



Sen. Andy Manar

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1 AMENDMENT TO SENATE BILL 686

2 AMENDMENT NO. _____. Amend Senate Bill 686 by replacing
3 everything after the enacting clause with the following:

4 "Section 1. Short title. This Act may be cited as the
5 Illinois Broadband Investment Act.

6 Section 3. The Illinois Procurement Code is amended by
7 changing Section 1-10 as follows:

8 (30 ILCS 500/1-10)

9 Sec. 1-10. Application.

10 (a) This Code applies only to procurements for which
11 bidders, offerors, potential contractors, or contractors were
12 first solicited on or after July 1, 1998. This Code shall not
13 be construed to affect or impair any contract, or any provision
14 of a contract, entered into based on a solicitation prior to
15 the implementation date of this Code as described in Article

1 99, including but not limited to any covenant entered into with
2 respect to any revenue bonds or similar instruments. All
3 procurements for which contracts are solicited between the
4 effective date of Articles 50 and 99 and July 1, 1998 shall be
5 substantially in accordance with this Code and its intent.

6 (b) This Code shall apply regardless of the source of the
7 funds with which the contracts are paid, including federal
8 assistance moneys. This Code shall not apply to:

9 (1) Contracts between the State and its political
10 subdivisions or other governments, or between State
11 governmental bodies, except as specifically provided in
12 this Code.

13 (2) Grants, except for the filing requirements of
14 Section 20-80.

15 (3) Purchase of care, except as provided in Section
16 5-30.6 of the Illinois Public Aid Code and this Section.

17 (4) Hiring of an individual as employee and not as an
18 independent contractor, whether pursuant to an employment
19 code or policy or by contract directly with that
20 individual.

21 (5) Collective bargaining contracts.

22 (6) Purchase of real estate, except that notice of this
23 type of contract with a value of more than \$25,000 must be
24 published in the Procurement Bulletin within 10 calendar
25 days after the deed is recorded in the county of
26 jurisdiction. The notice shall identify the real estate

1 purchased, the names of all parties to the contract, the
2 value of the contract, and the effective date of the
3 contract.

4 (7) Contracts necessary to prepare for anticipated
5 litigation, enforcement actions, or investigations,
6 provided that the chief legal counsel to the Governor shall
7 give his or her prior approval when the procuring agency is
8 one subject to the jurisdiction of the Governor, and
9 provided that the chief legal counsel of any other
10 procuring entity subject to this Code shall give his or her
11 prior approval when the procuring entity is not one subject
12 to the jurisdiction of the Governor.

13 (8) (Blank).

14 (9) Procurement expenditures by the Illinois
15 Conservation Foundation when only private funds are used.

16 (10) (Blank).

17 (11) Public-private agreements entered into according
18 to the procurement requirements of Section 20 of the
19 Public-Private Partnerships for Transportation Act and
20 design-build agreements entered into according to the
21 procurement requirements of Section 25 of the
22 Public-Private Partnerships for Transportation Act.

23 (12) Contracts for legal, financial, and other
24 professional and artistic services entered into on or
25 before December 31, 2018 by the Illinois Finance Authority
26 in which the State of Illinois is not obligated. Such

1 contracts shall be awarded through a competitive process
2 authorized by the Board of the Illinois Finance Authority
3 and are subject to Sections 5-30, 20-160, 50-13, 50-20,
4 50-35, and 50-37 of this Code, as well as the final
5 approval by the Board of the Illinois Finance Authority of
6 the terms of the contract.

7 (13) Contracts for services, commodities, and
8 equipment to support the delivery of timely forensic
9 science services in consultation with and subject to the
10 approval of the Chief Procurement Officer as provided in
11 subsection (d) of Section 5-4-3a of the Unified Code of
12 Corrections, except for the requirements of Sections
13 20-60, 20-65, 20-70, and 20-160 and Article 50 of this
14 Code; however, the Chief Procurement Officer may, in
15 writing with justification, waive any certification
16 required under Article 50 of this Code. For any contracts
17 for services which are currently provided by members of a
18 collective bargaining agreement, the applicable terms of
19 the collective bargaining agreement concerning
20 subcontracting shall be followed.

21 On and after January 1, 2019, this paragraph (13),
22 except for this sentence, is inoperative.

23 (14) Contracts for participation expenditures required
24 by a domestic or international trade show or exhibition of
25 an exhibitor, member, or sponsor.

26 (15) Contracts with a railroad or utility that requires

1 the State to reimburse the railroad or utilities for the
2 relocation of utilities for construction or other public
3 purpose. Contracts included within this paragraph (15)
4 shall include, but not be limited to, those associated
5 with: relocations, crossings, installations, and
6 maintenance. For the purposes of this paragraph (15),
7 "railroad" means any form of non-highway ground
8 transportation that runs on rails or electromagnetic
9 guideways and "utility" means: (1) public utilities as
10 defined in Section 3-105 of the Public Utilities Act, (2)
11 telecommunications carriers as defined in Section 13-202
12 of the Public Utilities Act, (3) electric cooperatives as
13 defined in Section 3.4 of the Electric Supplier Act, (4)
14 telephone or telecommunications cooperatives as defined in
15 Section 13-212 of the Public Utilities Act, (5) rural water
16 or waste water systems with 10,000 connections or less, (6)
17 a holder as defined in Section 21-201 of the Public
18 Utilities Act, and (7) municipalities owning or operating
19 utility systems consisting of public utilities as that term
20 is defined in Section 11-117-2 of the Illinois Municipal
21 Code.

