



## 101ST GENERAL ASSEMBLY

### State of Illinois

2019 and 2020

HB3306

by Rep. Fred Crespo

#### SYNOPSIS AS INTRODUCED:

New Act

35 ILCS 5/201	from Ch. 120, par. 2-201
35 ILCS 105/3-5	
35 ILCS 110/3-5	
35 ILCS 115/3-5	
35 ILCS 120/2-5	
35 ILCS 120/5m new	
35 ILCS 200/184.10 new	
220 ILCS 5/9-222	from Ch. 111 2/3, par. 9-222
220 ILCS 5/9-222.1B new	

Creates the Big Empties Site Act. Provides that property located in the State consisting of one or more PINs but under common ownership at the time of the application, that contains at least one vacant and unused building of specified square footage, is qualified to be designated as a Big Empties Site. Provides that a county or municipality that has adopted an ordinance designating a qualified site as a Big Empties Site shall make written application to the Department of Commerce and Economic Opportunity to have that site certified by the Department as a Big Empties Site. Contains procedures for certification by the Department of Commerce and Economic Opportunity. Amends the Illinois Income Tax Act, the Use Tax Act, the Service Use Tax Act, and the Public Utilities Act to provide certain tax incentives for Big Empties Sites. Amends the Property Tax Code to provide that a taxing district may issue an abatement. Effective immediately.

LRB101 08378 HLH 53447 b

FISCAL NOTE ACT  
MAY APPLY

HOUSING  
AFFORDABILITY  
IMPACT 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 1. Short title. This Act may be cited as the Big  
5 Empties Site Act.

6 Section 5. Definitions. As used in this Act:

7 "Department" means the Department of Commerce and Economic  
8 Opportunity.

9 "Qualified site" means property located in the State  
10 consisting of one or more PINs but under common ownership at  
11 the time of the application that contains at least one vacant  
12 and unused building of (i) 1,000,000 square feet or greater in  
13 Cook, DuPage, Kane, Kendall, Lake, McHenry, or Will County or  
14 (ii) 500,000 square feet or greater in any other county.

15 Section 10. Site designation; application. A county or  
16 municipality that has adopted an ordinance designating a  
17 qualified site as a Big Empties Site shall make written  
18 application to the Department to have that site certified by  
19 the Department as a Big Empties Site. The application shall  
20 include a copy of the ordinance designating the proposed site  
21 and such other information as the Department may, by rule,  
22 require. All applications which are to be considered and acted

1 upon by the Department during a calendar year must be received  
2 by the Department no later than December 31 of the preceding  
3 calendar year. Any application received after December 31 of  
4 any calendar year shall be held by the Department for  
5 consideration and action during the following calendar year.

6 Section 15. Certification. Certification of a  
7 Department-approved Big Empties Site shall be made by the  
8 Department by certification of the designating ordinance. The  
9 Department shall promptly issue a certificate for site upon  
10 approval. The certificate shall be signed by the Director of  
11 the Department, shall make specific reference to the  
12 designating ordinance, which shall be attached thereto, and  
13 shall be filed in the office of the Secretary of State. A  
14 certified copy of the certificate, or a duplicate original  
15 thereof, shall be recorded in the office of recorder of deeds  
16 of the county in which the site lies. Such certification shall  
17 have a term of no greater than 15 years.

18 Section 900. The Illinois Income Tax Act is amended by  
19 changing Section 201 as follows:

20 (35 ILCS 5/201) (from Ch. 120, par. 2-201)

21 Sec. 201. Tax imposed.

22 (a) In general. A tax measured by net income is hereby  
23 imposed on every individual, corporation, trust and estate for

1 each taxable year ending after July 31, 1969 on the privilege  
2 of earning or receiving income in or as a resident of this  
3 State. Such tax shall be in addition to all other occupation or  
4 privilege taxes imposed by this State or by any municipal  
5 corporation or political subdivision thereof.

6 (b) Rates. The tax imposed by subsection (a) of this  
7 Section shall be determined as follows, except as adjusted by  
8 subsection (d-1):

9 (1) In the case of an individual, trust or estate, for  
10 taxable years ending prior to July 1, 1989, an amount equal  
11 to 2 1/2% of the taxpayer's net income for the taxable  
12 year.

13 (2) In the case of an individual, trust or estate, for  
14 taxable years beginning prior to July 1, 1989 and ending  
15 after June 30, 1989, an amount equal to the sum of (i) 2  
16 1/2% of the taxpayer's net income for the period prior to  
17 July 1, 1989, as calculated under Section 202.3, and (ii)  
18 3% of the taxpayer's net income for the period after June  
19 30, 1989, as calculated under Section 202.3.

20 (3) In the case of an individual, trust or estate, for  
21 taxable years beginning after June 30, 1989, and ending  
22 prior to January 1, 2011, an amount equal to 3% of the  
23 taxpayer's net income for the taxable year.

24 (4) In the case of an individual, trust, or estate, for  
25 taxable years beginning prior to January 1, 2011, and  
26 ending after December 31, 2010, an amount equal to the sum

1 of (i) 3% of the taxpayer's net income for the period prior  
2 to January 1, 2011, as calculated under Section 202.5, and  
3 (ii) 5% of the taxpayer's net income for the period after  
4 December 31, 2010, as calculated under Section 202.5.

5 (5) In the case of an individual, trust, or estate, for  
6 taxable years beginning on or after January 1, 2011, and  
7 ending prior to January 1, 2015, an amount equal to 5% of  
8 the taxpayer's net income for the taxable year.

9 (5.1) In the case of an individual, trust, or estate,  
10 for taxable years beginning prior to January 1, 2015, and  
11 ending after December 31, 2014, an amount equal to the sum  
12 of (i) 5% of the taxpayer's net income for the period prior  
13 to January 1, 2015, as calculated under Section 202.5, and  
14 (ii) 3.75% of the taxpayer's net income for the period  
15 after December 31, 2014, as calculated under Section 202.5.

16 (5.2) In the case of an individual, trust, or estate,  
17 for taxable years beginning on or after January 1, 2015,  
18 and ending prior to July 1, 2017, an amount equal to 3.75%  
19 of the taxpayer's net income for the taxable year.

20 (5.3) In the case of an individual, trust, or estate,  
21 for taxable years beginning prior to July 1, 2017, and  
22 ending after June 30, 2017, an amount equal to the sum of  
23 (i) 3.75% of the taxpayer's net income for the period prior  
24 to July 1, 2017, as calculated under Section 202.5, and  
25 (ii) 4.95% of the taxpayer's net income for the period  
26 after June 30, 2017, as calculated under Section 202.5.

1           (5.4) In the case of an individual, trust, or estate,  
2           for taxable years beginning on or after July 1, 2017, an  
3           amount equal to 4.95% of the taxpayer's net income for the  
4           taxable year.

5           (6) In the case of a corporation, for taxable years  
6           ending prior to July 1, 1989, an amount equal to 4% of the  
7           taxpayer's net income for the taxable year.

8           (7) In the case of a corporation, for taxable years  
9           beginning prior to July 1, 1989 and ending after June 30,  
10          1989, an amount equal to the sum of (i) 4% of the  
11          taxpayer's net income for the period prior to July 1, 1989,  
12          as calculated under Section 202.3, and (ii) 4.8% of the  
13          taxpayer's net income for the period after June 30, 1989,  
14          as calculated under Section 202.3.

15          (8) In the case of a corporation, for taxable years  
16          beginning after June 30, 1989, and ending prior to January  
17          1, 2011, an amount equal to 4.8% of the taxpayer's net  
18          income for the taxable year.

19          (9) In the case of a corporation, for taxable years  
20          beginning prior to January 1, 2011, and ending after  
21          December 31, 2010, an amount equal to the sum of (i) 4.8%  
22          of the taxpayer's net income for the period prior to  
23          January 1, 2011, as calculated under Section 202.5, and  
24          (ii) 7% of the taxpayer's net income for the period after  
25          December 31, 2010, as calculated under Section 202.5.

26          (10) In the case of a corporation, for taxable years

1 beginning on or after January 1, 2011, and ending prior to  
2 January 1, 2015, an amount equal to 7% of the taxpayer's  
3 net income for the taxable year.

4 (11) In the case of a corporation, for taxable years  
5 beginning prior to January 1, 2015, and ending after  
6 December 31, 2014, an amount equal to the sum of (i) 7% of  
7 the taxpayer's net income for the period prior to January  
8 1, 2015, as calculated under Section 202.5, and (ii) 5.25%  
9 of the taxpayer's net income for the period after December  
10 31, 2014, as calculated under Section 202.5.

11 (12) In the case of a corporation, for taxable years  
12 beginning on or after January 1, 2015, and ending prior to  
13 July 1, 2017, an amount equal to 5.25% of the taxpayer's  
14 net income for the taxable year.

15 (13) In the case of a corporation, for taxable years  
16 beginning prior to July 1, 2017, and ending after June 30,  
17 2017, an amount equal to the sum of (i) 5.25% of the  
18 taxpayer's net income for the period prior to July 1, 2017,  
19 as calculated under Section 202.5, and (ii) 7% of the  
20 taxpayer's net income for the period after June 30, 2017,  
21 as calculated under Section 202.5.

22 (14) In the case of a corporation, for taxable years  
23 beginning on or after July 1, 2017, an amount equal to 7%  
24 of the taxpayer's net income for the taxable year.

