as if such provisions were
5 included herein.

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

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

10 (35 ILCS 110/2) (from Ch. 120, par. 439.32)

11 Sec. 2. Definitions.

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

1 "Purchased from a serviceman" means the acquisition of the
2 ownership of, or title to, tangible personal property through a
3 sale of service.

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

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

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

1 sellers on account of the seller's duty to collect, from the
2 purchaser, the tax that is imposed by this Act.

3 "Department" means the Department of Revenue.

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

9 "Sale of service" means any transaction except:

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

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

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

1 company may qualify for the exemption under this paragraph
2 only if the limited liability company is organized and
3 operated exclusively for educational purposes.

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

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

26 (4a-5) on and after July 1, 2003 and through June 30,

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

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

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

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

1 repaired, reconditioned or remodeled the property to a
2 destination outside Illinois, for use outside Illinois.

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

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

23 (7) at the election of any serviceman not required to
24 be otherwise registered as a retailer under Section 2a of
25 the Retailers' Occupation Tax Act, made for each fiscal
26 year sales of service in which the aggregate annual cost

1 price of tangible personal property transferred as an
2 incident to the sales of service is less than 35%, or 75%
3 in the case of servicemen transferring prescription drugs
4 or servicemen engaged in graphic arts production, of the
5 aggregate annual total gross receipts from all sales of
6 service. The purchase of such tangible personal property by
7 the serviceman shall be subject to tax under the Retailers'
8 Occupation Tax Act and the Use Tax Act. However, if a
9 primary serviceman who has made the election described in
10 this paragraph subcontracts service work to a secondary
11 serviceman who has also made the election described in this
12 paragraph, the primary serviceman does not incur a Use Tax
13 liability if the secondary serviceman (i) has paid or will
14 pay Use Tax on his or her cost price of any tangible
15 personal property transferred to the primary serviceman
16 and (ii) certifies that fact in writing to the primary
17 serviceman.

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

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

1 shall mean the production of any article of tangible personal
2 property, whether such article is a finished product or an
3 article for use in the process of manufacturing or assembling a
4 different article of tangible personal property, by the
5 combination of existing materials in a manner commonly regarded
6 as assembling which results in a material of a different form,
7 use or name; (3) "machinery" shall mean major mechanical
8 machines or major components of such machines contributing to a
9 manufacturing or assembling process; and (4) "equipment" shall
10 include any independent device or tool separate from any
11 machinery but essential to an integrated manufacturing or
12 assembly process; including computers used primarily in a
13 manufacturer's computer assisted design, computer assisted
14 manufacturing (CAD/CAM) system; or any subunit or assembly
15 comprising a component of any machinery or auxiliary, adjunct
16 or attachment parts of machinery, such as tools, dies, jigs,
17 fixtures, patterns and molds; or any parts which require
18 periodic replacement in the course of normal operation; but
19 shall not include hand tools. Equipment includes chemicals or
20 chemicals acting as catalysts but only if the chemicals or
21 chemicals acting as catalysts effect a direct and immediate
22 change upon a product being manufactured or assembled for
23 wholesale or retail sale or lease. The purchaser of such
24 machinery and equipment who has an active resale registration
25 number shall furnish such number to the seller at the time of
26 purchase. The user of such machinery and equipment and tools

1 without an active resale registration number shall prepare a
2 certificate of exemption for each transaction stating facts
3 establishing the exemption for that transaction, which
4 certificate shall be available to the Department for inspection
5 or audit. The Department shall prescribe the form of the
6 certificate.

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

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

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

1 purchase, use or sale of service or of tangible personal
2 property within the meaning of this Act.