22 (16) Procurement expenditures necessary for the
23 Department of Public Health to provide the delivery of
24 timely newborn screening services in accordance with the
25 Newborn Metabolic Screening Act.

26 (17) ~~(16)~~ Procurement expenditures necessary for the

1 Department of Agriculture, the Department of Financial and
2 Professional Regulation, the Department of Human Services,
3 and the Department of Public Health to implement the
4 Compassionate Use of Medical Cannabis Pilot Program and
5 Opioid Alternative Pilot Program requirements and ensure
6 access to medical cannabis for patients with debilitating
7 medical conditions in accordance with the Compassionate
8 Use of Medical Cannabis Pilot Program Act.

9 Notwithstanding any other provision of law, for contracts
10 entered into on or after October 1, 2017 under an exemption
11 provided in any paragraph of this subsection (b), except
12 paragraph (1), (2), or (5), each State agency shall post to the
13 appropriate procurement bulletin the name of the contractor, a
14 description of the supply or service provided, the total amount
15 of the contract, the term of the contract, and the exception to
16 the Code utilized. The chief procurement officer shall submit a
17 report to the Governor and General Assembly no later than
18 November 1 of each year that shall include, at a minimum, an
19 annual summary of the monthly information reported to the chief
20 procurement officer.

21 (c) This Code does not apply to the electric power
22 procurement process provided for under Section 1-75 of the
23 Illinois Power Agency Act and Section 16-111.5 of the Public
24 Utilities Act.

25 (d) Except for Section 20-160 and Article 50 of this Code,
26 and as expressly required by Section 9.1 of the Illinois

1 Lottery Law, the provisions of this Code do not apply to the
2 procurement process provided for under Section 9.1 of the
3 Illinois Lottery Law.

4 (e) This Code does not apply to the process used by the
5 Capital Development Board to retain a person or entity to
6 assist the Capital Development Board with its duties related to
7 the determination of costs of a clean coal SNG brownfield
8 facility, as defined by Section 1-10 of the Illinois Power
9 Agency Act, as required in subsection (h-3) of Section 9-220 of
10 the Public Utilities Act, including calculating the range of
11 capital costs, the range of operating and maintenance costs, or
12 the sequestration costs or monitoring the construction of clean
13 coal SNG brownfield facility for the full duration of
14 construction.

15 (f) (Blank).

16 (g) (Blank).

17 (g-5) This Code does not apply to the leasing of
18 State-owned facilities by a wireless carrier, as defined in
19 Section 2 of the Emergency Telephone System Act.

20 (h) This Code does not apply to the process to procure or
21 contracts entered into in accordance with Sections 11-5.2 and
22 11-5.3 of the Illinois Public Aid Code.

23 (i) Each chief procurement officer may access records
24 necessary to review whether a contract, purchase, or other
25 expenditure is or is not subject to the provisions of this
26 Code, unless such records would be subject to attorney-client

1 privilege.

2 (j) This Code does not apply to the process used by the
3 Capital Development Board to retain an artist or work or works
4 of art as required in Section 14 of the Capital Development
5 Board Act.

6 (k) This Code does not apply to the process to procure
7 contracts, or contracts entered into, by the State Board of
8 Elections or the State Electoral Board for hearing officers
9 appointed pursuant to the Election Code.

10 (l) This Code does not apply to the processes used by the
11 Illinois Student Assistance Commission to procure supplies and
12 services paid for from the private funds of the Illinois
13 Prepaid Tuition Fund. As used in this subsection (l), "private
14 funds" means funds derived from deposits paid into the Illinois
15 Prepaid Tuition Trust Fund and the earnings thereon.

16 (Source: P.A. 99-801, eff. 1-1-17; 100-43, eff. 8-9-17;
17 100-580, eff. 3-12-18; 100-757, eff. 8-10-18; 100-1114, eff.
18 8-28-18; revised 10-18-18.)

19 Section 5. The Illinois Income Tax Act is amended by
20 changing Section 201 as follows:

21 (35 ILCS 5/201) (from Ch. 120, par. 2-201)

22 Sec. 201. Tax imposed.

23 (a) In general. A tax measured by net income is hereby
24 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 (i) Credit for Personal Property Tax Replacement Income
21 Tax. For tax years ending prior to December 31, 2003, a credit
22 shall be allowed against the tax imposed by subsections (a) and
23 (b) of this Section for the tax imposed by subsections (c) and
24 (d) of this Section. This credit shall be computed by
25 multiplying the tax imposed by subsections (c) and (d) of this
26 Section by a fraction, the numerator of which is base income

1 allocable to Illinois and the denominator of which is Illinois
2 base income, and further multiplying the product by the tax
3 rate imposed by subsections (a) and (b) of this Section.

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

18 If, during any taxable year ending on or after December 31,
19 1986, the tax imposed by subsections (c) and (d) of this
20 Section for which a taxpayer has claimed a credit under this
21 subsection (i) is reduced, the amount of credit for such tax
22 shall also be reduced. Such reduction shall be determined by
23 recomputing the credit to take into account the reduced tax
24 imposed by subsections (c) and (d). If any portion of the
25 reduced amount of credit has been carried to a different
26 taxable year, an amended return shall be filed for such taxable

1 year to reduce the amount of credit claimed.