25 The rates under this subsection (b) are subject to the  
26 provisions of Section 201.5.

1           (c) Personal Property Tax Replacement Income Tax.  
2 Beginning on July 1, 1979 and thereafter, in addition to such  
3 income tax, there is also hereby imposed the Personal Property  
4 Tax Replacement Income Tax measured by net income on every  
5 corporation (including Subchapter S corporations), partnership  
6 and trust, for each taxable year ending after June 30, 1979.  
7 Such taxes are imposed on the privilege of earning or receiving  
8 income in or as a resident of this State. The Personal Property  
9 Tax Replacement Income Tax shall be in addition to the income  
10 tax imposed by subsections (a) and (b) of this Section and in  
11 addition to all other occupation or privilege taxes imposed by  
12 this State or by any municipal corporation or political  
13 subdivision thereof.

14           (d) Additional Personal Property Tax Replacement Income  
15 Tax Rates. The personal property tax replacement income tax  
16 imposed by this subsection and subsection (c) of this Section  
17 in the case of a corporation, other than a Subchapter S  
18 corporation and except as adjusted by subsection (d-1), shall  
19 be an additional amount equal to 2.85% of such taxpayer's net  
20 income for the taxable year, except that beginning on January  
21 1, 1981, and thereafter, the rate of 2.85% specified in this  
22 subsection shall be reduced to 2.5%, and in the case of a  
23 partnership, trust or a Subchapter S corporation shall be an  
24 additional amount equal to 1.5% of such taxpayer's net income  
25 for the taxable year.

26           (d-1) Rate reduction for certain foreign insurers. In the



1 case of a foreign insurer, as defined by Section 35A-5 of the  
2 Illinois Insurance Code, whose state or country of domicile  
3 imposes on insurers domiciled in Illinois a retaliatory tax  
4 (excluding any insurer whose premiums from reinsurance assumed  
5 are 50% or more of its total insurance premiums as determined  
6 under paragraph (2) of subsection (b) of Section 304, except  
7 that for purposes of this determination premiums from  
8 reinsurance do not include premiums from inter-affiliate  
9 reinsurance arrangements), beginning with taxable years ending  
10 on or after December 31, 1999, the sum of the rates of tax  
11 imposed by subsections (b) and (d) shall be reduced (but not  
12 increased) to the rate at which the total amount of tax imposed  
13 under this Act, net of all credits allowed under this Act,  
14 shall equal (i) the total amount of tax that would be imposed  
15 on the foreign insurer's net income allocable to Illinois for  
16 the taxable year by such foreign insurer's state or country of  
17 domicile if that net income were subject to all income taxes  
18 and taxes measured by net income imposed by such foreign  
19 insurer's state or country of domicile, net of all credits  
20 allowed or (ii) a rate of zero if no such tax is imposed on such  
21 income by the foreign insurer's state of domicile. For the  
22 purposes of this subsection (d-1), an inter-affiliate includes  
23 a mutual insurer under common management.

24 (1) For the purposes of subsection (d-1), in no event  
25 shall the sum of the rates of tax imposed by subsections  
26 (b) and (d) be reduced below the rate at which the sum of:

1 (A) the total amount of tax imposed on such foreign  
2 insurer under this Act for a taxable year, net of all  
3 credits allowed under this Act, plus

4 (B) the privilege tax imposed by Section 409 of the  
5 Illinois Insurance Code, the fire insurance company  
6 tax imposed by Section 12 of the Fire Investigation  
7 Act, and the fire department taxes imposed under  
8 Section 11-10-1 of the Illinois Municipal Code,  
9 equals 1.25% for taxable years ending prior to December 31,  
10 2003, or 1.75% for taxable years ending on or after  
11 December 31, 2003, of the net taxable premiums written for  
12 the taxable year, as described by subsection (1) of Section  
13 409 of the Illinois Insurance Code. This paragraph will in  
14 no event increase the rates imposed under subsections (b)  
15 and (d).

16 (2) Any reduction in the rates of tax imposed by this  
17 subsection shall be applied first against the rates imposed  
18 by subsection (b) and only after the tax imposed by  
19 subsection (a) net of all credits allowed under this  
20 Section other than the credit allowed under subsection (i)  
21 has been reduced to zero, against the rates imposed by  
22 subsection (d).

23 This subsection (d-1) is exempt from the provisions of  
24 Section 250.

25 (e) Investment credit. A taxpayer shall be allowed a credit  
26 against the Personal Property Tax Replacement Income Tax for

1 investment in qualified property.

2 (1) A taxpayer shall be allowed a credit equal to .5%  
3 of the basis of qualified property placed in service during  
4 the taxable year, provided such property is placed in  
5 service on or after July 1, 1984. There shall be allowed an  
6 additional credit equal to .5% of the basis of qualified  
7 property placed in service during the taxable year,  
8 provided such property is placed in service on or after  
9 July 1, 1986, and the taxpayer's base employment within  
10 Illinois has increased by 1% or more over the preceding  
11 year as determined by the taxpayer's employment records  
12 filed with the Illinois Department of Employment Security.  
13 Taxpayers who are new to Illinois shall be deemed to have  
14 met the 1% growth in base employment for the first year in  
15 which they file employment records with the Illinois  
16 Department of Employment Security. The provisions added to  
17 this Section by Public Act 85-1200 (and restored by Public  
18 Act 87-895) shall be construed as declaratory of existing  
19 law and not as a new enactment. If, in any year, the  
20 increase in base employment within Illinois over the  
21 preceding year is less than 1%, the additional credit shall  
22 be limited to that percentage times a fraction, the  
23 numerator of which is .5% and the denominator of which is  
24 1%, but shall not exceed .5%. The investment credit shall  
25 not be allowed to the extent that it would reduce a  
26 taxpayer's liability in any tax year below zero, nor may

1 any credit for qualified property be allowed for any year  
2 other than the year in which the property was placed in  
3 service in Illinois. For tax years ending on or after  
4 December 31, 1987, and on or before December 31, 1988, the  
5 credit shall be allowed for the tax year in which the  
6 property is placed in service, or, if the amount of the  
7 credit exceeds the tax liability for that year, whether it  
8 exceeds the original liability or the liability as later  
9 amended, such excess may be carried forward and applied to  
10 the tax liability of the 5 taxable years following the  
11 excess credit years if the taxpayer (i) makes investments  
12 which cause the creation of a minimum of 2,000 full-time  
13 equivalent jobs in Illinois, (ii) is located in an  
14 enterprise zone established pursuant to the Illinois  
15 Enterprise Zone Act and (iii) is certified by the  
16 Department of Commerce and Community Affairs (now  
17 Department of Commerce and Economic Opportunity) as  
18 complying with the requirements specified in clause (i) and  
19 (ii) by July 1, 1986. The Department of Commerce and  
20 Community Affairs (now Department of Commerce and Economic  
21 Opportunity) shall notify the Department of Revenue of all  
22 such certifications immediately. For tax years ending  
23 after December 31, 1988, the credit shall be allowed for  
24 the tax year in which the property is placed in service,  
25 or, if the amount of the credit exceeds the tax liability  
26 for that year, whether it exceeds the original liability or

1 the liability as later amended, such excess may be carried  
2 forward and applied to the tax liability of the 5 taxable  
3 years following the excess credit years. The credit shall  
4 be applied to the earliest year for which there is a  
5 liability. If there is credit from more than one tax year  
6 that is available to offset a liability, earlier credit  
7 shall be applied first.

8 (2) The term "qualified property" means property  
9 which:

10 (A) is tangible, whether new or used, including  
11 buildings and structural components of buildings and  
12 signs that are real property, but not including land or  
13 improvements to real property that are not a structural  
14 component of a building such as landscaping, sewer  
15 lines, local access roads, fencing, parking lots, and  
16 other appurtenances;

17 (B) is depreciable pursuant to Section 167 of the  
18 Internal Revenue Code, except that "3-year property"  
19 as defined in Section 168(c)(2)(A) of that Code is not  
20 eligible for the credit provided by this subsection  
21 (e);

22 (C) is acquired by purchase as defined in Section  
23 179(d) of the Internal Revenue Code;

24 (D) is used in Illinois by a taxpayer who is  
25 primarily engaged in manufacturing, or in mining coal  
26 or fluorite, or in retailing, or was placed in service

1 on or after July 1, 2006 in a River Edge Redevelopment  
2 Zone established pursuant to the River Edge  
3 Redevelopment Zone Act; and

4 (E) has not previously been used in Illinois in  
5 such a manner and by such a person as would qualify for  
6 the credit provided by this subsection (e) or  
7 subsection (f).

8 (3) For purposes of this subsection (e),  
9 "manufacturing" means the material staging and production  
10 of tangible personal property by procedures commonly  
11 regarded as manufacturing, processing, fabrication, or  
12 assembling which changes some existing material into new  
13 shapes, new qualities, or new combinations. For purposes of  
14 this subsection (e) the term "mining" shall have the same  
15 meaning as the term "mining" in Section 613(c) of the  
16 Internal Revenue Code. For purposes of this subsection (e),  
17 the term "retailing" means the sale of tangible personal  
18 property for use or consumption and not for resale, or  
19 services rendered in conjunction with the sale of tangible  
20 personal property for use or consumption and not for  
21 resale. For purposes of this subsection (e), "tangible  
22 personal property" has the same meaning as when that term  
23 is used in the Retailers' Occupation Tax Act, and, for  
24 taxable years ending after December 31, 2008, does not  
25 include the generation, transmission, or distribution of  
26 electricity.

1           (4) The basis of qualified property shall be the basis  
2 used to compute the depreciation deduction for federal  
3 income tax purposes.

4           (5) If the basis of the property for federal income tax  
5 depreciation purposes is increased after it has been placed  
6 in service in Illinois by the taxpayer, the amount of such  
7 increase shall be deemed property placed in service on the  
8 date of such increase in basis.