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

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

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

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

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

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

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

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

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

1 similar name, trade name, or trademark as the person
2 located in this State; and

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

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

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

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

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

1 this State of authorized installation, servicing, or
2 repair facilities;

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

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

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

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

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

19 (35 ILCS 110/3-51)

20 Sec. 3-51. 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 subsection (b) of Section~~
24 ~~3-45 means for motor vehicles, as defined in Section 1-46 of~~
25 ~~the Illinois Vehicle Code, and trailers, as defined in Section~~

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

24 (c) This subsection (c) applies to motor vehicles, other
25 than limousines, purchased through June 30, 2017. For motor
26 vehicles, other than limousines, purchased on or after July 1,

1 2017, subsection (d-5) applies. This subsection (c) applies to
2 limousines purchased before, on, or after July 1, 2017. "Use
3 ~~Beginning July 1, 2004, "use~~ as rolling stock moving in
4 interstate commerce" in paragraph ~~paragraphs (4) and~~ (4a) of
5 the definition of "sale of service" in Section 2 and subsection
6 (b) of Section 3-45 occurs for motor vehicles, as defined in
7 Section 1-146 of the Illinois Vehicle Code, when during a
8 12-month period the rolling stock has carried persons or
9 property for hire in interstate commerce for greater than 50%
10 of its total trips for that period or for greater than 50% of
11 its total miles for that period. The person claiming the
12 exemption shall make an election at the time of purchase to use
13 either the trips or mileage method. Persons who purchased motor
14 vehicles prior to July 1, 2004 shall make an election to use
15 either the trips or mileage method and document that election
16 in their books and records. If no election is made under this
17 subsection to use the trips or mileage method, the person shall
18 be deemed to have chosen the mileage method.

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

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

9 (d) For purchases made through June 30, 2017 ~~Beginning July~~
10 ~~1, 2004,~~ "use as rolling stock moving in interstate commerce"
11 in paragraph ~~paragraphs (4) and~~ (4a) of the definition of "sale
12 of service" in Section 2 and subsection (b) of Section 3-45
13 occurs for trailers, as defined in Section 1-209 of the
14 Illinois Vehicle Code, semitrailers as defined in Section 1-187
15 of the Illinois Vehicle Code, and pole trailers as defined in
16 Section 1-161 of the Illinois Vehicle Code, when during a
17 12-month period the rolling stock has carried persons or
18 property for hire in interstate commerce for greater than 50%
19 of its total trips for that period or for greater than 50% of
20 its total miles for that period. The person claiming the
21 exemption for a trailer or trailers that will not be dedicated
22 to a motor vehicle or group of motor vehicles shall make an
23 election at the time of purchase to use either the trips or
24 mileage method. Persons who purchased trailers prior to July 1,
25 2004 that are not dedicated to a motor vehicle or group of
26 motor vehicles shall make an election to use either the trips

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

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

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

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

1 subsection (c) of this Section, then that trailer,
2 semitrailer, or pole trailer qualifies as rolling stock
3 moving in interstate commerce under this subsection.

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

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

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

26 (2) for purposes of the exemption under paragraph (4a)

1 of the definition of "sale of service" in Section 2, the
2 purchaser who is an owner, lessor, or shipper claiming the
3 exemption certifies that the motor vehicle or trailer will
4 be utilized, from the time of purchase and continuing
5 through the statute of limitations for issuing a notice of
6 tax liability under this Act, by an interstate carrier or
7 carriers for hire who hold, and are required by Federal
8 Motor Carrier Safety Administration regulations to hold,
9 an active USDOT Number with the Carrier Operation listed as
10 "Interstate" and the Operation Classification listed as
11 "authorized for hire", "exempt for hire", or both
12 "authorized for hire" and "exempt for hire"; and

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

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

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

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

26 "Motor vehicle" excludes limousines, but otherwise

1 means that term as defined in Section 1-146 of the Illinois
2 Vehicle Code.

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

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

23 (35 ILCS 115/2) (from Ch. 120, par. 439.102)

24 Sec. 2. "Transfer" means any transfer of the title to

1 property or of the ownership of property whether or not the
2 transferor retains title as security for the payment of amounts
3 due him from the transferee.

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

16 "Department" means the Department of Revenue.

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

22 "Sale of Service" means any transaction except:

23 (a) A retail sale of tangible personal property taxable
24 under the Retailers' Occupation Tax Act or under the Use Tax
25 Act.

26 (b) A sale of tangible personal property for the purpose of

1 resale made in compliance with Section 2c of the Retailers'
2 Occupation Tax Act.