2 (j) Training expense credit. Beginning with tax years
3 ending on or after December 31, 1986 and prior to December 31,
4 2003, a taxpayer shall be allowed a credit against the tax
5 imposed by subsections (a) and (b) under this Section for all
6 amounts paid or accrued, on behalf of all persons employed by
7 the taxpayer in Illinois or Illinois residents employed outside
8 of Illinois by a taxpayer, for educational or vocational
9 training in semi-technical or technical fields or semi-skilled
10 or skilled fields, which were deducted from gross income in the
11 computation of taxable income. The credit against the tax
12 imposed by subsections (a) and (b) shall be 1.6% of such
13 training expenses. For partners, shareholders of subchapter S
14 corporations, and owners of limited liability companies, if the
15 liability company is treated as a partnership for purposes of
16 federal and State income taxation, there shall be allowed a
17 credit under this subsection (j) to be determined in accordance
18 with the determination of income and distributive share of
19 income under Sections 702 and 704 and subchapter S of the
20 Internal Revenue Code.

21 Any credit allowed under this subsection which is unused in
22 the year the credit is earned may be carried forward to each of
23 the 5 taxable years following the year for which the credit is
24 first computed until it is used. This credit shall be applied
25 first to the earliest year for which there is a liability. If
26 there is a credit under this subsection from more than one tax

1 year that is available to offset a liability the earliest
2 credit arising under this subsection shall be applied first. No
3 carryforward credit may be claimed in any tax year ending on or
4 after December 31, 2003.

5 (k) Research and development credit. For tax years ending
6 after July 1, 1990 and prior to December 31, 2003, and
7 beginning again for tax years ending on or after December 31,
8 2004, and ending prior to January 1, 2022, a taxpayer shall be
9 allowed a credit against the tax imposed by subsections (a) and
10 (b) of this Section for increasing research activities in this
11 State. The credit allowed against the tax imposed by
12 subsections (a) and (b) shall be equal to 6 1/2% of the
13 qualifying expenditures for increasing research activities in
14 this State. For partners, shareholders of subchapter S
15 corporations, and owners of limited liability companies, if the
16 liability company is treated as a partnership for purposes of
17 federal and State income taxation, there shall be allowed a
18 credit under this subsection to be determined in accordance
19 with the determination of income and distributive share of
20 income under Sections 702 and 704 and subchapter S of the
21 Internal Revenue Code.

22 For purposes of this subsection, "qualifying expenditures"
23 means the qualifying expenditures as defined for the federal
24 credit for increasing research activities which would be
25 allowable under Section 41 of the Internal Revenue Code and
26 which are conducted in this State, "qualifying expenditures for

1 increasing research activities in this State" means the excess
2 of qualifying expenditures for the taxable year in which
3 incurred over qualifying expenditures for the base period,
4 "qualifying expenditures for the base period" means the average
5 of the qualifying expenditures for each year in the base
6 period, and "base period" means the 3 taxable years immediately
7 preceding the taxable year for which the determination is being
8 made.

9 Any credit in excess of the tax liability for the taxable
10 year may be carried forward. A taxpayer may elect to have the
11 unused credit shown on its final completed return carried over
12 as a credit against the tax liability for the following 5
13 taxable years or until it has been fully used, whichever occurs
14 first; provided that no credit earned in a tax year ending
15 prior to December 31, 2003 may be carried forward to any year
16 ending on or after December 31, 2003.

17 If an unused credit is carried forward to a given year from
18 2 or more earlier years, that credit arising in the earliest
19 year will be applied first against the tax liability for the
20 given year. If a tax liability for the given year still
21 remains, the credit from the next earliest year will then be
22 applied, and so on, until all credits have been used or no tax
23 liability for the given year remains. Any remaining unused
24 credit or credits then will be carried forward to the next
25 following year in which a tax liability is incurred, except
26 that no credit can be carried forward to a year which is more

1 than 5 years after the year in which the expense for which the
2 credit is given was incurred.

3 No inference shall be drawn from this amendatory Act of the
4 91st General Assembly in construing this Section for taxable
5 years beginning before January 1, 1999.

6 It is the intent of the General Assembly that the research
7 and development credit under this subsection (k) shall apply
8 continuously for all tax years ending on or after December 31,
9 2004 and ending prior to January 1, 2022, including, but not
10 limited to, the period beginning on January 1, 2016 and ending
11 on the effective date of this amendatory Act of the 100th
12 General Assembly. All actions taken in reliance on the
13 continuation of the credit under this subsection (k) by any
14 taxpayer are hereby validated.

15 (l) Environmental Remediation Tax Credit.

16 (i) For tax years ending after December 31, 1997 and on
17 or before December 31, 2001, a taxpayer shall be allowed a
18 credit against the tax imposed by subsections (a) and (b)
19 of this Section for certain amounts paid for unreimbursed
20 eligible remediation costs, as specified in this
21 subsection. For purposes of this Section, "unreimbursed
22 eligible remediation costs" means costs approved by the
23 Illinois Environmental Protection Agency ("Agency") under
24 Section 58.14 of the Environmental Protection Act that were
25 paid in performing environmental remediation at a site for
26 which a No Further Remediation Letter was issued by the

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

1 contained in an enterprise zone as determined by the
2 Department of Commerce and Community Affairs (now
3 Department of Commerce and Economic Opportunity). The
4 total credit allowed shall not exceed \$40,000 per year with
5 a maximum total of \$150,000 per site. For partners and
6 shareholders of subchapter S corporations, there shall be
7 allowed a credit under this subsection to be determined in
8 accordance with the determination of income and
9 distributive share of income under Sections 702 and 704 and
10 subchapter S of the Internal Revenue Code.

