

SB3570



100TH GENERAL ASSEMBLY

State of Illinois

2017 and 2018

SB3570

Introduced 2/16/2018, by Sen. Chapin Rose

SYNOPSIS AS INTRODUCED:

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

Amends the Use Tax Act, the Service Use Tax Act, the Service Occupation Tax Act, and the Retailers' Occupation Tax Act. Creates an exemption for trees or tree seedlings purchased for planting as part of a conservation project funded and directed by the United States Department of Agriculture. Provides that the exemption is not subject to the Acts' automatic sunset provisions. Effective immediately.

LRB100 17047 HLH 32198 b

FISCAL NOTE ACT
MAY APPLY

A BILL FOR

1 AN ACT concerning revenue.

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

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

6 (35 ILCS 105/3-5)

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

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

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

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

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

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

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

1 the car is subject to the Replacement Vehicle Tax.

2 (6) Until July 1, 2003 and beginning again on September 1,
3 2004 through August 30, 2014, graphic arts machinery and
4 equipment, including repair and replacement parts, both new and
5 used, and including that manufactured on special order,
6 certified by the purchaser to be used primarily for graphic
7 arts production, and including machinery and equipment
8 purchased for lease. Equipment includes chemicals or chemicals
9 acting as catalysts but only if the chemicals or chemicals
10 acting as catalysts effect a direct and immediate change upon a
11 graphic arts product. Beginning on July 1, 2017, graphic arts
12 machinery and equipment is included in the manufacturing and
13 assembling machinery and equipment exemption under paragraph
14 (18).

15 (7) Farm chemicals.

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

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

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

26 (11) Farm machinery and equipment, both new and used,

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

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

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

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

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

26 (13) Proceeds of mandatory service charges separately

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

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

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

22 (16) Coal and aggregate exploration, mining, off-highway
23 hauling, processing, maintenance, and reclamation equipment,
24 including replacement parts and equipment, and including
25 equipment purchased for lease, but excluding motor vehicles
26 required to be registered under the Illinois Vehicle Code. The

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

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

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

1 for wholesale or retail sale that is delivered to customers
2 through pipes, pipelines, or mains; or (iii) the treatment of
3 water for wholesale or retail sale that is delivered to
4 customers through pipes, pipelines, or mains. The provisions of
5 Public Act 98-583 are declaratory of existing law as to the
6 meaning and scope of this exemption. Beginning on July 1, 2017,
7 the exemption provided by this paragraph (18) includes, but is
8 not limited to, graphic arts machinery and equipment, as
9 defined in paragraph (6) of this Section.

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

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

17 (21) Horses, or interests in horses, registered with and
18 meeting the requirements of any of the Arabian Horse Club
19 Registry of America, Appaloosa Horse Club, American Quarter
20 Horse Association, United States Trotting Association, or
21 Jockey Club, as appropriate, used for purposes of breeding or
22 racing for prizes. This item (21) is exempt from the provisions
23 of Section 3-90, and the exemption provided for under this item
24 (21) applies for all periods beginning May 30, 1995, but no
25 claim for credit or refund is allowed on or after January 1,
26 2008 for such taxes paid during the period beginning May 30,

1 2000 and ending on January 1, 2008.

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

25 (23) Personal property purchased by a lessor who leases the
26 property, under a lease of one year or longer executed or in

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

19 (24) 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 (25) 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 (26) Beginning July 1, 1999, game or game birds purchased
16 at a "game breeding and hunting preserve area" as that term is
17 used in the Wildlife Code. This paragraph is exempt from the
18 provisions of Section 3-90.

19 (27) 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 (28) 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 3-90.

25 (29) 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 3-90.

9 (30) Beginning January 1, 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 in a licensed facility as defined
20 in the ID/DD Community Care Act, the MC/DD Act, or the
21 Specialized Mental Health Rehabilitation Act of 2013.

22 (31) Beginning on August 2, 2001 (the effective date of
23 Public Act 92-227) ~~this amendatory Act of the 92nd General~~
24 ~~Assembly~~, computers and communications equipment utilized for
25 any hospital purpose and equipment used in the diagnosis,
26 analysis, or treatment of hospital patients purchased by a

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

22 (32) Beginning on August 2, 2001 (the effective date of
23 Public Act 92-227) ~~this amendatory Act of the 92nd General~~
24 ~~Assembly~~, personal property purchased by a lessor who leases
25 the property, under a lease of one year or longer executed or
26 in effect at the time the lessor would otherwise be subject to

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

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

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

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

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

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

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

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

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

10 (38) Merchandise that is subject to the Rental Purchase
11 Agreement Occupation and Use Tax. The purchaser must certify
12 that the item is purchased to be rented subject to a rental
13 purchase agreement, as defined in the Rental Purchase Agreement
14 Act, and provide proof of registration under the Rental
15 Purchase Agreement Occupation and Use Tax Act. This paragraph
16 is exempt from the provisions of Section 3-90.