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

16 (d) (Blank). ~~A sale or transfer of tangible personal~~
17 ~~property as an incident to the rendering of service for~~
18 ~~interstate carriers for hire for use as rolling stock moving in~~
19 ~~interstate commerce or lessors under leases of one year or~~
20 ~~longer, executed or in effect at the time of purchase, to~~
21 ~~interstate carriers for hire for use as rolling stock moving in~~
22 ~~interstate commerce, and equipment operated by a~~
23 ~~telecommunications provider, licensed as a common carrier by~~
24 ~~the Federal Communications Commission, which is permanently~~
25 ~~installed in or affixed to aircraft moving in interstate~~
26 ~~commerce.~~

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

10 (d-1.1) On and after July 1, 2003 and through June 30,
11 2004, a sale or transfer of a motor vehicle of the second
12 division with a gross vehicle weight in excess of 8,000 pounds
13 as an incident to the rendering of service if that motor
14 vehicle is subject to the commercial distribution fee imposed
15 under Section 3-815.1 of the Illinois Vehicle Code. Beginning
16 on July 1, 2004 and through June 30, 2005, the use in this
17 State of motor vehicles of the second division: (i) with a
18 gross vehicle weight rating in excess of 8,000 pounds; (ii)
19 that are subject to the commercial distribution fee imposed
20 under Section 3-815.1 of the Illinois Vehicle Code; and (iii)
21 that are primarily used for commercial purposes. Through June
22 30, 2005, this exemption applies to repair and replacement
23 parts added after the initial purchase of such a motor vehicle
24 if that motor vehicle is used in a manner that would qualify
25 for the rolling stock exemption otherwise provided for in this
26 Act. For purposes of this paragraph, "used for commercial

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

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

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

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

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

1 Act of the 98th General Assembly are declaratory of existing
2 law as to the meaning and scope of this exemption.

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

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

1 property transferred to the primary serviceman and (ii)
2 certifies that fact in writing to the primary serviceman.

3 Tangible personal property transferred incident to the
4 completion of a maintenance agreement is exempt from the tax
5 imposed pursuant to this Act.

6 Exemption (e) also includes machinery and equipment used in
7 the general maintenance or repair of such exempt machinery and
8 equipment or for in-house manufacture of exempt machinery and
9 equipment. The machinery and equipment exemption does not
10 include machinery and equipment used in (i) the generation of
11 electricity for wholesale or retail sale; (ii) the generation
12 or treatment of natural or artificial gas for wholesale or
13 retail sale that is delivered to customers through pipes,
14 pipelines, or mains; or (iii) the treatment of water for
15 wholesale or retail sale that is delivered to customers through
16 pipes, pipelines, or mains. The provisions of this amendatory
17 Act of the 98th General Assembly are declaratory of existing
18 law as to the meaning and scope of this exemption. For the
19 purposes of exemption (e), each of these terms shall have the
20 following meanings: (1) "manufacturing process" shall mean the
21 production of any article of tangible personal property,
22 whether such article is a finished product or an article for
23 use in the process of manufacturing or assembling a different
24 article of tangible personal property, by procedures commonly
25 regarded as manufacturing, processing, fabricating, or
26 refining which changes some existing material or materials into

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

1 or attachment parts of machinery, such as tools, dies, jigs,
2 fixtures, patterns and molds; or any parts which require
3 periodic replacement in the course of normal operation; but
4 shall not include hand tools. Equipment includes chemicals or
5 chemicals acting as catalysts but only if the chemicals or
6 chemicals acting as catalysts effect a direct and immediate
7 change upon a product being manufactured or assembled for
8 wholesale or retail sale or lease. The purchaser of such
9 machinery and equipment who has an active resale registration
10 number shall furnish such number to the seller at the time of
11 purchase. The purchaser of such machinery and equipment and
12 tools without an active resale registration number shall
13 furnish to the seller a certificate of exemption for each
14 transaction stating facts establishing the exemption for that
15 transaction, which certificate shall be available to the
16 Department for inspection or audit.