11 (ii) A credit allowed under this subsection that is
12 unused in the year the credit is earned may be carried
13 forward to each of the 5 taxable years following the year
14 for which the credit is first earned until it is used. The
15 term "unused credit" does not include any amounts of
16 unreimbursed eligible remediation costs in excess of the
17 maximum credit per site authorized under paragraph (i).
18 This credit shall be applied first to the earliest year for
19 which there is a liability. If there is a credit under this
20 subsection from more than one tax year that is available to
21 offset a liability, the earliest credit arising under this
22 subsection shall be applied first. A credit allowed under
23 this subsection may be sold to a buyer as part of a sale of
24 all or part of the remediation site for which the credit
25 was granted. The purchaser of a remediation site and the
26 tax credit shall succeed to the unused credit and remaining

1 carry-forward period of the seller. To perfect the
2 transfer, the assignor shall record the transfer in the
3 chain of title for the site and provide written notice to
4 the Director of the Illinois Department of Revenue of the
5 assignor's intent to sell the remediation site and the
6 amount of the tax credit to be transferred as a portion of
7 the sale. In no event may a credit be transferred to any
8 taxpayer if the taxpayer or a related party would not be
9 eligible under the provisions of subsection (i).

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

13 (m) Education expense credit. Beginning with tax years
14 ending after December 31, 1999, a taxpayer who is the custodian
15 of one or more qualifying pupils shall be allowed a credit
16 against the tax imposed by subsections (a) and (b) of this
17 Section for qualified education expenses incurred on behalf of
18 the qualifying pupils. The credit shall be equal to 25% of
19 qualified education expenses, but in no event may the total
20 credit under this subsection claimed by a family that is the
21 custodian of qualifying pupils exceed (i) \$500 for tax years
22 ending prior to December 31, 2017, and (ii) \$750 for tax years
23 ending on or after December 31, 2017. In no event shall a
24 credit under this subsection reduce the taxpayer's liability
25 under this Act to less than zero. Notwithstanding any other
26 provision of law, for taxable years beginning on or after

1 January 1, 2017, no taxpayer may claim a credit under this
2 subsection (m) if the taxpayer's adjusted gross income for the
3 taxable year exceeds (i) \$500,000, in the case of spouses
4 filing a joint federal tax return or (ii) \$250,000, in the case
5 of all other taxpayers. This subsection is exempt from the
6 provisions of Section 250 of this Act.

7 For purposes of this subsection:

8 "Qualifying pupils" means individuals who (i) are
9 residents of the State of Illinois, (ii) are under the age of
10 21 at the close of the school year for which a credit is
11 sought, and (iii) during the school year for which a credit is
12 sought were full-time pupils enrolled in a kindergarten through
13 twelfth grade education program at any school, as defined in
14 this subsection.

15 "Qualified education expense" means the amount incurred on
16 behalf of a qualifying pupil in excess of \$250 for tuition,
17 book fees, and lab fees at the school in which the pupil is
18 enrolled during the regular school year.

19 "School" means any public or nonpublic elementary or
20 secondary school in Illinois that is in compliance with Title
21 VI of the Civil Rights Act of 1964 and attendance at which
22 satisfies the requirements of Section 26-1 of the School Code,
23 except that nothing shall be construed to require a child to
24 attend any particular public or nonpublic school to qualify for
25 the credit under this Section.

26 "Custodian" means, with respect to qualifying pupils, an

1 Illinois resident who is a parent, the parents, a legal
2 guardian, or the legal guardians of the qualifying pupils.

3 (n) River Edge Redevelopment Zone site remediation tax
4 credit.

5 (i) For tax years ending on or after December 31, 2006,
6 a taxpayer shall be allowed a credit against the tax
7 imposed by subsections (a) and (b) of this Section for
8 certain amounts paid for unreimbursed eligible remediation
9 costs, as specified in this subsection. For purposes of
10 this Section, "unreimbursed eligible remediation costs"
11 means costs approved by the Illinois Environmental
12 Protection Agency ("Agency") under Section 58.14a of the
13 Environmental Protection Act that were paid in performing
14 environmental remediation at a site within a River Edge
15 Redevelopment Zone for which a No Further Remediation
16 Letter was issued by the Agency and recorded under Section
17 58.10 of the Environmental Protection Act. The credit must
18 be claimed for the taxable year in which Agency approval of
19 the eligible remediation costs is granted. The credit is
20 not available to any taxpayer if the taxpayer or any
21 related party caused or contributed to, in any material
22 respect, a release of regulated substances on, in, or under
23 the site that was identified and addressed by the remedial
24 action pursuant to the Site Remediation Program of the
25 Environmental Protection Act. Determinations as to credit
26 availability for purposes of this Section shall be made

1 consistent with rules adopted by the Pollution Control
2 Board pursuant to the Illinois Administrative Procedure
3 Act for the administration and enforcement of Section 58.9
4 of the Environmental Protection Act. For purposes of this
5 Section, "taxpayer" includes a person whose tax attributes
6 the taxpayer has succeeded to under Section 381 of the
7 Internal Revenue Code and "related party" includes the
8 persons disallowed a deduction for losses by paragraphs
9 (b), (c), and (f) (1) of Section 267 of the Internal Revenue
10 Code by virtue of being a related taxpayer, as well as any
11 of its partners. The credit allowed against the tax imposed
12 by subsections (a) and (b) shall be equal to 25% of the
13 unreimbursed eligible remediation costs in excess of
14 \$100,000 per site.