9           (6) The term "placed in service" shall have the same  
10 meaning as under Section 46 of the Internal Revenue Code.

11           (7) If during any taxable year, any property ceases to  
12 be qualified property in the hands of the taxpayer within  
13 48 months after being placed in service, or the situs of  
14 any qualified property is moved outside Illinois within 48  
15 months after being placed in service, the Personal Property  
16 Tax Replacement Income Tax for such taxable year shall be  
17 increased. Such increase shall be determined by (i)  
18 recomputing the investment credit which would have been  
19 allowed for the year in which credit for such property was  
20 originally allowed by eliminating such property from such  
21 computation and, (ii) subtracting such recomputed credit  
22 from the amount of credit previously allowed. For the  
23 purposes of this paragraph (7), a reduction of the basis of  
24 qualified property resulting from a redetermination of the  
25 purchase price shall be deemed a disposition of qualified  
26 property to the extent of such reduction.

1           (8) Unless the investment credit is extended by law,  
2           the basis of qualified property shall not include costs  
3           incurred after December 31, 2018, except for costs incurred  
4           pursuant to a binding contract entered into on or before  
5           December 31, 2018.

6           (9) Each taxable year ending before December 31, 2000,  
7           a partnership may elect to pass through to its partners the  
8           credits to which the partnership is entitled under this  
9           subsection (e) for the taxable year. A partner may use the  
10          credit allocated to him or her under this paragraph only  
11          against the tax imposed in subsections (c) and (d) of this  
12          Section. If the partnership makes that election, those  
13          credits shall be allocated among the partners in the  
14          partnership in accordance with the rules set forth in  
15          Section 704(b) of the Internal Revenue Code, and the rules  
16          promulgated under that Section, and the allocated amount of  
17          the credits shall be allowed to the partners for that  
18          taxable year. The partnership shall make this election on  
19          its Personal Property Tax Replacement Income Tax return for  
20          that taxable year. The election to pass through the credits  
21          shall be irrevocable.

22          For taxable years ending on or after December 31, 2000,  
23          a partner that qualifies its partnership for a subtraction  
24          under subparagraph (I) of paragraph (2) of subsection (d)  
25          of Section 203 or a shareholder that qualifies a Subchapter  
26          S corporation for a subtraction under subparagraph (S) of



1 paragraph (2) of subsection (b) of Section 203 shall be  
2 allowed a credit under this subsection (e) equal to its  
3 share of the credit earned under this subsection (e) during  
4 the taxable year by the partnership or Subchapter S  
5 corporation, determined in accordance with the  
6 determination of income and distributive share of income  
7 under Sections 702 and 704 and Subchapter S of the Internal  
8 Revenue Code. This paragraph is exempt from the provisions  
9 of Section 250.

10 (f) Investment credit; Enterprise Zone; River Edge  
11 Redevelopment Zone.

12 (1) A taxpayer shall be allowed a credit against the  
13 tax imposed by subsections (a) and (b) of this Section for  
14 investment in qualified property which is placed in service  
15 in an Enterprise Zone created pursuant to the Illinois  
16 Enterprise Zone Act or, for property placed in service on  
17 or after July 1, 2006, a River Edge Redevelopment Zone  
18 established pursuant to the River Edge Redevelopment Zone  
19 Act. For partners, shareholders of Subchapter S  
20 corporations, and owners of limited liability companies,  
21 if the liability company is treated as a partnership for  
22 purposes of federal and State income taxation, there shall  
23 be allowed a credit under this subsection (f) to be  
24 determined in accordance with the determination of income  
25 and distributive share of income under Sections 702 and 704  
26 and Subchapter S of the Internal Revenue Code. The credit

1 shall be .5% of the basis for such property. The credit  
2 shall be available only in the taxable year in which the  
3 property is placed in service in the Enterprise Zone or  
4 River Edge Redevelopment Zone and shall not be allowed to  
5 the extent that it would reduce a taxpayer's liability for  
6 the tax imposed by subsections (a) and (b) of this Section  
7 to below zero. For tax years ending on or after December  
8 31, 1985, the credit shall be allowed for the tax year in  
9 which the property is placed in service, or, if the amount  
10 of the credit exceeds the tax liability for that year,  
11 whether it exceeds the original liability or the liability  
12 as later amended, such excess may be carried forward and  
13 applied to the tax liability of the 5 taxable years  
14 following the excess credit year. The credit shall be  
15 applied to the earliest year for which there is a  
16 liability. If there is credit from more than one tax year  
17 that is available to offset a liability, the credit  
18 accruing first in time shall be applied first.

19 (2) The term qualified property means property which:

20 (A) is tangible, whether new or used, including  
21 buildings and structural components of buildings;

22 (B) is depreciable pursuant to Section 167 of the  
23 Internal Revenue Code, except that "3-year property"  
24 as defined in Section 168(c)(2)(A) of that Code is not  
25 eligible for the credit provided by this subsection

26 (f);

1 (C) is acquired by purchase as defined in Section  
2 179(d) of the Internal Revenue Code;

3 (D) is used in the Enterprise Zone or River Edge  
4 Redevelopment Zone by the taxpayer; and

5 (E) has not been previously used in Illinois in  
6 such a manner and by such a person as would qualify for  
7 the credit provided by this subsection (f) or  
8 subsection (e).

9 (3) The basis of qualified property shall be the basis  
10 used to compute the depreciation deduction for federal  
11 income tax purposes.

12 (4) If the basis of the property for federal income tax  
13 depreciation purposes is increased after it has been placed  
14 in service in the Enterprise Zone or River Edge  
15 Redevelopment Zone by the taxpayer, the amount of such  
16 increase shall be deemed property placed in service on the  
17 date of such increase in basis.

18 (5) The term "placed in service" shall have the same  
19 meaning as under Section 46 of the Internal Revenue Code.

20 (6) If during any taxable year, any property ceases to  
21 be qualified property in the hands of the taxpayer within  
22 48 months after being placed in service, or the situs of  
23 any qualified property is moved outside the Enterprise Zone  
24 or River Edge Redevelopment Zone within 48 months after  
25 being placed in service, the tax imposed under subsections  
26 (a) and (b) of this Section for such taxable year shall be

1 increased. Such increase shall be determined by (i)  
2 recomputing the investment credit which would have been  
3 allowed for the year in which credit for such property was  
4 originally allowed by eliminating such property from such  
5 computation, and (ii) subtracting such recomputed credit  
6 from the amount of credit previously allowed. For the  
7 purposes of this paragraph (6), a reduction of the basis of  
8 qualified property resulting from a redetermination of the  
9 purchase price shall be deemed a disposition of qualified  
10 property to the extent of such reduction.

11 (7) There shall be allowed an additional credit equal  
12 to 0.5% of the basis of qualified property placed in  
13 service during the taxable year in a River Edge  
14 Redevelopment Zone, provided such property is placed in  
15 service on or after July 1, 2006, and the taxpayer's base  
16 employment within Illinois has increased by 1% or more over  
17 the preceding year as determined by the taxpayer's  
18 employment records filed with the Illinois Department of  
19 Employment Security. Taxpayers who are new to Illinois  
20 shall be deemed to have met the 1% growth in base  
21 employment for the first year in which they file employment  
22 records with the Illinois Department of Employment  
23 Security. If, in any year, the increase in base employment  
24 within Illinois over the preceding year is less than 1%,  
25 the additional credit shall be limited to that percentage  
26 times a fraction, the numerator of which is 0.5% and the

1 denominator of which is 1%, but shall not exceed 0.5%.

2 (g) (Blank).

3 (h) Investment credit; High Impact Business.

4 (1) Subject to subsections (b) and (b-5) of Section 5.5  
5 of the Illinois Enterprise Zone Act, a taxpayer shall be  
6 allowed a credit against the tax imposed by subsections (a)  
7 and (b) of this Section for investment in qualified  
8 property which is placed in service by a Department of  
9 Commerce and Economic Opportunity designated High Impact  
10 Business. The credit shall be .5% of the basis for such  
11 property. The credit shall not be available (i) until the  
12 minimum investments in qualified property set forth in  
13 subdivision (a)(3)(A) of Section 5.5 of the Illinois  
14 Enterprise Zone Act have been satisfied or (ii) until the  
15 time authorized in subsection (b-5) of the Illinois  
16 Enterprise Zone Act for entities designated as High Impact  
17 Businesses under subdivisions (a)(3)(B), (a)(3)(C), and  
18 (a)(3)(D) of Section 5.5 of the Illinois Enterprise Zone  
19 Act, and shall not be allowed to the extent that it would  
20 reduce a taxpayer's liability for the tax imposed by  
21 subsections (a) and (b) of this Section to below zero. The  
22 credit applicable to such investments shall be taken in the  
23 taxable year in which such investments have been completed.  
24 The credit for additional investments beyond the minimum  
25 investment by a designated high impact business authorized  
26 under subdivision (a)(3)(A) of Section 5.5 of the Illinois

1 Enterprise Zone Act shall be available only in the taxable  
2 year in which the property is placed in service and shall  
3 not be allowed to the extent that it would reduce a  
4 taxpayer's liability for the tax imposed by subsections (a)  
5 and (b) of this Section to below zero. For tax years ending  
6 on or after December 31, 1987, the credit shall be allowed  
7 for the tax year in which the property is placed in  
8 service, or, if the amount of the credit exceeds the tax  
9 liability for that year, whether it exceeds the original  
10 liability or the liability as later amended, such excess  
11 may be carried forward and applied to the tax liability of  
12 the 5 taxable years following the excess credit year. The  
13 credit shall be applied to the earliest year for which  
14 there is a liability. If there is credit from more than one  
15 tax year that is available to offset a liability, the  
16 credit accruing first in time shall be applied first.