17 (39) Trees or tree seedlings purchased for planting as part
18 of a conservation project funded and directed by the United
19 States Department of Agriculture. This paragraph is exempt from
20 the provisions of Section 3-90.

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

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

1 (35 ILCS 110/3-5)

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

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

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

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

1 tax-free purchases unless it has an active identification
2 number issued by the Department.

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

7 (5) Until July 1, 2003 and beginning again on September 1,
8 2004 through August 30, 2014, graphic arts machinery and
9 equipment, including repair and replacement parts, both new and
10 used, and including that manufactured on special order or
11 purchased for lease, certified by the purchaser to be used
12 primarily for graphic arts production. Equipment includes
13 chemicals or chemicals acting as catalysts but only if the
14 chemicals or chemicals acting as catalysts effect a direct and
15 immediate change upon a graphic arts product. Beginning on July
16 1, 2017, graphic arts machinery and equipment is included in
17 the manufacturing and assembling machinery and equipment
18 exemption under Section 2 of this Act.

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

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

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

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

23 Farm machinery and equipment also includes computers,
24 sensors, software, and related equipment used primarily in the
25 computer-assisted operation of production agriculture
26 facilities, equipment, and activities such as, but not limited

1 to, the collection, monitoring, and correlation of animal and
2 crop data for the purpose of formulating animal diets and
3 agricultural chemicals. This item (7) is exempt from the
4 provisions of Section 3-75.

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

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

22 (9) Proceeds of mandatory service charges separately
23 stated on customers' bills for the purchase and consumption of
24 food and beverages acquired as an incident to the purchase of a
25 service from a serviceman, to the extent that the proceeds of
26 the service charge are in fact turned over as tips or as a

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

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

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

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

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

5 (13) Semen used for artificial insemination of livestock
6 for direct agricultural production.

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

20 (15) Computers and communications equipment utilized for
21 any hospital purpose and equipment used in the diagnosis,
22 analysis, or treatment of hospital patients purchased by a
23 lessor who leases the equipment, under a lease of one year or
24 longer executed or in effect at the time the lessor would
25 otherwise be subject to the tax imposed by this Act, to a
26 hospital that has been issued an active tax exemption

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

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

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

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

20 (18) Beginning with taxable years ending on or after
21 December 31, 1995 and ending with taxable years ending on or
22 before December 31, 2004, personal property that is used in the
23 performance of infrastructure repairs in this State, including
24 but not limited to municipal roads and streets, access roads,
25 bridges, sidewalks, waste disposal systems, water and sewer
26 line extensions, water distribution and purification

1 facilities, storm water drainage and retention facilities, and
2 sewage treatment facilities, resulting from a State or
3 federally declared disaster in Illinois or bordering Illinois
4 when such repairs are initiated on facilities located in the
5 declared disaster area within 6 months after the disaster.

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

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

1 industrial, business, or commercial occupation.

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

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

26 (23) Beginning August 23, 2001 and through June 30, 2016,

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

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

1 the nonqualifying use occurs. No lessor shall collect or
2 attempt to collect an amount (however designated) that purports
3 to reimburse that lessor for the tax imposed by this Act or the
4 Use Tax Act, as the case may be, if the tax has not been paid by
5 the lessor. If a lessor improperly collects any such amount
6 from the lessee, the lessee shall have a legal right to claim a
7 refund of that amount from the lessor. If, however, that amount
8 is not refunded to the lessee for any reason, the lessor is
9 liable to pay that amount to the Department. This paragraph is
10 exempt from the provisions of Section 3-75.

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

1 the lessor. If a lessor improperly collects any such amount
2 from the lessee, the lessee shall have a legal right to claim a
3 refund of that amount from the lessor. If, however, that amount
4 is not refunded to the lessee for any reason, the lessor is
5 liable to pay that amount to the Department. This paragraph is
6 exempt from the provisions of Section 3-75.