15 (ii) A credit allowed under this subsection that is
16 unused in the year the credit is earned may be carried
17 forward to each of the 5 taxable years following the year
18 for which the credit is first earned until it is used. This
19 credit shall be applied first to the earliest year for
20 which there is a liability. If there is a credit under this
21 subsection from more than one tax year that is available to
22 offset a liability, the earliest credit arising under this
23 subsection shall be applied first. A credit allowed under
24 this subsection may be sold to a buyer as part of a sale of
25 all or part of the remediation site for which the credit
26 was granted. The purchaser of a remediation site and the

1 tax credit shall succeed to the unused credit and remaining
2 carry-forward period of the seller. To perfect the
3 transfer, the assignor shall record the transfer in the
4 chain of title for the site and provide written notice to
5 the Director of the Illinois Department of Revenue of the
6 assignor's intent to sell the remediation site and the
7 amount of the tax credit to be transferred as a portion of
8 the sale. In no event may a credit be transferred to any
9 taxpayer if the taxpayer or a related party would not be
10 eligible under the provisions of subsection (i).

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

14 (o) For each of taxable years during the Compassionate Use
15 of Medical Cannabis Pilot Program, a surcharge is imposed on
16 all taxpayers on income arising from the sale or exchange of
17 capital assets, depreciable business property, real property
18 used in the trade or business, and Section 197 intangibles of
19 an organization registrant under the Compassionate Use of
20 Medical Cannabis Pilot Program Act. The amount of the surcharge
21 is equal to the amount of federal income tax liability for the
22 taxable year attributable to those sales and exchanges. The
23 surcharge imposed does not apply if:

24 (1) the medical cannabis cultivation center
25 registration, medical cannabis dispensary registration, or
26 the property of a registration is transferred as a result

1 of any of the following:

2 (A) bankruptcy, a receivership, or a debt
3 adjustment initiated by or against the initial
4 registration or the substantial owners of the initial
5 registration;

6 (B) cancellation, revocation, or termination of
7 any registration by the Illinois Department of Public
8 Health;

9 (C) a determination by the Illinois Department of
10 Public Health that transfer of the registration is in
11 the best interests of Illinois qualifying patients as
12 defined by the Compassionate Use of Medical Cannabis
13 Pilot Program Act;

14 (D) the death of an owner of the equity interest in
15 a registrant;

16 (E) the acquisition of a controlling interest in
17 the stock or substantially all of the assets of a
18 publicly traded company;

19 (F) a transfer by a parent company to a wholly
20 owned subsidiary; or

21 (G) the transfer or sale to or by one person to
22 another person where both persons were initial owners
23 of the registration when the registration was issued;
24 or

25 (2) the cannabis cultivation center registration,
26 medical cannabis dispensary registration, or the

1 controlling interest in a registrant's property is
2 transferred in a transaction to lineal descendants in which
3 no gain or loss is recognized or as a result of a
4 transaction in accordance with Section 351 of the Internal
5 Revenue Code in which no gain or loss is recognized.

6 (p) A taxpayer shall be allowed an annual credit against
7 the tax imposed by subsections (a) and (b) of this Section of
8 an amount equal to 15% of the cost of equipment and materials
9 incorporated into or used in the business of providing
10 broadband services in this State during that year. Such annual
11 credits shall be allowed commencing with the taxable year in
12 which such property is placed in service and continue for 9
13 consecutive years thereafter. The aggregate credit established
14 by this subsection taken in any one tax year shall be limited
15 to an amount not greater than 50% of the taxpayer's tax
16 liability under subsections (a) and (b) of this Section;
17 provided, however, that any tax credit claimed under this
18 subsection but not used in any taxable year may be carried
19 forward for 10 consecutive years from the close of the tax year
20 in which the credits were earned. The maximum aggregate amount
21 of credits that may be claimed under this subsection shall not
22 exceed the original investment made by the taxpayer in the
23 qualifying equipment.

24 For purposes this subsection: (i) "broadband service"
25 means a service provided by wireline or wireless means capable
26 of delivering high-speed internet access at speeds of at least

1 10 megabits per second of download speed and one megabit per
2 second of upload speed; and (ii) "equipment, and materials
3 incorporated into or used in the business of providing
4 broadband services", means all equipment and materials
5 machinery, software, or other tangible personal property that
6 is used in whole or in part in producing, broadcasting,
7 distributing, sending, receiving, storing, transmitting,
8 retransmitting, amplifying, switching, or routing broadband
9 services, including the monitoring, testing, maintaining,
10 enabling, or facilitating of such equipment, machinery,
11 software, or other infrastructure. Such property includes, but
12 is not limited to, wires, cables including fiber optic cables,
13 antennas, poles, switches, routers, amplifiers, rectifiers,
14 repeaters, receivers, multiplexers, duplexers, transmitters,
15 power equipment, backup power equipment, diagnostic equipment,
16 storage devices, modems, and other general central office
17 equipment, such as channel cards, frames, and cabinets.