17 Changes made in this subdivision (h) (1) by Public Act  
18 88-670 restore changes made by Public Act 85-1182 and  
19 reflect existing law.

20 (2) The term qualified property means property which:

21 (A) is tangible, whether new or used, including  
22 buildings and structural components of buildings;

23 (B) is depreciable pursuant to Section 167 of the  
24 Internal Revenue Code, except that "3-year property"  
25 as defined in Section 168(c) (2) (A) of that Code is not  
26 eligible for the credit provided by this subsection

1 (h);

2 (C) is acquired by purchase as defined in Section  
3 179(d) of the Internal Revenue Code; and

4 (D) is not eligible for the Enterprise Zone  
5 Investment Credit provided by subsection (f) of this  
6 Section.

7 (3) The basis of qualified property shall be the basis  
8 used to compute the depreciation deduction for federal  
9 income tax purposes.

10 (4) If the basis of the property for federal income tax  
11 depreciation purposes is increased after it has been placed  
12 in service in a federally designated Foreign Trade Zone or  
13 Sub-Zone located in Illinois by the taxpayer, the amount of  
14 such increase shall be deemed property placed in service on  
15 the date of such increase in basis.

16 (5) The term "placed in service" shall have the same  
17 meaning as under Section 46 of the Internal Revenue Code.

18 (6) If during any taxable year ending on or before  
19 December 31, 1996, any property ceases to be qualified  
20 property in the hands of the taxpayer within 48 months  
21 after being placed in service, or the situs of any  
22 qualified property is moved outside Illinois within 48  
23 months after being placed in service, the tax imposed under  
24 subsections (a) and (b) of this Section for such taxable  
25 year shall be increased. Such increase shall be determined  
26 by (i) recomputing the investment credit which would have

1           been allowed for the year in which credit for such property  
2           was originally allowed by eliminating such property from  
3           such computation, and (ii) subtracting such recomputed  
4           credit from the amount of credit previously allowed. For  
5           the purposes of this paragraph (6), a reduction of the  
6           basis of qualified property resulting from a  
7           redetermination of the purchase price shall be deemed a  
8           disposition of qualified property to the extent of such  
9           reduction.

10           (7) Beginning with tax years ending after December 31,  
11           1996, if a taxpayer qualifies for the credit under this  
12           subsection (h) and thereby is granted a tax abatement and  
13           the taxpayer relocates its entire facility in violation of  
14           the explicit terms and length of the contract under Section  
15           18-183 of the Property Tax Code, the tax imposed under  
16           subsections (a) and (b) of this Section shall be increased  
17           for the taxable year in which the taxpayer relocated its  
18           facility by an amount equal to the amount of credit  
19           received by the taxpayer under this subsection (h).

20           (h-1) Investment credit; Big Empties Site. For taxable  
21           years beginning on or after January 1, 2020, a taxpayer shall  
22           be allowed a credit against the tax imposed by subsections (a)  
23           and (b) of this Section for investment in qualified property  
24           which is placed in service by a Department of Commerce and  
25           Economic Opportunity designated Big Empties Site. The credit  
26           shall be .5% of the basis for such property. As used in this



1 subsection (h-1), the terms "qualified property" and "placed in  
2 service" have the same meanings as in subsection (h). This  
3 subsection is exempt from the provisions of Section 250.

4 (i) Credit for Personal Property Tax Replacement Income  
5 Tax. For tax years ending prior to December 31, 2003, a credit  
6 shall be allowed against the tax imposed by subsections (a) and  
7 (b) of this Section for the tax imposed by subsections (c) and  
8 (d) of this Section. This credit shall be computed by  
9 multiplying the tax imposed by subsections (c) and (d) of this  
10 Section by a fraction, the numerator of which is base income  
11 allocable to Illinois and the denominator of which is Illinois  
12 base income, and further multiplying the product by the tax  
13 rate imposed by subsections (a) and (b) of this Section.

14 Any credit earned on or after December 31, 1986 under this  
15 subsection which is unused in the year the credit is computed  
16 because it exceeds the tax liability imposed by subsections (a)  
17 and (b) for that year (whether it exceeds the original  
18 liability or the liability as later amended) may be carried  
19 forward and applied to the tax liability imposed by subsections  
20 (a) and (b) of the 5 taxable years following the excess credit  
21 year, provided that no credit may be carried forward to any  
22 year ending on or after December 31, 2003. This credit shall be  
23 applied first to the earliest year for which there is a  
24 liability. If there is a credit under this subsection from more  
25 than one tax year that is available to offset a liability the  
26 earliest credit arising under this subsection shall be applied

1 first.

2 If, during any taxable year ending on or after December 31,  
3 1986, the tax imposed by subsections (c) and (d) of this  
4 Section for which a taxpayer has claimed a credit under this  
5 subsection (i) is reduced, the amount of credit for such tax  
6 shall also be reduced. Such reduction shall be determined by  
7 recomputing the credit to take into account the reduced tax  
8 imposed by subsections (c) and (d). If any portion of the  
9 reduced amount of credit has been carried to a different  
10 taxable year, an amended return shall be filed for such taxable  
11 year to reduce the amount of credit claimed.

12 (j) Training expense credit. Beginning with tax years  
13 ending on or after December 31, 1986 and prior to December 31,  
14 2003, a taxpayer shall be allowed a credit against the tax  
15 imposed by subsections (a) and (b) under this Section for all  
16 amounts paid or accrued, on behalf of all persons employed by  
17 the taxpayer in Illinois or Illinois residents employed outside  
18 of Illinois by a taxpayer, for educational or vocational  
19 training in semi-technical or technical fields or semi-skilled  
20 or skilled fields, which were deducted from gross income in the  
21 computation of taxable income. The credit against the tax  
22 imposed by subsections (a) and (b) shall be 1.6% of such  
23 training expenses. For partners, shareholders of subchapter S  
24 corporations, and owners of limited liability companies, if the  
25 liability company is treated as a partnership for purposes of  
26 federal and State income taxation, there shall be allowed a

1 credit under this subsection (j) to be determined in accordance  
2 with the determination of income and distributive share of  
3 income under Sections 702 and 704 and subchapter S of the  
4 Internal Revenue Code.

5 Any credit allowed under this subsection which is unused in  
6 the year the credit is earned may be carried forward to each of  
7 the 5 taxable years following the year for which the credit is  
8 first computed until it is used. This credit shall be applied  
9 first to the earliest year for which there is a liability. If  
10 there is a credit under this subsection from more than one tax  
11 year that is available to offset a liability the earliest  
12 credit arising under this subsection shall be applied first. No  
13 carryforward credit may be claimed in any tax year ending on or  
14 after December 31, 2003.

15 (k) Research and development credit. For tax years ending  
16 after July 1, 1990 and prior to December 31, 2003, and  
17 beginning again for tax years ending on or after December 31,  
18 2004, and ending prior to January 1, 2022, a taxpayer shall be  
19 allowed a credit against the tax imposed by subsections (a) and  
20 (b) of this Section for increasing research activities in this  
21 State. The credit allowed against the tax imposed by  
22 subsections (a) and (b) shall be equal to 6 1/2% of the  
23 qualifying expenditures for increasing research activities in  
24 this State. For partners, shareholders of subchapter S  
25 corporations, and owners of limited liability companies, if the  
26 liability company is treated as a partnership for purposes of

1 federal and State income taxation, there shall be allowed a  
2 credit under this subsection to be determined in accordance  
3 with the determination of income and distributive share of  
4 income under Sections 702 and 704 and subchapter S of the  
5 Internal Revenue Code.

6 For purposes of this subsection, "qualifying expenditures"  
7 means the qualifying expenditures as defined for the federal  
8 credit for increasing research activities which would be  
9 allowable under Section 41 of the Internal Revenue Code and  
10 which are conducted in this State, "qualifying expenditures for  
11 increasing research activities in this State" means the excess  
12 of qualifying expenditures for the taxable year in which  
13 incurred over qualifying expenditures for the base period,  
14 "qualifying expenditures for the base period" means the average  
15 of the qualifying expenditures for each year in the base  
16 period, and "base period" means the 3 taxable years immediately  
17 preceding the taxable year for which the determination is being  
18 made.

19 Any credit in excess of the tax liability for the taxable  
20 year may be carried forward. A taxpayer may elect to have the  
21 unused credit shown on its final completed return carried over  
22 as a credit against the tax liability for the following 5  
23 taxable years or until it has been fully used, whichever occurs  
24 first; provided that no credit earned in a tax year ending  
25 prior to December 31, 2003 may be carried forward to any year  
26 ending on or after December 31, 2003.

1           If an unused credit is carried forward to a given year from  
2           2 or more earlier years, that credit arising in the earliest  
3           year will be applied first against the tax liability for the  
4           given year. If a tax liability for the given year still  
5           remains, the credit from the next earliest year will then be  
6           applied, and so on, until all credits have been used or no tax  
7           liability for the given year remains. Any remaining unused  
8           credit or credits then will be carried forward to the next  
9           following year in which a tax liability is incurred, except  
10          that no credit can be carried forward to a year which is more  
11          than 5 years after the year in which the expense for which the  
12          credit is given was incurred.

13           No inference shall be drawn from this amendatory Act of the  
14          91st General Assembly in construing this Section for taxable  
15          years beginning before January 1, 1999.