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

23 Any informal rulings, opinions or letters issued by the
24 Department in response to an inquiry or request for any opinion
25 from any person regarding the coverage and applicability of
26 exemption (e) to specific devices shall be published,

1 maintained as a public record, and made available for public
2 inspection and copying. If the informal ruling, opinion or
3 letter contains trade secrets or other confidential
4 information, where possible the Department shall delete such
5 information prior to publication. Whenever such informal
6 rulings, opinions, or letters contain any policy of general
7 applicability, the Department shall formulate and adopt such
8 policy as a rule in accordance with the provisions of the
9 Illinois Administrative Procedure Act.

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

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

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

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

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

22 (35 ILCS 115/2d)

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

25 (a) (Blank). ~~Through June 30, 2003, "use as rolling stock~~

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

13 (b) (Blank). ~~On and after July 1, 2003 and through June 30,~~
14 ~~2004, "use as rolling stock moving in interstate commerce" in~~
15 ~~paragraphs (d) and (d-1) of the definition of "sale of service"~~
16 ~~in Section 2 occurs for motor vehicles, as defined in Section~~
17 ~~1-146 of the Illinois Vehicle Code, when during a 12 month~~
18 ~~period the rolling stock has carried persons or property for~~
19 ~~hire in interstate commerce for 51% of its total trips and~~
20 ~~transports persons whose journeys or property whose shipments~~
21 ~~originate or terminate outside Illinois. Trips that are only~~
22 ~~between points in Illinois will not be counted as interstate~~
23 ~~trips when calculating whether the tangible personal property~~
24 ~~qualifies for the exemption but such trips will be included in~~
25 ~~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 (d) and (d-1) of
7 the definition of "sale of service" in Section 2 occurs for
8 motor vehicles, as defined in Section 1-146 of the Illinois
9 Vehicle Code, when during a 12-month period the rolling stock
10 has carried persons or property for hire in interstate commerce
11 for greater than 50% of its total trips for that period or for
12 greater than 50% of its total miles for that period. The person
13 claiming the exemption shall make an election at the time of
14 purchase to use either the trips or mileage method. Persons who
15 purchased motor vehicles prior to July 1, 2004 shall make an
16 election to use either the trips or mileage method and document
17 that election in their books and records. If no election is
18 made under this subsection to use the trips or mileage method,
19 the person shall be deemed 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 (d) and~~ (d-1) of the definition of
13 "sale of service" in Section 2 occurs for trailers, as defined
14 in Section 1-209 of the Illinois Vehicle Code, semitrailers as
15 defined in Section 1-187 of the Illinois Vehicle Code, and pole
16 trailers as defined in Section 1-161 of the Illinois Vehicle
17 Code, when during a 12-month period the rolling stock has
18 carried persons or property for hire in interstate commerce for
19 greater than 50% of its total trips for that period or for
20 greater than 50% of its total miles for that period. The person
21 claiming the exemption for a trailer or trailers that will not
22 be dedicated to a motor vehicle or group of motor vehicles
23 shall make an election at the time of purchase to use either
24 the trips or mileage method. Persons who purchased trailers
25 prior to July 1, 2004 that are not dedicated to a motor vehicle
26 or group of motor vehicles shall make an election to use either

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

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

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

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

1 subsection (c) of this Section, then that trailer,
2 semitrailer, or pole trailer qualifies as rolling stock
3 moving in interstate commerce under this subsection.

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

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

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

26 (2) for purposes of the exemption under paragraph (d-1)

1 of the definition of "sale of service" in Section 2, the
2 purchaser who is an owner, lessor, or shipper claiming the
3 exemption certifies that the motor vehicle or trailer will
4 be utilized, from the time of purchase and continuing
5 through the statute of limitations for issuing a notice of
6 tax liability under this Act, by an interstate carrier or
7 carriers for hire who hold, and are required by Federal
8 Motor Carrier Safety Administration regulations to hold,
9 an active USDOT Number with the Carrier Operation listed as
10 "Interstate" and the Operation Classification listed as
11 "authorized for hire", "exempt for hire", or both
12 "authorized for hire" and "exempt for hire"; and

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

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

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

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

26 "Motor vehicle" excludes limousines, but otherwise

1 means that term as defined in Section 1-146 of the Illinois
2 Vehicle Code.

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

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

26 Notwithstanding any other provision of law to the contrary,

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

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

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

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

22 (35 ILCS 120/2-5)

23 Sec. 2-5. Exemptions. Gross receipts from proceeds from the
24 sale of the following tangible personal property are exempt

1 from the tax imposed by this Act:

2 (1) Farm chemicals.