18 The credit under this subsection (p) does not apply for
19 property placed in service after December 31, 2023.

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

21 Section 10. The Use Tax Act is amended by changing Sections
22 2 and 3-5 as follows:

23 (35 ILCS 105/2) (from Ch. 120, par. 439.2)

24 Sec. 2. Definitions.

1 "Broadband service" means a service provided by wireline or
2 wireless means capable of delivering high-speed internet
3 access at speeds of at least 10 megabits per second of download
4 speed and one megabit per second of upload speed.

5 "Use" means the exercise by any person of any right or
6 power over tangible personal property incident to the ownership
7 of that property, except that it does not include the sale of
8 such property in any form as tangible personal property in the
9 regular course of business to the extent that such property is
10 not first subjected to a use for which it was purchased, and
11 does not include the use of such property by its owner for
12 demonstration purposes: Provided that the property purchased
13 is deemed to be purchased for the purpose of resale, despite
14 first being used, to the extent to which it is resold as an
15 ingredient of an intentionally produced product or by-product
16 of manufacturing. "Use" does not mean the demonstration use or
17 interim use of tangible personal property by a retailer before
18 he sells that tangible personal property. For watercraft or
19 aircraft, if the period of demonstration use or interim use by
20 the retailer exceeds 18 months, the retailer shall pay on the
21 retailers' original cost price the tax imposed by this Act, and
22 no credit for that tax is permitted if the watercraft or
23 aircraft is subsequently sold by the retailer. "Use" does not
24 mean the physical incorporation of tangible personal property,
25 to the extent not first subjected to a use for which it was
26 purchased, as an ingredient or constituent, into other tangible

1 personal property (a) which is sold in the regular course of
2 business or (b) which the person incorporating such ingredient
3 or constituent therein has undertaken at the time of such
4 purchase to cause to be transported in interstate commerce to
5 destinations outside the State of Illinois: Provided that the
6 property purchased is deemed to be purchased for the purpose of
7 resale, despite first being used, to the extent to which it is
8 resold as an ingredient of an intentionally produced product or
9 by-product of manufacturing.

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

14 "Purchase at retail" means the acquisition of the ownership
15 of or title to tangible personal property through a sale at
16 retail.

17 "Purchaser" means anyone who, through a sale at retail,
18 acquires the ownership of tangible personal property for a
19 valuable consideration.

20 "Sale at retail" means any transfer of the ownership of or
21 title to tangible personal property to a purchaser, for the
22 purpose of use, and not for the purpose of resale in any form
23 as tangible personal property to the extent not first subjected
24 to a use for which it was purchased, for a valuable
25 consideration: Provided that the property purchased is deemed
26 to be purchased for the purpose of resale, despite first being

1 used, to the extent to which it is resold as an ingredient of
2 an intentionally produced product or by-product of
3 manufacturing. For this purpose, slag produced as an incident
4 to manufacturing pig iron or steel and sold is considered to be
5 an intentionally produced by-product of manufacturing. "Sale
6 at retail" includes any such transfer made for resale unless
7 made in compliance with Section 2c of the Retailers' Occupation
8 Tax Act, as incorporated by reference into Section 12 of this
9 Act. Transactions whereby the possession of the property is
10 transferred but the seller retains the title as security for
11 payment of the selling price are sales.

12 "Sale at retail" shall also be construed to include any
13 Illinois florist's sales transaction in which the purchase
14 order is received in Illinois by a florist and the sale is for
15 use or consumption, but the Illinois florist has a florist in
16 another state deliver the property to the purchaser or the
17 purchaser's donee in such other state.

18 Nonreusable tangible personal property that is used by
19 persons engaged in the business of operating a restaurant,
20 cafeteria, or drive-in is a sale for resale when it is
21 transferred to customers in the ordinary course of business as
22 part of the sale of food or beverages and is used to deliver,
23 package, or consume food or beverages, regardless of where
24 consumption of the food or beverages occurs. Examples of those
25 items include, but are not limited to nonreusable, paper and
26 plastic cups, plates, baskets, boxes, sleeves, buckets or other

1 containers, utensils, straws, placemats, napkins, doggie bags,
2 and wrapping or packaging materials that are transferred to
3 customers as part of the sale of food or beverages in the
4 ordinary course of business.

5 The purchase, employment and transfer of such tangible
6 personal property as newsprint and ink for the primary purpose
7 of conveying news (with or without other information) is not a
8 purchase, use or sale of tangible personal property.

9 "Selling price" means the consideration for a sale valued
10 in money whether received in money or otherwise, including
11 cash, credits, property other than as hereinafter provided, and
12 services, but not including the value of or credit given for
13 traded-in tangible personal property where the item that is
14 traded-in is of like kind and character as that which is being
15 sold, and shall be determined without any deduction on account
16 of the cost of the property sold, the cost of materials used,
17 labor or service cost or any other expense whatsoever, but does
18 not include interest or finance charges which appear as
19 separate items on the bill of sale or sales contract nor
20 charges that are added to prices by sellers on account of the
21 seller's tax liability under the "Retailers' Occupation Tax
22 Act", or on account of the seller's duty to collect, from the
23 purchaser, the tax that is imposed by this Act, or, except as
24 otherwise provided with respect to any cigarette tax imposed by
25 a home rule unit, on account of the seller's tax liability
26 under any local occupation tax administered by the Department,

1 or, except as otherwise provided with respect to any cigarette
2 tax imposed by a home rule unit on account of the seller's duty
3 to collect, from the purchasers, the tax that is imposed under
4 any local use tax administered by the Department. Effective
5 December 1, 1985, "selling price" shall include charges that
6 are added to prices by sellers on account of the seller's tax
7 liability under the Cigarette Tax Act, on account of the
8 seller's duty to collect, from the purchaser, the tax imposed
9 under the Cigarette Use Tax Act, and on account of the seller's
10 duty to collect, from the purchaser, any cigarette tax imposed
11 by a home rule unit.