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

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

1 lubricants, cleaning solution, latex gloves, and protective
2 films. This exemption applies only to the use of qualifying
3 tangible personal property transferred incident to the
4 modification, refurbishment, completion, replacement, repair,
5 or maintenance of aircraft by persons who (i) hold an Air
6 Agency Certificate and are empowered to operate an approved
7 repair station by the Federal Aviation Administration, (ii)
8 have a Class IV Rating, and (iii) conduct operations in
9 accordance with Part 145 of the Federal Aviation Regulations.
10 The exemption does not include aircraft operated by a
11 commercial air carrier providing scheduled passenger air
12 service pursuant to authority issued under Part 121 or Part 129
13 of the Federal Aviation Regulations. The changes made to this
14 paragraph (27) by Public Act 98-534 are declarative of existing
15 law.

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

1 exemption includes existing public-facilities corporations as
2 provided in Section 11-65-25 of the Illinois Municipal Code.
3 This paragraph is exempt from the provisions of Section 3-75.

4 (29) Beginning January 1, 2017, menstrual pads, tampons,
5 and menstrual cups.

6 (30) Trees or tree seedlings purchased for planting as part
7 of a conservation project funded and directed by the United
8 States Department of Agriculture. This paragraph is exempt from
9 the provisions of Section 3-75.

10 (Source: P.A. 99-180, eff. 7-29-15; 99-855, eff. 8-19-16;
11 100-22, eff. 7-6-17.)

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

14 (35 ILCS 115/3-5)

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

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

24 (2) Personal property purchased by a not-for-profit

1 Illinois county fair association for use in conducting,
2 operating, or promoting the county fair.

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

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

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

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

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

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

1 required to be licensed and units sold mounted on a motor
2 vehicle required to be licensed if the selling price of the
3 tender is separately stated.

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

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

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

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

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

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

1 required to be registered under the Illinois Vehicle Code.

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

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

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

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

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

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

19 (16) Computers and communications equipment utilized for
20 any hospital purpose and equipment used in the diagnosis,
21 analysis, or treatment of hospital patients sold to a lessor
22 who leases the equipment, under a lease of one year or longer
23 executed or in effect at the time of the purchase, to a
24 hospital that has been issued an active tax exemption
25 identification number by the Department under Section 1g of the
26 Retailers' Occupation Tax Act.

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

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

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

1 when such repairs are initiated on facilities located in the
2 declared disaster area within 6 months after the disaster.

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

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

25 (22) Beginning January 1, 2000, personal property,
26 including food, purchased through fundraising events for the

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

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

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

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

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

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

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

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

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

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

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

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

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

11 (31) Trees or tree seedlings purchased for planting as part
12 of a conservation project funded and directed by the United
13 States Department of Agriculture. This paragraph is exempt from
14 the provisions of Section 3-55.

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

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

19 (35 ILCS 120/2-5)

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

23 (1) Farm chemicals.

24 (2) Farm machinery and equipment, both new and used,

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

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

1 mapping systems, and other such equipment.

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

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

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

1 and equipment is included in the manufacturing and
2 assembling machinery and equipment exemption under
3 paragraph (14).

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

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

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

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

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

1 visual arts organizations, and media arts organizations.
2 On and after July 1, 2001 (the effective date of Public Act
3 92-35) ~~this amendatory Act of the 92nd General Assembly,~~
4 however, an entity otherwise eligible for this exemption
5 shall not make tax-free purchases unless it has an active
6 identification number issued by the Department.

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

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

1 shall make tax-free purchases unless it has an active
2 identification number issued by the Department.

3 (12) (Blank).

4 (12-5) On and after July 1, 2003 and through June 30,
5 2004, motor vehicles of the second division with a gross
6 vehicle weight in excess of 8,000 pounds that are subject
7 to the commercial distribution fee imposed under Section
8 3-815.1 of the Illinois Vehicle Code. Beginning on July 1,
9 2004 and through June 30, 2005, the use in this State of
10 motor vehicles of the second division: (i) with a gross
11 vehicle weight rating in excess of 8,000 pounds; (ii) that
12 are subject to the commercial distribution fee imposed
13 under Section 3-815.1 of the Illinois Vehicle Code; and
14 (iii) that are primarily used for commercial purposes.
15 Through June 30, 2005, this exemption applies to repair and
16 replacement parts added after the initial purchase of such
17 a motor vehicle if that motor vehicle is used in a manner
18 that would qualify for the rolling stock exemption
19 otherwise provided for in this Act. For purposes of this
20 paragraph, "used for commercial purposes" means the
21 transportation of persons or property in furtherance of any
22 commercial or industrial enterprise whether for-hire or
23 not.