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

22 Farm machinery and equipment shall include precision
23 farming equipment that is installed or purchased to be
24 installed on farm machinery and equipment including, but not
25 limited to, tractors, harvesters, sprayers, planters, seeders,
26 or spreaders. Precision farming equipment includes, but is not

1 limited to, soil testing sensors, computers, monitors,
2 software, global positioning and mapping systems, and other
3 such equipment.

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

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

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

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

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

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

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

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

1 number issued by the Department.

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

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

23 (12) (Blank). ~~Tangible personal property sold to~~
24 ~~interstate carriers for hire for use as rolling stock moving in~~
25 ~~interstate commerce or to lessors under leases of one year or~~
26 ~~longer executed or in effect at the time of purchase by~~

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

7 (12-5) On and after July 1, 2003 and through June 30, 2004,
8 motor vehicles of the second division with a gross vehicle
9 weight in excess of 8,000 pounds that are subject to the
10 commercial distribution fee imposed under Section 3-815.1 of
11 the Illinois Vehicle Code. Beginning on July 1, 2004 and
12 through June 30, 2005, the use in this State of motor vehicles
13 of the second division: (i) with a gross vehicle weight rating
14 in excess of 8,000 pounds; (ii) that are subject to the
15 commercial distribution fee imposed under Section 3-815.1 of
16 the Illinois Vehicle Code; and (iii) that are primarily used
17 for commercial purposes. Through June 30, 2005, this exemption
18 applies to repair and replacement parts added after the initial
19 purchase of such a motor vehicle if that motor vehicle is used
20 in a manner that would qualify for the rolling stock exemption
21 otherwise provided for in this Act. For purposes of this
22 paragraph, "used for commercial purposes" means the
23 transportation of persons or property in furtherance of any
24 commercial or industrial enterprise whether for-hire or not.

25 (13) Proceeds from sales to owners, lessors, or shippers of
26 tangible personal property that is utilized by interstate

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

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

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

8 (16) Petroleum products sold to a purchaser if the seller
9 is prohibited by federal law from charging tax to the
10 purchaser.

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

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

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

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

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

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

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

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

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

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

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

23 (25) Except as provided in item (25-5) of this Section, a
24 motor vehicle sold in this State to a nonresident even though
25 the motor vehicle is delivered to the nonresident in this
26 State, if the motor vehicle is not to be titled in this State,

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

9 (25-5) The exemption under item (25) does not apply if the
10 state in which the motor vehicle will be titled does not allow
11 a reciprocal exemption for a motor vehicle sold and delivered
12 in that state to an Illinois resident but titled in Illinois.
13 The tax collected under this Act on the sale of a motor vehicle
14 in this State to a resident of another state that does not
15 allow a reciprocal exemption shall be imposed at a rate equal
16 to the state's rate of tax on taxable property in the state in
17 which the purchaser is a resident, except that the tax shall
18 not exceed the tax that would otherwise be imposed under this
19 Act. At the time of the sale, the purchaser shall execute a
20 statement, signed under penalty of perjury, of his or her
21 intent to title the vehicle in the state in which the purchaser
22 is a resident within 30 days after the sale and of the fact of
23 the payment to the State of Illinois of tax in an amount
24 equivalent to the state's rate of tax on taxable property in
25 his or her state of residence and shall submit the statement to
26 the appropriate tax collection agency in his or her state of

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

11 (25-7) Beginning on July 1, 2007, no tax is imposed under
12 this Act on the sale of an aircraft, as defined in Section 3 of
13 the Illinois Aeronautics Act, if all of the following
14 conditions are met:

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

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

23 (3) the seller retains in his or her books and records
24 and provides to the Department a signed and dated
25 certification from the purchaser, on a form prescribed by
26 the Department, certifying that the requirements of this

1 item (25-7) are met. The certificate must also include the
2 name and address of the purchaser, the address of the
3 location where the aircraft is to be titled or registered,
4 the address of the primary physical location of the
5 aircraft, and other information that the Department may
6 reasonably require.