12 Notwithstanding any law to the contrary, for any motor
13 vehicle, as defined in Section 1-146 of the Vehicle Code, that
14 is sold on or after January 1, 2015 for the purpose of leasing
15 the vehicle for a defined period that is longer than one year
16 and (1) is a motor vehicle of the second division that: (A) is
17 a self-contained motor vehicle designed or permanently
18 converted to provide living quarters for recreational,
19 camping, or travel use, with direct walk through access to the
20 living quarters from the driver's seat; (B) is of the van
21 configuration designed for the transportation of not less than
22 7 nor more than 16 passengers; or (C) has a gross vehicle
23 weight rating of 8,000 pounds or less or (2) is a motor vehicle
24 of the first division, "selling price" or "amount of sale"
25 means the consideration received by the lessor pursuant to the
26 lease contract, including amounts due at lease signing and all

1 monthly or other regular payments charged over the term of the
2 lease. Also included in the selling price is any amount
3 received by the lessor from the lessee for the leased vehicle
4 that is not calculated at the time the lease is executed,
5 including, but not limited to, excess mileage charges and
6 charges for excess wear and tear. For sales that occur in
7 Illinois, with respect to any amount received by the lessor
8 from the lessee for the leased vehicle that is not calculated
9 at the time the lease is executed, the lessor who purchased the
10 motor vehicle does not incur the tax imposed by the Use Tax Act
11 on those amounts, and the retailer who makes the retail sale of
12 the motor vehicle to the lessor is not required to collect the
13 tax imposed by this Act or to pay the tax imposed by the
14 Retailers' Occupation Tax Act on those amounts. However, the
15 lessor who purchased the motor vehicle assumes the liability
16 for reporting and paying the tax on those amounts directly to
17 the Department in the same form (Illinois Retailers' Occupation
18 Tax, and local retailers' occupation taxes, if applicable) in
19 which the retailer would have reported and paid such tax if the
20 retailer had accounted for the tax to the Department. For
21 amounts received by the lessor from the lessee that are not
22 calculated at the time the lease is executed, the lessor must
23 file the return and pay the tax to the Department by the due
24 date otherwise required by this Act for returns other than
25 transaction returns. If the retailer is entitled under this Act
26 to a discount for collecting and remitting the tax imposed

1 under this Act to the Department with respect to the sale of
2 the motor vehicle to the lessor, then the right to the discount
3 provided in this Act shall be transferred to the lessor with
4 respect to the tax paid by the lessor for any amount received
5 by the lessor from the lessee for the leased vehicle that is
6 not calculated at the time the lease is executed; provided that
7 the discount is only allowed if the return is timely filed and
8 for amounts timely paid. The "selling price" of a motor vehicle
9 that is sold on or after January 1, 2015 for the purpose of
10 leasing for a defined period of longer than one year shall not
11 be reduced by the value of or credit given for traded-in
12 tangible personal property owned by the lessor, nor shall it be
13 reduced by the value of or credit given for traded-in tangible
14 personal property owned by the lessee, regardless of whether
15 the trade-in value thereof is assigned by the lessee to the
16 lessor. In the case of a motor vehicle that is sold for the
17 purpose of leasing for a defined period of longer than one
18 year, the sale occurs at the time of the delivery of the
19 vehicle, regardless of the due date of any lease payments. A
20 lessor who incurs a Retailers' Occupation Tax liability on the
21 sale of a motor vehicle coming off lease may not take a credit
22 against that liability for the Use Tax the lessor paid upon the
23 purchase of the motor vehicle (or for any tax the lessor paid
24 with respect to any amount received by the lessor from the
25 lessee for the leased vehicle that was not calculated at the
26 time the lease was executed) if the selling price of the motor

1 vehicle at the time of purchase was calculated using the
2 definition of "selling price" as defined in this paragraph.
3 Notwithstanding any other provision of this Act to the
4 contrary, lessors shall file all returns and make all payments
5 required under this paragraph to the Department by electronic
6 means in the manner and form as required by the Department.
7 This paragraph does not apply to leases of motor vehicles for
8 which, at the time the lease is entered into, the term of the
9 lease is not a defined period, including leases with a defined
10 initial period with the option to continue the lease on a
11 month-to-month or other basis beyond the initial defined
12 period.

13 The phrase "like kind and character" shall be liberally
14 construed (including but not limited to any form of motor
15 vehicle for any form of motor vehicle, or any kind of farm or
16 agricultural implement for any other kind of farm or
17 agricultural implement), while not including a kind of item
18 which, if sold at retail by that retailer, would be exempt from
19 retailers' occupation tax and use tax as an isolated or
20 occasional sale.

21 "Department" means the Department of Revenue.

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

1 "Retailer" means and includes every person engaged in the
2 business of making sales at retail as defined in this Section.