16           It is the intent of the General Assembly that the research  
17          and development credit under this subsection (k) shall apply  
18          continuously for all tax years ending on or after December 31,  
19          2004 and ending prior to January 1, 2022, including, but not  
20          limited to, the period beginning on January 1, 2016 and ending  
21          on the effective date of this amendatory Act of the 100th  
22          General Assembly. All actions taken in reliance on the  
23          continuation of the credit under this subsection (k) by any  
24          taxpayer are hereby validated.

25           (1) Environmental Remediation Tax Credit.

26           (i) For tax years ending after December 31, 1997 and on

1 or before December 31, 2001, a taxpayer shall be allowed a  
2 credit against the tax imposed by subsections (a) and (b)  
3 of this Section for certain amounts paid for unreimbursed  
4 eligible remediation costs, as specified in this  
5 subsection. For purposes of this Section, "unreimbursed  
6 eligible remediation costs" means costs approved by the  
7 Illinois Environmental Protection Agency ("Agency") under  
8 Section 58.14 of the Environmental Protection Act that were  
9 paid in performing environmental remediation at a site for  
10 which a No Further Remediation Letter was issued by the  
11 Agency and recorded under Section 58.10 of the  
12 Environmental Protection Act. The credit must be claimed  
13 for the taxable year in which Agency approval of the  
14 eligible remediation costs is granted. The credit is not  
15 available to any taxpayer if the taxpayer or any related  
16 party caused or contributed to, in any material respect, a  
17 release of regulated substances on, in, or under the site  
18 that was identified and addressed by the remedial action  
19 pursuant to the Site Remediation Program of the  
20 Environmental Protection Act. After the Pollution Control  
21 Board rules are adopted pursuant to the Illinois  
22 Administrative Procedure Act for the administration and  
23 enforcement of Section 58.9 of the Environmental  
24 Protection Act, determinations as to credit availability  
25 for purposes of this Section shall be made consistent with  
26 those rules. For purposes of this Section, "taxpayer"

1 includes a person whose tax attributes the taxpayer has  
2 succeeded to under Section 381 of the Internal Revenue Code  
3 and "related party" includes the persons disallowed a  
4 deduction for losses by paragraphs (b), (c), and (f) (1) of  
5 Section 267 of the Internal Revenue Code by virtue of being  
6 a related taxpayer, as well as any of its partners. The  
7 credit allowed against the tax imposed by subsections (a)  
8 and (b) shall be equal to 25% of the unreimbursed eligible  
9 remediation costs in excess of \$100,000 per site, except  
10 that the \$100,000 threshold shall not apply to any site  
11 contained in an enterprise zone as determined by the  
12 Department of Commerce and Community Affairs (now  
13 Department of Commerce and Economic Opportunity). The  
14 total credit allowed shall not exceed \$40,000 per year with  
15 a maximum total of \$150,000 per site. For partners and  
16 shareholders of subchapter S corporations, there shall be  
17 allowed a credit under this subsection to be determined in  
18 accordance with the determination of income and  
19 distributive share of income under Sections 702 and 704 and  
20 subchapter S of the Internal Revenue Code.

21 (ii) A credit allowed under this subsection that is  
22 unused in the year the credit is earned may be carried  
23 forward to each of the 5 taxable years following the year  
24 for which the credit is first earned until it is used. The  
25 term "unused credit" does not include any amounts of  
26 unreimbursed eligible remediation costs in excess of the

1 maximum credit per site authorized under paragraph (i).  
2 This credit shall be applied first to the earliest year for  
3 which there is a liability. If there is a credit under this  
4 subsection from more than one tax year that is available to  
5 offset a liability, the earliest credit arising under this  
6 subsection shall be applied first. A credit allowed under  
7 this subsection may be sold to a buyer as part of a sale of  
8 all or part of the remediation site for which the credit  
9 was granted. The purchaser of a remediation site and the  
10 tax credit shall succeed to the unused credit and remaining  
11 carry-forward period of the seller. To perfect the  
12 transfer, the assignor shall record the transfer in the  
13 chain of title for the site and provide written notice to  
14 the Director of the Illinois Department of Revenue of the  
15 assignor's intent to sell the remediation site and the  
16 amount of the tax credit to be transferred as a portion of  
17 the sale. In no event may a credit be transferred to any  
18 taxpayer if the taxpayer or a related party would not be  
19 eligible under the provisions of subsection (i).

20 (iii) For purposes of this Section, the term "site"  
21 shall have the same meaning as under Section 58.2 of the  
22 Environmental Protection Act.

23 (m) Education expense credit. Beginning with tax years  
24 ending after December 31, 1999, a taxpayer who is the custodian  
25 of one or more qualifying pupils shall be allowed a credit  
26 against the tax imposed by subsections (a) and (b) of this



1 Section for qualified education expenses incurred on behalf of  
2 the qualifying pupils. The credit shall be equal to 25% of  
3 qualified education expenses, but in no event may the total  
4 credit under this subsection claimed by a family that is the  
5 custodian of qualifying pupils exceed (i) \$500 for tax years  
6 ending prior to December 31, 2017, and (ii) \$750 for tax years  
7 ending on or after December 31, 2017. In no event shall a  
8 credit under this subsection reduce the taxpayer's liability  
9 under this Act to less than zero. Notwithstanding any other  
10 provision of law, for taxable years beginning on or after  
11 January 1, 2017, no taxpayer may claim a credit under this  
12 subsection (m) if the taxpayer's adjusted gross income for the  
13 taxable year exceeds (i) \$500,000, in the case of spouses  
14 filing a joint federal tax return or (ii) \$250,000, in the case  
15 of all other taxpayers. This subsection is exempt from the  
16 provisions of Section 250 of this Act.

17 For purposes of this subsection:

18 "Qualifying pupils" means individuals who (i) are  
19 residents of the State of Illinois, (ii) are under the age of  
20 21 at the close of the school year for which a credit is  
21 sought, and (iii) during the school year for which a credit is  
22 sought were full-time pupils enrolled in a kindergarten through  
23 twelfth grade education program at any school, as defined in  
24 this subsection.

25 "Qualified education expense" means the amount incurred on  
26 behalf of a qualifying pupil in excess of \$250 for tuition,

1 book fees, and lab fees at the school in which the pupil is  
2 enrolled during the regular school year.

3 "School" means any public or nonpublic elementary or  
4 secondary school in Illinois that is in compliance with Title  
5 VI of the Civil Rights Act of 1964 and attendance at which  
6 satisfies the requirements of Section 26-1 of the School Code,  
7 except that nothing shall be construed to require a child to  
8 attend any particular public or nonpublic school to qualify for  
9 the credit under this Section.

10 "Custodian" means, with respect to qualifying pupils, an  
11 Illinois resident who is a parent, the parents, a legal  
12 guardian, or the legal guardians of the qualifying pupils.

13 (n) River Edge Redevelopment Zone site remediation tax  
14 credit.

15 (i) For tax years ending on or after December 31, 2006,  
16 a taxpayer shall be allowed a credit against the tax  
17 imposed by subsections (a) and (b) of this Section for  
18 certain amounts paid for unreimbursed eligible remediation  
19 costs, as specified in this subsection. For purposes of  
20 this Section, "unreimbursed eligible remediation costs"  
21 means costs approved by the Illinois Environmental  
22 Protection Agency ("Agency") under Section 58.14a of the  
23 Environmental Protection Act that were paid in performing  
24 environmental remediation at a site within a River Edge  
25 Redevelopment Zone for which a No Further Remediation  
26 Letter was issued by the Agency and recorded under Section

1 58.10 of the Environmental Protection Act. The credit must  
2 be claimed for the taxable year in which Agency approval of  
3 the eligible remediation costs is granted. The credit is  
4 not available to any taxpayer if the taxpayer or any  
5 related party caused or contributed to, in any material  
6 respect, a release of regulated substances on, in, or under  
7 the site that was identified and addressed by the remedial  
8 action pursuant to the Site Remediation Program of the  
9 Environmental Protection Act. Determinations as to credit  
10 availability for purposes of this Section shall be made  
11 consistent with rules adopted by the Pollution Control  
12 Board pursuant to the Illinois Administrative Procedure  
13 Act for the administration and enforcement of Section 58.9  
14 of the Environmental Protection Act. For purposes of this  
15 Section, "taxpayer" includes a person whose tax attributes  
16 the taxpayer has succeeded to under Section 381 of the  
17 Internal Revenue Code and "related party" includes the  
18 persons disallowed a deduction for losses by paragraphs  
19 (b), (c), and (f) (1) of Section 267 of the Internal Revenue  
20 Code by virtue of being a related taxpayer, as well as any  
21 of its partners. The credit allowed against the tax imposed  
22 by subsections (a) and (b) shall be equal to 25% of the  
23 unreimbursed eligible remediation costs in excess of  
24 \$100,000 per site.

25 (ii) A credit allowed under this subsection that is  
26 unused in the year the credit is earned may be carried

1 forward to each of the 5 taxable years following the year  
2 for which the credit is first earned until it is used. This  
3 credit shall be applied first to the earliest year for  
4 which there is a liability. If there is a credit under this  
5 subsection from more than one tax year that is available to  
6 offset a liability, the earliest credit arising under this  
7 subsection shall be applied first. A credit allowed under  
8 this subsection may be sold to a buyer as part of a sale of  
9 all or part of the remediation site for which the credit  
10 was granted. The purchaser of a remediation site and the  
11 tax credit shall succeed to the unused credit and remaining  
12 carry-forward period of the seller. To perfect the  
13 transfer, the assignor shall record the transfer in the  
14 chain of title for the site and provide written notice to  
15 the Director of the Illinois Department of Revenue of the  
16 assignor's intent to sell the remediation site and the  
17 amount of the tax credit to be transferred as a portion of  
18 the sale. In no event may a credit be transferred to any  
19 taxpayer if the taxpayer or a related party would not be  
20 eligible under the provisions of subsection (i).