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

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

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

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

18 (26) Semen used for artificial insemination of livestock
19 for direct agricultural production.

20 (27) Horses, or interests in horses, registered with and
21 meeting the requirements of any of the Arabian Horse Club
22 Registry of America, Appaloosa Horse Club, American Quarter
23 Horse Association, United States Trotting Association, or
24 Jockey Club, as appropriate, used for purposes of breeding or
25 racing for prizes. This item (27) is exempt from the provisions
26 of Section 2-70, and the exemption provided for under this item

1 (27) applies for all periods beginning May 30, 1995, but no
2 claim for credit or refund is allowed on or after January 1,
3 2008 (the effective date of Public Act 95-88) for such taxes
4 paid during the period beginning May 30, 2000 and ending on
5 January 1, 2008 (the effective date of Public Act 95-88).

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

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

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

1 number by the Department that assists victims of the disaster
2 who reside within the declared disaster area.

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

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

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

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

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

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

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

9 (35-5) Beginning August 23, 2001 and through June 30, 2016,
10 food for human consumption that is to be consumed off the
11 premises where it is sold (other than alcoholic beverages, soft
12 drinks, and food that has been prepared for immediate
13 consumption) and prescription and nonprescription medicines,
14 drugs, medical appliances, and insulin, urine testing
15 materials, syringes, and needles used by diabetics, for human
16 use, when purchased for use by a person receiving medical
17 assistance under Article V of the Illinois Public Aid Code who
18 resides in a licensed long-term care facility, as defined in
19 the Nursing Home Care Act, or a licensed facility as defined in
20 the ID/DD Community Care Act, the MC/DD Act, or the Specialized
21 Mental Health Rehabilitation Act of 2013.

22 (36) Beginning August 2, 2001, computers and
23 communications equipment utilized for any hospital purpose and
24 equipment used in the diagnosis, analysis, or treatment of
25 hospital patients sold to a lessor who leases the equipment,
26 under a lease of one year or longer executed or in effect at

1 the time of the purchase, to a hospital that has been issued an
2 active tax exemption identification number by the Department
3 under Section 1g of this Act. This paragraph is exempt from the
4 provisions of Section 2-70.

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

12 (38) Beginning on January 1, 2002 and through June 30,
13 2016, tangible personal property purchased from an Illinois
14 retailer by a taxpayer engaged in centralized purchasing
15 activities in Illinois who will, upon receipt of the property
16 in Illinois, temporarily store the property in Illinois (i) for
17 the purpose of subsequently transporting it outside this State
18 for use or consumption thereafter solely outside this State or
19 (ii) for the purpose of being processed, fabricated, or
20 manufactured into, attached to, or incorporated into other
21 tangible personal property to be transported outside this State
22 and thereafter used or consumed solely outside this State. The
23 Director of Revenue shall, pursuant to rules adopted in
24 accordance with the Illinois Administrative Procedure Act,
25 issue a permit to any taxpayer in good standing with the
26 Department who is eligible for the exemption under this

1 paragraph (38). The permit issued under this paragraph (38)
2 shall authorize the holder, to the extent and in the manner
3 specified in the rules adopted under this Act, to purchase
4 tangible personal property from a retailer exempt from the
5 taxes imposed by this Act. Taxpayers shall maintain all
6 necessary books and records to substantiate the use and
7 consumption of all such tangible personal property outside of
8 the State of Illinois.

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

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

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

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

1 the development of the municipal convention hall. This
2 exemption includes existing public-facilities corporations as
3 provided in Section 11-65-25 of the Illinois Municipal Code.
4 This paragraph is exempt from the provisions of Section 2-70.

5 (42) Beginning January 1, 2017, menstrual pads, tampons,
6 and menstrual cups.

7 (Source: P.A. 98-104, eff. 7-22-13; 98-422, eff. 8-16-13;
8 98-456, eff. 8-16-13; 98-534, eff. 8-23-13; 98-574, eff.
9 1-1-14; 98-583, eff. 1-1-14; 98-756, eff. 7-16-14; 99-180, eff.
10 7-29-15; 99-855, eff. 8-19-16.)