24 (13) Proceeds from sales to owners, lessors, or
25 shippers of tangible personal property that is utilized by
26 interstate carriers for hire for use as rolling stock

1 moving in interstate commerce and equipment operated by a
2 telecommunications provider, licensed as a common carrier
3 by the Federal Communications Commission, which is
4 permanently installed in or affixed to aircraft moving in
5 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
11 some other person, whether the materials used in the
12 process are owned by the manufacturer or some other person,
13 or whether the sale or lease is made apart from or as an
14 incident to the seller's engaging in the service occupation
15 of producing machines, tools, dies, jigs, patterns,
16 gauges, or other similar items of no commercial value on
17 special order for a particular purchaser. The exemption
18 provided by this paragraph (14) does not include machinery
19 and equipment used in (i) the generation of electricity for
20 wholesale or retail sale; (ii) the generation or treatment
21 of natural or artificial gas for wholesale or retail sale
22 that is delivered to customers through pipes, pipelines, or
23 mains; or (iii) the treatment of water for wholesale or
24 retail sale that is delivered to customers through pipes,
25 pipelines, or mains. The provisions of Public Act 98-583
26 are declaratory of existing law as to the meaning and scope

1 of this exemption. Beginning on July 1, 2017, the exemption
2 provided by this paragraph (14) includes, but is not
3 limited to, graphic arts machinery and equipment, as
4 defined in paragraph (4) of this Section.

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

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

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

24 (18) Legal tender, currency, medallions, or gold or
25 silver coinage issued by the State of Illinois, the
26 government of the United States of America, or the

1 government of any foreign country, and bullion.

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

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

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

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

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

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

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

25 (24) Fuel consumed or used in the operation of ships,
26 barges, or vessels that are used primarily in or for the

1 transportation of property or the conveyance of persons for
2 hire on rivers bordering on this State if the fuel is
3 delivered by the seller to the purchaser's barge, ship, or
4 vessel while it is afloat upon that bordering river.

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

17 (25-5) The exemption under item (25) does not apply if
18 the state in which the motor vehicle will be titled does
19 not allow a reciprocal exemption for a motor vehicle sold
20 and delivered in that state to an Illinois resident but
21 titled in Illinois. The tax collected under this Act on the
22 sale of a motor vehicle in this State to a resident of
23 another state that does not allow a reciprocal exemption
24 shall be imposed at a rate equal to the state's rate of tax
25 on taxable property in the state in which the purchaser is
26 a resident, except that the tax shall not exceed the tax

1 that would otherwise be imposed under this Act. At the time
2 of the sale, the purchaser shall execute a statement,
3 signed under penalty of perjury, of his or her intent to
4 title the vehicle in the state in which the purchaser is a
5 resident within 30 days after the sale and of the fact of
6 the payment to the State of Illinois of tax in an amount
7 equivalent to the state's rate of tax on taxable property
8 in his or her state of residence and shall submit the
9 statement to the appropriate tax collection agency in his
10 or her state of residence. In addition, the retailer must
11 retain a signed copy of the statement in his or her
12 records. Nothing in this item shall be construed to require
13 the removal of the vehicle from this state following the
14 filing of an intent to title the vehicle in the purchaser's
15 state of residence if the purchaser titles the vehicle in
16 his or her state of residence within 30 days after the date
17 of sale. The tax collected under this Act in accordance
18 with this item (25-5) shall be proportionately distributed
19 as if the tax were collected at the 6.25% general rate
20 imposed under this Act.

21 (25-7) Beginning on July 1, 2007, no tax is imposed
22 under this Act on the sale of an aircraft, as defined in
23 Section 3 of the Illinois Aeronautics Act, if all of the
24 following conditions are met:

25 (1) the aircraft leaves this State within 15 days
26 after the later of either the issuance of the final

1 billing for the sale of the aircraft, or the authorized
2 approval for return to service, completion of the
3 maintenance record entry, and completion of the test
4 flight and ground test for inspection, as required by
5 14 C.F.R. 91.407;

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

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

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

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

25 "Registered in this State" means an aircraft
26 registered with the Department of Transportation,

1 Aeronautics Division, or titled or registered with the
2 Federal Aviation Administration to an address located in
3 this State.