21 (iii) For purposes of this Section, the term "site"  
22 shall have the same meaning as under Section 58.2 of the  
23 Environmental Protection Act.

24 (o) For each of taxable years during the Compassionate Use  
25 of Medical Cannabis Pilot Program, a surcharge is imposed on  
26 all taxpayers on income arising from the sale or exchange of

1 capital assets, depreciable business property, real property  
2 used in the trade or business, and Section 197 intangibles of  
3 an organization registrant under the Compassionate Use of  
4 Medical Cannabis Pilot Program Act. The amount of the surcharge  
5 is equal to the amount of federal income tax liability for the  
6 taxable year attributable to those sales and exchanges. The  
7 surcharge imposed does not apply if:

8 (1) the medical cannabis cultivation center  
9 registration, medical cannabis dispensary registration, or  
10 the property of a registration is transferred as a result  
11 of any of the following:

12 (A) bankruptcy, a receivership, or a debt  
13 adjustment initiated by or against the initial  
14 registration or the substantial owners of the initial  
15 registration;

16 (B) cancellation, revocation, or termination of  
17 any registration by the Illinois Department of Public  
18 Health;

19 (C) a determination by the Illinois Department of  
20 Public Health that transfer of the registration is in  
21 the best interests of Illinois qualifying patients as  
22 defined by the Compassionate Use of Medical Cannabis  
23 Pilot Program Act;

24 (D) the death of an owner of the equity interest in  
25 a registrant;

26 (E) the acquisition of a controlling interest in

1 the stock or substantially all of the assets of a  
2 publicly traded company;

3 (F) a transfer by a parent company to a wholly  
4 owned subsidiary; or

5 (G) the transfer or sale to or by one person to  
6 another person where both persons were initial owners  
7 of the registration when the registration was issued;  
8 or

9 (2) the cannabis cultivation center registration,  
10 medical cannabis dispensary registration, or the  
11 controlling interest in a registrant's property is  
12 transferred in a transaction to lineal descendants in which  
13 no gain or loss is recognized or as a result of a  
14 transaction in accordance with Section 351 of the Internal  
15 Revenue Code in which no gain or loss is recognized.

16 (Source: P.A. 100-22, eff. 7-6-17.)

17 Section 905. The Use Tax Act is amended by changing Section  
18 3-5 as follows:

19 (35 ILCS 105/3-5)

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

22 (1) Personal property purchased from a corporation,  
23 society, association, foundation, institution, or  
24 organization, other than a limited liability company, that is

1 organized and operated as a not-for-profit service enterprise  
2 for the benefit of persons 65 years of age or older if the  
3 personal property was not purchased by the enterprise for the  
4 purpose of resale by the enterprise.

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

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

23 (4) Personal property purchased by a governmental body, by  
24 a corporation, society, association, foundation, or  
25 institution organized and operated exclusively for charitable,  
26 religious, or educational purposes, or by a not-for-profit

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

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

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



1 (7) Farm chemicals.

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

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

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

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

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

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

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

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

1 stopovers.

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

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

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

1 equipment purchased for lease; but excluding motor vehicles  
2 required to be registered under the Illinois Vehicle Code.

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

8 (16) Until July 1, 2023, coal and aggregate exploration,  
9 mining, off-highway hauling, processing, maintenance, and  
10 reclamation equipment, including replacement parts and  
11 equipment, and including equipment purchased for lease, but  
12 excluding motor vehicles required to be registered under the  
13 Illinois Vehicle Code. The changes made to this Section by  
14 Public Act 97-767 apply on and after July 1, 2003, but no claim  
15 for credit or refund is allowed on or after August 16, 2013  
16 (the effective date of Public Act 98-456) for such taxes paid  
17 during the period beginning July 1, 2003 and ending on August  
18 16, 2013 (the effective date of Public Act 98-456).

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

25 (18) Manufacturing and assembling machinery and equipment  
26 used primarily in the process of manufacturing or assembling

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

1 lessor is liable to pay that amount to the Department. This  
2 paragraph is exempt from the provisions of Section 3-90.

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

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

1 Title IV of the Environmental Protection Act. This paragraph is  
2 exempt from the provisions of Section 3-90.

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

1 of the Federal Aviation Regulations. The changes made to this  
2 paragraph (35) by Public Act 98-534 are declarative of existing  
3 law.

4 (36) Tangible personal property purchased by a  
5 public-facilities corporation, as described in Section  
6 11-65-10 of the Illinois Municipal Code, for purposes of  
7 constructing or furnishing a municipal convention hall, but  
8 only if the legal title to the municipal convention hall is  
9 transferred to the municipality without any further  
10 consideration by or on behalf of the municipality at the time  
11 of the completion of the municipal convention hall or upon the  
12 retirement or redemption of any bonds or other debt instruments  
13 issued by the public-facilities corporation in connection with  
14 the development of the municipal convention hall. This  
15 exemption includes existing public-facilities corporations as  
16 provided in Section 11-65-25 of the Illinois Municipal Code.  
17 This paragraph is exempt from the provisions of Section 3-90.

18 (37) Beginning January 1, 2017, menstrual pads, tampons,  
19 and menstrual cups.

20 (38) Merchandise that is subject to the Rental Purchase  
21 Agreement Occupation and Use Tax. The purchaser must certify  
22 that the item is purchased to be rented subject to a rental  
23 purchase agreement, as defined in the Rental Purchase Agreement  
24 Act, and provide proof of registration under the Rental  
25 Purchase Agreement Occupation and Use Tax Act. This paragraph  
26 is exempt from the provisions of Section 3-90.

1 (39) Tangible personal property purchased by a purchaser  
2 who is exempt from the tax imposed by this Act by operation of  
3 federal law. This paragraph is exempt from the provisions of  
4 Section 3-90.

5 (40) On and after January 1, 2020, any software purchased  
6 to lease, upgrade, supplement, or replace computer equipment or  
7 enabling software purchased or leased in the initial investment  
8 made at a Big Empties Site designated under the Big Empties  
9 Site Act. This paragraph is exempt from the provisions of  
10 Section 3-90.

11 (Source: P.A. 99-180, eff. 7-29-15; 99-855, eff. 8-19-16;  
12 100-22, eff. 7-6-17; 100-437, eff. 1-1-18; 100-594, eff.  
13 6-29-18; 100-863, eff. 8-14-18; 100-1171, eff. 1-4-19; revised  
14 1-8-19.)

15 Section 910. The Service Use Tax Act is amended by changing  
16 Section 3-5 as follows:

17 (35 ILCS 110/3-5)

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

20 (1) Personal property purchased from a corporation,  
21 society, association, foundation, institution, or  
22 organization, other than a limited liability company, that is  
23 organized and operated as a not-for-profit service enterprise  
24 for the benefit of persons 65 years of age or older if the



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

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

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

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

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

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

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

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

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

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

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

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

1 for or returning from a location or locations outside the  
2 United States without regard to previous or subsequent domestic  
3 stopovers.

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

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

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

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

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

12 (12) Until July 1, 2023, coal and aggregate exploration,  
13 mining, off-highway hauling, processing, maintenance, and  
14 reclamation equipment, including replacement parts and  
15 equipment, and including equipment purchased for lease, but  
16 excluding motor vehicles required to be registered under the  
17 Illinois Vehicle Code. The changes made to this Section by  
18 Public Act 97-767 apply on and after July 1, 2003, but no claim  
19 for credit or refund is allowed on or after August 16, 2013  
20 (the effective date of Public Act 98-456) for such taxes paid  
21 during the period beginning July 1, 2003 and ending on August  
22 16, 2013 (the effective date of Public Act 98-456).

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

25 (14) Horses, or interests in horses, registered with and  
26 meeting the requirements of any of the Arabian Horse Club

1 Registry of America, Appaloosa Horse Club, American Quarter  
2 Horse Association, United States Trotting Association, or  
3 Jockey Club, as appropriate, used for purposes of breeding or  
4 racing for prizes. This item (14) is exempt from the provisions  
5 of Section 3-75, and the exemption provided for under this item  
6 (14) applies for all periods beginning May 30, 1995, but no  
7 claim for credit or refund is allowed on or after January 1,  
8 2008 (the effective date of Public Act 95-88) ~~this amendatory~~  
9 ~~Act of the 95th General Assembly~~ for such taxes paid during the  
10 period beginning May 30, 2000 and ending on January 1, 2008  
11 (the effective date of Public Act 95-88) ~~this amendatory Act of~~  
12 ~~the 95th General Assembly.~~

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

1 from the provisions of Section 3-75.

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

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

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

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

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

1           (30) Tangible personal property transferred to a purchaser  
2 who is exempt from the tax imposed by this Act by operation of  
3 federal law. This paragraph is exempt from the provisions of  
4 Section 3-75.

5           (31) On and after January 1, 2020, any software purchased  
6 to lease, upgrade, supplement, or replace computer equipment or  
7 enabling software purchased or leased in the initial investment  
8 made at a Big Empties Site designated under the Big Empties  
9 Site Act. This paragraph is exempt from the provisions of  
10 Section 3-75.

11           (Source: P.A. 99-180, eff. 7-29-15; 99-855, eff. 8-19-16;  
12 100-22, eff. 7-6-17; 100-594, eff. 6-29-18; 100-1171, eff.  
13 1-4-19; revised 1-8-19.)

14           Section 915. The Service Occupation Tax Act is amended by  
15 changing Section 3-5 as follows:

16           (35 ILCS 115/3-5)

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

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

1 by the enterprise.