11 (35 ILCS 120/2-51)

12 Sec. 2-51. Motor vehicles; trailers; use as rolling stock
13 definition.

14 (a) (Blank). ~~Through June 30, 2003, "use as rolling stock~~
15 ~~moving in interstate commerce" in paragraphs (12) and (13) of~~
16 ~~Section 2-5 means for motor vehicles, as defined in Section~~
17 ~~1-146 of the Illinois Vehicle Code, and trailers, as defined in~~
18 ~~Section 1-209 of the Illinois Vehicle Code, when on 15 or more~~
19 ~~occasions in a 12-month period the motor vehicle and trailer~~
20 ~~has carried persons or property for hire in interstate~~
21 ~~commerce, even just between points in Illinois, if the motor~~
22 ~~vehicle and trailer transports persons whose journeys or~~
23 ~~property whose shipments originate or terminate outside~~
24 ~~Illinois. This definition applies to all property purchased for~~
25 ~~the purpose of being attached to those motor vehicles or~~

1 ~~trailers as a part thereof.~~

2 (b) (Blank). ~~On and after July 1, 2003 and through June 30,~~
3 ~~2004, "use as rolling stock moving in interstate commerce" in~~
4 ~~paragraphs (12) and (13) of Section 2-5 occurs for motor~~
5 ~~vehicles, as defined in Section 1-146 of the Illinois Vehicle~~
6 ~~Code, when during a 12 month period the rolling stock has~~
7 ~~carried persons or property for hire in interstate commerce for~~
8 ~~51% of its total trips and transports persons whose journeys or~~
9 ~~property whose shipments originate or terminate outside~~
10 ~~Illinois. Trips that are only between points in Illinois shall~~
11 ~~not be counted as interstate trips when calculating whether the~~
12 ~~tangible personal property qualifies for the exemption but such~~
13 ~~trips shall be included in total trips taken.~~

14 (c) This subsection (c) applies to motor vehicles, other
15 than limousines, purchased through June 30, 2017. For motor
16 vehicles, other than limousines, purchased on or after July 1,
17 2017, subsection (d-5) applies. This subsection (c) applies to
18 limousines purchased before, on, or after July 1, 2017. "Use
19 ~~Beginning July 1, 2004, "use as rolling stock moving in~~
20 ~~interstate commerce" in paragraph ~~paragraphs (12) and (13) of~~~~
21 ~~Section 2-5 occurs for motor vehicles, as defined in Section~~
22 ~~1-146 of the Illinois Vehicle Code, when during a 12-month~~
23 ~~period the rolling stock has carried persons or property for~~
24 ~~hire in interstate commerce for greater than 50% of its total~~
25 ~~trips for that period or for greater than 50% of its total~~
26 ~~miles for that period. The person claiming the exemption shall~~

1 make an election at the time of purchase to use either the
2 trips or mileage method. Persons who purchased motor vehicles
3 prior to July 1, 2004 shall make an election to use either the
4 trips or mileage method and document that election in their
5 books and records. If no election is made under this subsection
6 to use the trips or mileage method, the person shall be deemed
7 to have chosen the mileage method.

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

24 (d) For purchases made through June 30, 2017 ~~Beginning July~~
25 ~~1, 2004,~~ "use as rolling stock moving in interstate commerce"
26 in paragraph ~~paragraphs (12) and~~ (13) of Section 2-5 occurs for

1 trailers, as defined in Section 1-209 of the Illinois Vehicle
2 Code, semitrailers as defined in Section 1-187 of the Illinois
3 Vehicle Code, and pole trailers as defined in Section 1-161 of
4 the Illinois Vehicle Code, when during a 12-month period the
5 rolling stock has carried persons or property for hire in
6 interstate commerce for greater than 50% of its total trips for
7 that period or for greater than 50% of its total miles for that
8 period. The person claiming the exemption for a trailer or
9 trailers that will not be dedicated to a motor vehicle or group
10 of motor vehicles shall make an election at the time of
11 purchase to use either the trips or mileage method. Persons who
12 purchased trailers prior to July 1, 2004 that are not dedicated
13 to a motor vehicle or group of motor vehicles shall make an
14 election to use either the trips or mileage method and document
15 that election in their books and records. If no election is
16 made under this subsection to use the trips or mileage method,
17 the person shall be deemed to have chosen the mileage method.