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

6 (26) Semen used for artificial insemination of
7 livestock for direct agricultural production.

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

21 (28) Computers and communications equipment utilized
22 for any hospital purpose and equipment used in the
23 diagnosis, analysis, or treatment of hospital patients
24 sold to a lessor who leases the equipment, under a lease of
25 one year or longer executed or in effect at the time of the
26 purchase, to a hospital that has been issued an active tax

1 exemption identification number by the Department under
2 Section 1g of this Act.

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

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

20 (31) Beginning with taxable years ending on or after
21 December 31, 1995 and ending with taxable years ending on
22 or before December 31, 2004, personal property that is used
23 in the performance of infrastructure repairs in this State,
24 including but not limited to municipal roads and streets,
25 access roads, bridges, sidewalks, waste disposal systems,
26 water and sewer line extensions, water distribution and

1 purification facilities, storm water drainage and
2 retention facilities, and sewage treatment facilities,
3 resulting from a State or federally declared disaster in
4 Illinois or bordering Illinois when such repairs are
5 initiated on facilities located in the declared disaster
6 area within 6 months after the disaster.

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

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

1 weeks duration and designed to prepare individuals to
2 follow a trade or to pursue a manual, technical,
3 mechanical, industrial, business, or commercial
4 occupation.

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

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

1 occupation tax is paid on the gross receipts derived from
2 the use of the commercial, coin-operated amusement and
3 vending machines. This paragraph is exempt from the
4 provisions of Section 2-70.

5 (35-5) Beginning August 23, 2001 and through June 30,
6 2016, food for human consumption that is to be consumed off
7 the premises where it is sold (other than alcoholic
8 beverages, soft drinks, and food that has been prepared for
9 immediate consumption) and prescription and
10 nonprescription medicines, drugs, medical appliances, and
11 insulin, urine testing materials, syringes, and needles
12 used by diabetics, for human use, when purchased for use by
13 a person receiving medical assistance under Article V of
14 the Illinois Public Aid Code who resides in a licensed
15 long-term care facility, as defined in the Nursing Home
16 Care Act, or a licensed facility as defined in the ID/DD
17 Community Care Act, the MC/DD Act, or the Specialized
18 Mental Health Rehabilitation Act of 2013.

19 (36) Beginning August 2, 2001, computers and
20 communications equipment utilized for any hospital purpose
21 and equipment used in the diagnosis, analysis, or treatment
22 of hospital patients sold to a lessor who leases the
23 equipment, under a lease of one year or longer executed or
24 in effect at the time of the purchase, to a hospital that
25 has been issued an active tax exemption identification
26 number by the Department under Section 1g of this Act. This

1 paragraph is exempt from the provisions of Section 2-70.

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

9 (38) Beginning on January 1, 2002 and through June 30,
10 2016, tangible personal property purchased from an
11 Illinois retailer by a taxpayer engaged in centralized
12 purchasing activities in Illinois who will, upon receipt of
13 the property in Illinois, temporarily store the property in
14 Illinois (i) for the purpose of subsequently transporting
15 it outside this State for use or consumption thereafter
16 solely outside this State or (ii) for the purpose of being
17 processed, fabricated, or manufactured into, attached to,
18 or incorporated into other tangible personal property to be
19 transported outside this State and thereafter used or
20 consumed solely outside this State. The Director of Revenue
21 shall, pursuant to rules adopted in accordance with the
22 Illinois Administrative Procedure Act, issue a permit to
23 any taxpayer in good standing with the Department who is
24 eligible for the exemption under this paragraph (38). The
25 permit issued under this paragraph (38) shall authorize the
26 holder, to the extent and in the manner specified in the

1 rules adopted under this Act, to purchase tangible personal
2 property from a retailer exempt from the taxes imposed by
3 this Act. Taxpayers shall maintain all necessary books and
4 records to substantiate the use and consumption of all such
5 tangible personal property outside of the State of
6 Illinois.

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

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

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

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

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

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

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

17 (44) Trees or tree seedlings purchased for planting as
18 part of a conservation project funded and directed by the
19 United States Department of Agriculture. This paragraph is
20 exempt from the provisions of Section 2-70.

21 (Source: P.A. 99-180, eff. 7-29-15; 99-855, eff. 8-19-16;
22 100-22, eff. 7-6-17; 100-321, eff. 8-24-17; 100-437, eff.
23 1-1-18; revised 9-26-17.)

24 Section 99. Effective date. This Act takes effect upon
25 becoming law.