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

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

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

24 (5) Until July 1, 2003 and beginning again on September 1,  
25 2004 through August 30, 2014, graphic arts machinery and  
26 equipment, including repair and replacement parts, both new and



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

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

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

1 this item (7). Agricultural chemical tender tanks and dry boxes  
2 shall include units sold separately from a motor vehicle  
3 required to be licensed and units sold mounted on a motor  
4 vehicle required to be licensed if the selling price of the  
5 tender is separately stated.

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

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

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

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

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

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

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

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

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

9 (12) Until July 1, 2023, coal and aggregate exploration,  
10 mining, off-highway hauling, processing, maintenance, and  
11 reclamation equipment, including replacement parts and  
12 equipment, and including equipment purchased for lease, but  
13 excluding motor vehicles required to be registered under the  
14 Illinois Vehicle Code. The changes made to this Section by  
15 Public Act 97-767 apply on and after July 1, 2003, but no claim  
16 for credit or refund is allowed on or after August 16, 2013  
17 (the effective date of Public Act 98-456) for such taxes paid  
18 during the period beginning July 1, 2003 and ending on August  
19 16, 2013 (the effective date of Public Act 98-456).

20 (13) Beginning January 1, 1992 and through June 30, 2016,  
21 food for human consumption that is to be consumed off the  
22 premises where it is sold (other than alcoholic beverages, soft  
23 drinks and food that has been prepared for immediate  
24 consumption) and prescription and non-prescription medicines,  
25 drugs, medical appliances, and insulin, urine testing  
26 materials, syringes, and needles used by diabetics, for human

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

7 (14) Semen used for artificial insemination of livestock  
8 for direct agricultural production.

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

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

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

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

19 (19) 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 used in the  
22 performance of infrastructure repairs in this State, including  
23 but not limited to municipal roads and streets, access roads,  
24 bridges, sidewalks, waste disposal systems, water and sewer  
25 line extensions, water distribution and purification  
26 facilities, storm water drainage and retention facilities, and

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

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

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

1           (22) Beginning January 1, 2000, personal property,  
2 including food, purchased through fundraising events for the  
3 benefit of a public or private elementary or secondary school,  
4 a group of those schools, or one or more school districts if  
5 the events are sponsored by an entity recognized by the school  
6 district that consists primarily of volunteers and includes  
7 parents and teachers of the school children. This paragraph  
8 does not apply to fundraising events (i) for the benefit of  
9 private home instruction or (ii) for which the fundraising  
10 entity purchases the personal property sold at the events from  
11 another individual or entity that sold the property for the  
12 purpose of resale by the fundraising entity and that profits  
13 from the sale to the fundraising entity. This paragraph is  
14 exempt from the provisions of Section 3-55.

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

25           (24) Beginning on August 2, 2001 (the effective date of  
26 Public Act 92-227) ~~this amendatory Act of the 92nd General~~



1 ~~Assembly~~, computers and communications equipment utilized for  
2 any hospital purpose and equipment used in the diagnosis,  
3 analysis, or treatment of hospital patients sold to a lessor  
4 who leases the equipment, under a lease of one year or longer  
5 executed or in effect at the time of the purchase, to a  
6 hospital that has been issued an active tax exemption  
7 identification number by the Department under Section 1g of the  
8 Retailers' Occupation Tax Act. This paragraph is exempt from  
9 the provisions of Section 3-55.

10 (25) Beginning on August 2, 2001 (the effective date of  
11 Public Act 92-227) ~~this amendatory Act of the 92nd General~~  
12 ~~Assembly~~, personal property sold to a lessor who leases the  
13 property, under a lease of one year or longer executed or in  
14 effect at the time of the purchase, to a governmental body that  
15 has been issued an active tax exemption identification number  
16 by the Department under Section 1g of the Retailers' Occupation  
17 Tax Act. This paragraph is exempt from the provisions of  
18 Section 3-55.

19 (26) Beginning on January 1, 2002 and through June 30,  
20 2016, tangible personal property purchased from an Illinois  
21 retailer by a taxpayer engaged in centralized purchasing  
22 activities in Illinois who will, upon receipt of the property  
23 in Illinois, temporarily store the property in Illinois (i) for  
24 the purpose of subsequently transporting it outside this State  
25 for use or consumption thereafter solely outside this State or  
26 (ii) for the purpose of being processed, fabricated, or

1 manufactured into, attached to, or incorporated into other  
2 tangible personal property to be transported outside this State  
3 and thereafter used or consumed solely outside this State. The  
4 Director of Revenue shall, pursuant to rules adopted in  
5 accordance with the Illinois Administrative Procedure Act,  
6 issue a permit to any taxpayer in good standing with the  
7 Department who is eligible for the exemption under this  
8 paragraph (26). The permit issued under this paragraph (26)  
9 shall authorize the holder, to the extent and in the manner  
10 specified in the rules adopted under this Act, to purchase  
11 tangible personal property from a retailer exempt from the  
12 taxes imposed by this Act. Taxpayers shall maintain all  
13 necessary books and records to substantiate the use and  
14 consumption of all such tangible personal property outside of  
15 the State of Illinois.

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

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

1 only if the legal title to the municipal convention hall is  
2 transferred to the municipality without any further  
3 consideration by or on behalf of the municipality at the time  
4 of the completion of the municipal convention hall or upon the  
5 retirement or redemption of any bonds or other debt instruments  
6 issued by the public-facilities corporation in connection with  
7 the development of the municipal convention hall. This  
8 exemption includes existing public-facilities corporations as  
9 provided in Section 11-65-25 of the Illinois Municipal Code.  
10 This paragraph is exempt from the provisions of Section 3-55.

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

1 modification, refurbishment, completion, replacement, repair,  
2 or maintenance of an aircraft by persons who (i) hold an Air  
3 Agency Certificate and are empowered to operate an approved  
4 repair station by the Federal Aviation Administration, (ii)  
5 have a Class IV Rating, and (iii) conduct operations in  
6 accordance with Part 145 of the Federal Aviation Regulations.  
7 The exemption does not include aircraft operated by a  
8 commercial air carrier providing scheduled passenger air  
9 service pursuant to authority issued under Part 121 or Part 129  
10 of the Federal Aviation Regulations. The changes made to this  
11 paragraph (29) by Public Act 98-534 are declarative of existing  
12 law.

13 (30) Beginning January 1, 2017, menstrual pads, tampons,  
14 and menstrual cups.

15 (31) Tangible personal property transferred to a purchaser  
16 who is exempt from tax by operation of federal law. This  
17 paragraph is exempt from the provisions of Section 3-55.

18 (32) On and after January 1, 2020, any software purchased  
19 to lease, upgrade, supplement, or replace computer equipment or  
20 enabling software purchased or leased in the initial investment  
21 made at a Big Empties Site designated under the Big Empties  
22 Site Act. This paragraph is exempt from the provisions of  
23 Section 3-55.

24 (Source: P.A. 99-180, eff. 7-29-15; 99-855, eff. 8-19-16;  
25 100-22, eff. 7-6-17; 100-594, eff. 6-29-18; 100-1171, eff.  
26 1-4-19; revised 1-8-19.)

1 Section 920. The Retailers' Occupation Tax Act is amended  
2 by changing Section 2-5 and by adding Section 5m as follows:

3 (35 ILCS 120/2-5)

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

7 (1) Farm chemicals.

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

1 to be licensed and units sold mounted on a motor vehicle  
2 required to be licensed, if the selling price of the tender  
3 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  
7 not limited to, tractors, harvesters, sprayers, planters,  
8 seeders, or spreaders. Precision farming equipment  
9 includes, but is not limited to, soil testing sensors,  
10 computers, monitors, software, global positioning and  
11 mapping systems, and other such equipment.

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

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

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

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

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

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

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

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

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

23          (11) Personal property sold to a governmental body, to  
24          a corporation, society, association, foundation, or  
25          institution organized and operated exclusively for  
26          charitable, religious, or educational purposes, or to a



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

12 (12) (Blank).

13 (12-5) On and after July 1, 2003 and through June 30,  
14 2004, motor vehicles of the second division with a gross  
15 vehicle weight in excess of 8,000 pounds that are subject  
16 to the commercial distribution fee imposed under Section  
17 3-815.1 of the Illinois Vehicle Code. Beginning on July 1,  
18 2004 and through June 30, 2005, the use in this State of  
19 motor vehicles of the second division: (i) with a gross  
20 vehicle weight rating in excess of 8,000 pounds; (ii) that  
21 are subject to the commercial distribution fee imposed  
22 under Section 3-815.1 of the Illinois Vehicle Code; and  
23 (iii) that are primarily used for commercial purposes.  
24 Through June 30, 2005, this exemption applies to repair and  
25 replacement parts added after the initial purchase of such  
26 a motor vehicle if that motor vehicle is used in a manner

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

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

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

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

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

22 (16) Tangible personal property sold to a purchaser if  
23 the purchaser is exempt from use tax by operation of  
24 federal law. This paragraph is exempt from the provisions  
25 of Section 2-70.

26 (17) Tangible personal property sold to a common

1 carrier by rail or motor that receives the physical  
2 possession of the property in Illinois and that transports  
3 the property, or shares with another common carrier in the  
4 transportation of the property, out of Illinois on a  
5 standard uniform bill of lading showing the seller of the  
6 property as the shipper or consignor of the property to a  
7 destination outside Illinois, for use outside Illinois.

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

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

22 (20) Photoprocessing machinery and equipment,  
23 including repair and replacement parts, both new and used,  
24 including that manufactured on special order, certified by  
25 the purchaser to be used primarily for photoprocessing, and  
26 including photoprocessing machinery and equipment

1 purchased for lease.