18 For purposes of determining qualifying trips or miles,
19 trailers, semitrailers, or pole trailers that carry property
20 for hire, even just between points in Illinois, will be
21 considered used for hire in interstate commerce if the
22 trailers, semitrailers, or pole trailers transport property
23 whose shipments originate or terminate outside Illinois. This
24 definition applies to all property purchased for the purpose of
25 being attached to those trailers, semitrailers, or pole
26 trailers as a part thereof. In lieu of a person providing

1 documentation regarding the qualifying use of each individual
2 trailer, semitrailer, or pole trailer, that person may document
3 such qualifying use by providing documentation of the
4 following:

5 (1) If a trailer, semitrailer, or pole trailer is
6 dedicated to a motor vehicle that qualifies as rolling
7 stock moving in interstate commerce under subsection (c) of
8 this Section, then that trailer, semitrailer, or pole
9 trailer qualifies as rolling stock moving in interstate
10 commerce under this subsection.

11 (2) If a trailer, semitrailer, or pole trailer is
12 dedicated to a group of motor vehicles that all qualify as
13 rolling stock moving in interstate commerce under
14 subsection (c) of this Section, then that trailer,
15 semitrailer, or pole trailer qualifies as rolling stock
16 moving in interstate commerce under this subsection.

17 (3) If one or more trailers, semitrailers, or pole
18 trailers are dedicated to a group of motor vehicles and not
19 all of those motor vehicles in that group qualify as
20 rolling stock moving in interstate commerce under
21 subsection (c) of this Section, then the percentage of
22 those trailers, semitrailers, or pole trailers that
23 qualifies as rolling stock moving in interstate commerce
24 under this subsection is equal to the percentage of those
25 motor vehicles in that group that qualify as rolling stock
26 moving in interstate commerce under subsection (c) of this

1 Section to which those trailers, semitrailers, or pole
2 trailers are dedicated. However, to determine the
3 qualification for the exemption provided under this item
4 (3), the mathematical application of the qualifying
5 percentage to one or more trailers, semitrailers, or pole
6 trailers under this subpart shall not be allowed as to any
7 fraction of a trailer, semitrailer, or pole trailer.

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

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

13 (2) for purposes of the exemption under paragraph (13)
14 of Section 2-5, the purchaser who is an owner, lessor, or
15 shipper claiming the exemption certifies that the motor
16 vehicle or trailer will be utilized, from the time of
17 purchase and continuing through the statute of limitations
18 for issuing a notice of tax liability under this Act, by an
19 interstate carrier or carriers for hire who hold, and are
20 required by Federal Motor Carrier Safety Administration
21 regulations to hold, an active USDOT Number with the
22 Carrier Operation listed as "Interstate" and the Operation
23 Classification listed as "authorized for hire", "exempt
24 for hire", or both "authorized for hire" and "exempt for
25 hire"; and

26 (3) for motor vehicles, the gross vehicle weight rating

1 exceeds 16,000 pounds.

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

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

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

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

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

21 (e) For aircraft and watercraft purchased on or after
22 January 1, 2014, "use as rolling stock moving in interstate
23 commerce" in ~~paragraph~~ paragraphs (12) and (13) of Section 2-5
24 occurs when, during a 12-month period, the rolling stock has
25 carried persons or property for hire in interstate commerce for
26 greater than 50% of its total trips for that period or for

1 greater than 50% of its total miles for that period. The person
2 claiming the exemption shall make an election at the time of
3 purchase to use either the trips or mileage method and document
4 that election in their books and records. If no election is
5 made under this subsection to use the trips or mileage method,
6 the person shall be deemed to have chosen the mileage method.
7 For aircraft, flight hours may be used in lieu of recording
8 miles in determining whether the aircraft meets the mileage
9 test in this subsection. For watercraft, nautical miles or trip
10 hours may be used in lieu of recording miles in determining
11 whether the watercraft meets the mileage test in this
12 subsection.

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

1 in interstate commerce under this subsection (e).

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

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

7 Section 99. Effective date. This Act takes effect July 1,
8 2017."