2 (21) Until July 1, 2023, coal and aggregate  
3 exploration, mining, off-highway hauling, processing,  
4 maintenance, and reclamation equipment, including  
5 replacement parts and equipment, and including equipment  
6 purchased for lease, but excluding motor vehicles required  
7 to be registered under the Illinois Vehicle Code. The  
8 changes made to this Section by Public Act 97-767 apply on  
9 and after July 1, 2003, but no claim for credit or refund  
10 is allowed on or after August 16, 2013 (the effective date  
11 of Public Act 98-456) for such taxes paid during the period  
12 beginning July 1, 2003 and ending on August 16, 2013 (the  
13 effective date of Public Act 98-456).

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

21 Beginning July 1, 2013, fuel and petroleum products  
22 sold to or used by an air carrier, certified by the carrier  
23 to be used for consumption, shipment, or storage in the  
24 conduct of its business as an air common carrier, for a  
25 flight that (i) is engaged in foreign trade or is engaged  
26 in trade between the United States and any of its

1 possessions and (ii) transports at least one individual or  
2 package for hire from the city of origination to the city  
3 of final destination on the same aircraft, without regard  
4 to a change in the flight number of that aircraft.

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

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

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

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

1 of sale. The tax collected under this Act in accordance  
2 with this item (25-5) shall be proportionately distributed  
3 as if the tax were collected at the 6.25% general rate  
4 imposed under this Act.

5 (25-7) Beginning on July 1, 2007, no tax is imposed  
6 under this Act on the sale of an aircraft, as defined in  
7 Section 3 of the Illinois Aeronautics Act, if all of the  
8 following conditions are met:

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

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

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



1 other information that the Department may reasonably  
2 require.

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

4 "Based in this State" means hangared, stored, or  
5 otherwise used, excluding post-sale customizations as  
6 defined in this Section, for 10 or more days in each  
7 12-month period immediately following the date of the sale  
8 of the aircraft.

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

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

16 (26) Semen used for artificial insemination of  
17 livestock for direct agricultural production.

18 (27) Horses, or interests in horses, registered with  
19 and meeting the requirements of any of the Arabian Horse  
20 Club Registry of America, Appaloosa Horse Club, American  
21 Quarter Horse Association, United States Trotting  
22 Association, or Jockey Club, as appropriate, used for  
23 purposes of breeding or racing for prizes. This item (27)  
24 is exempt from the provisions of Section 2-70, and the  
25 exemption provided for under this item (27) applies for all  
26 periods beginning May 30, 1995, but no claim for credit or

1 refund is allowed on or after January 1, 2008 (the  
2 effective date of Public Act 95-88) for such taxes paid  
3 during the period beginning May 30, 2000 and ending on  
4 January 1, 2008 (the effective date of Public Act 95-88).

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

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

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

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

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

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

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

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

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

1 purpose of resale by the fundraising entity and that  
2 profits from the sale to the fundraising entity. This  
3 paragraph is exempt from the provisions of Section 2-70.

4 (35) Beginning January 1, 2000 and through December 31,  
5 2001, new or used automatic vending machines that prepare  
6 and serve hot food and beverages, including coffee, soup,  
7 and other items, and replacement parts for these machines.  
8 Beginning January 1, 2002 and through June 30, 2003,  
9 machines and parts for machines used in commercial,  
10 coin-operated amusement and vending business if a use or  
11 occupation tax is paid on the gross receipts derived from  
12 the use of the commercial, coin-operated amusement and  
13 vending machines. This paragraph is exempt from the  
14 provisions of Section 2-70.

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

1 Community Care Act, the MC/DD Act, or the Specialized  
2 Mental Health Rehabilitation Act of 2013.

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

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

19 (38) Beginning on January 1, 2002 and through June 30,  
20 2016, tangible personal property purchased from an  
21 Illinois retailer by a taxpayer engaged in centralized  
22 purchasing activities in Illinois who will, upon receipt of  
23 the property in Illinois, temporarily store the property in  
24 Illinois (i) for the purpose of subsequently transporting  
25 it outside this State for use or consumption thereafter  
26 solely outside this State or (ii) for the purpose of being

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

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

25 (40) Beginning January 1, 2010, materials, parts,  
26 equipment, components, and furnishings incorporated into

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



1 existing law.

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

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

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

1           (44) On and after January 1, 2020, any software  
2           purchased to lease, upgrade, supplement, or replace  
3           computer equipment or enabling software purchased or  
4           leased in the initial investment made at a Big Empties Site  
5           designated under the Big Empties Site Act. This paragraph  
6           is exempt from the provisions of Section 2-70.

7           (Source: P.A. 99-180, eff. 7-29-15; 99-855, eff. 8-19-16;  
8           100-22, eff. 7-6-17; 100-321, eff. 8-24-17; 100-437, eff.  
9           1-1-18; 100-594, eff. 6-29-18; 100-863, eff. 8-14-18;  
10           100-1171, eff. 1-4-19; revised 1-8-19.)

11           (35 ILCS 120/5m new)

12           Sec. 5m. Building materials exemption; Big Empties Site.  
13           Beginning January 1, 2020, each retailer who makes a sale of  
14           building materials that will be incorporated into a Big Empties  
15           site, as designated by the Department of Commerce and Economic  
16           Opportunity, may deduct receipts from such sales when  
17           calculating any State or local use and occupation taxes. Upon  
18           request from the owner of the Big Empties Site, the Department  
19           shall issue a High Impact Business Building Materials Exemption  
20           Certificate for each construction contractor or other entity  
21           identified by the designated High Impact Business. The retailer  
22           must obtain from the purchaser the purchaser's exemption  
23           certificate number issued by the Department. A construction  
24           contractor or other entity shall not make tax-free purchases  
25           unless it has an active Exemption Certificate issued by the

1 Department at the time of purchase. This Section is exempt from  
2 the provisions of Section 2-70.

3 Section 925. The Property Tax Code is amended by adding  
4 Section 184.10 as follows:

5 (35 ILCS 200/184.10 new)

6 Sec. 184.10. Abatement for Big Empties Sites. Any taxing  
7 district may, upon a majority vote of its governing authority  
8 and after the determination of the assessed valuation of its  
9 property, order the clerk of that county to abate up to 50% of  
10 its taxes imposed on a Big Empties Site designated by the  
11 Department of Commerce and Economic Opportunity.

12 Section 930. The Public Utilities Act is amended by  
13 changing Section 9-222 and by adding Section 9-222.1B as  
14 follows:

15 (220 ILCS 5/9-222) (from Ch. 111 2/3, par. 9-222)

16 Sec. 9-222. Whenever a tax is imposed upon a public utility  
17 engaged in the business of distributing, supplying,  
18 furnishing, or selling gas for use or consumption pursuant to  
19 Section 2 of the Gas Revenue Tax Act, or whenever a tax is  
20 required to be collected by a delivering supplier pursuant to  
21 Section 2-7 of the Electricity Excise Tax Act, or whenever a  
22 tax is imposed upon a public utility pursuant to Section 2-202

1 of this Act, such utility may charge its customers, other than  
2 customers who are high impact businesses under Section 5.5 of  
3 the Illinois Enterprise Zone Act, owners of certified big  
4 empties sites, or certified business enterprises under Section  
5 9-222.1 of this Act, to the extent of such exemption and during  
6 the period in which such exemption is in effect, in addition to  
7 any rate authorized by this Act, an additional charge equal to  
8 the total amount of such taxes. The exemption of this Section  
9 relating to high impact businesses shall be subject to the  
10 provisions of subsections (a), (b), and (b-5) of Section 5.5 of  
11 the Illinois Enterprise Zone Act. This requirement shall not  
12 apply to taxes on invested capital imposed pursuant to the  
13 Messages Tax Act, the Gas Revenue Tax Act and the Public  
14 Utilities Revenue Act. Such utility shall file with the  
15 Commission a supplemental schedule which shall specify such  
16 additional charge and which shall become effective upon filing  
17 without further notice. Such additional charge shall be shown  
18 separately on the utility bill to each customer. The Commission  
19 shall have the power to investigate whether or not such  
20 supplemental schedule correctly specifies such additional  
21 charge, but shall have no power to suspend such supplemental  
22 schedule. If the Commission finds, after a hearing, that such  
23 supplemental schedule does not correctly specify such  
24 additional charge, it shall by order require a refund to the  
25 appropriate customers of the excess, if any, with interest, in  
26 such manner as it shall deem just and reasonable, and in and by

1 such order shall require the utility to file an amended  
2 supplemental schedule corresponding to the finding and order of  
3 the Commission. Except with respect to taxes imposed on  
4 invested capital, such tax liabilities shall be recovered from  
5 customers solely by means of the additional charges authorized  
6 by this Section.

7 (Source: P.A. 91-914, eff. 7-7-00; 92-12, eff. 7-1-01.)

8 (220 ILCS 5/9-222.1B new)

9 Sec. 9-222.1B. Big Empties exemption. The owner of a site  
10 designated as a Big Empties Site under the Big Empties Site Act  
11 shall be exempt from the additional charges added to the  
12 business enterprise's utility bills as a pass-on of State  
13 utility taxes under Section 9-222 of this Act if the owner  
14 makes an investment of at least \$75,000,000 at the site. The  
15 Department of Commerce and Economic Opportunity shall  
16 determine the period during which such exemption from the  
17 charges imposed under Section 9-222 is in effect which shall  
18 not exceed 15 years or the certified term of the site,  
19 whichever period is shorter.

20 Section 999. Effective date. This Act takes effect upon  
21 becoming law.