3 A person who holds himself or herself out as being engaged
4 (or who habitually engages) in selling tangible personal
5 property at retail is a retailer hereunder with respect to such
6 sales (and not primarily in a service occupation)
7 notwithstanding the fact that such person designs and produces
8 such tangible personal property on special order for the
9 purchaser and in such a way as to render the property of value
10 only to such purchaser, if such tangible personal property so
11 produced on special order serves substantially the same
12 function as stock or standard items of tangible personal
13 property that are sold at retail.

14 A person whose activities are organized and conducted
15 primarily as a not-for-profit service enterprise, and who
16 engages in selling tangible personal property at retail
17 (whether to the public or merely to members and their guests)
18 is a retailer with respect to such transactions, excepting only
19 a person organized and operated exclusively for charitable,
20 religious or educational purposes either (1), to the extent of
21 sales by such person to its members, students, patients or
22 inmates of tangible personal property to be used primarily for
23 the purposes of such person, or (2), to the extent of sales by
24 such person of tangible personal property which is not sold or
25 offered for sale by persons organized for profit. The selling
26 of school books and school supplies by schools at retail to

1 students is not "primarily for the purposes of" the school
2 which does such selling. This paragraph does not apply to nor
3 subject to taxation occasional dinners, social or similar
4 activities of a person organized and operated exclusively for
5 charitable, religious or educational purposes, whether or not
6 such activities are open to the public.

7 A person who is the recipient of a grant or contract under
8 Title VII of the Older Americans Act of 1965 (P.L. 92-258) and
9 serves meals to participants in the federal Nutrition Program
10 for the Elderly in return for contributions established in
11 amount by the individual participant pursuant to a schedule of
12 suggested fees as provided for in the federal Act is not a
13 retailer under this Act with respect to such transactions.

14 Persons who engage in the business of transferring tangible
15 personal property upon the redemption of trading stamps are
16 retailers hereunder when engaged in such business.

17 The isolated or occasional sale of tangible personal
18 property at retail by a person who does not hold himself out as
19 being engaged (or who does not habitually engage) in selling
20 such tangible personal property at retail or a sale through a
21 bulk vending machine does not make such person a retailer
22 hereunder. However, any person who is engaged in a business
23 which is not subject to the tax imposed by the "Retailers'
24 Occupation Tax Act" because of involving the sale of or a
25 contract to sell real estate or a construction contract to
26 improve real estate, but who, in the course of conducting such

1 business, transfers tangible personal property to users or
2 consumers in the finished form in which it was purchased, and
3 which does not become real estate, under any provision of a
4 construction contract or real estate sale or real estate sales
5 agreement entered into with some other person arising out of or
6 because of such nontaxable business, is a retailer to the
7 extent of the value of the tangible personal property so
8 transferred. If, in such transaction, a separate charge is made
9 for the tangible personal property so transferred, the value of
10 such property, for the purposes of this Act, is the amount so
11 separately charged, but not less than the cost of such property
12 to the transferor; if no separate charge is made, the value of
13 such property, for the purposes of this Act, is the cost to the
14 transferor of such tangible personal property.

15 "Retailer maintaining a place of business in this State",
16 or any like term, means and includes any of the following
17 retailers:

18 (1) A retailer having or maintaining within this State,
19 directly or by a subsidiary, an office, distribution house,
20 sales house, warehouse or other place of business, or any
21 agent or other representative operating within this State
22 under the authority of the retailer or its subsidiary,
23 irrespective of whether such place of business or agent or
24 other representative is located here permanently or
25 temporarily, or whether such retailer or subsidiary is
26 licensed to do business in this State. However, the

1 ownership of property that is located at the premises of a
2 printer with which the retailer has contracted for printing
3 and that consists of the final printed product, property
4 that becomes a part of the final printed product, or copy
5 from which the printed product is produced shall not result
6 in the retailer being deemed to have or maintain an office,
7 distribution house, sales house, warehouse, or other place
8 of business within this State.

9 (1.1) A retailer having a contract with a person
10 located in this State under which the person, for a
11 commission or other consideration based upon the sale of
12 tangible personal property by the retailer, directly or
13 indirectly refers potential customers to the retailer by
14 providing to the potential customers a promotional code or
15 other mechanism that allows the retailer to track purchases
16 referred by such persons. Examples of mechanisms that allow
17 the retailer to track purchases referred by such persons
18 include but are not limited to the use of a link on the
19 person's Internet website, promotional codes distributed
20 through the person's hand-delivered or mailed material,
21 and promotional codes distributed by the person through
22 radio or other broadcast media. The provisions of this
23 paragraph (1.1) shall apply only if the cumulative gross
24 receipts from sales of tangible personal property by the
25 retailer to customers who are referred to the retailer by
26 all persons in this State under such contracts exceed

1 \$10,000 during the preceding 4 quarterly periods ending on
2 the last day of March, June, September, and December. A
3 retailer meeting the requirements of this paragraph (1.1)
4 shall be presumed to be maintaining a place of business in
5 this State but may rebut this presumption by submitting
6 proof that the referrals or other activities pursued within
7 this State by such persons were not sufficient to meet the
8 nexus standards of the United States Constitution during
9 the preceding 4 quarterly periods.

10 (1.2) Beginning July 1, 2011, a retailer having a
11 contract with a person located in this State under which:

12 (A) the retailer sells the same or substantially
13 similar line of products as the person located in this
14 State and does so using an identical or substantially
15 similar name, trade name, or trademark as the person
16 located in this State; and

17 (B) the retailer provides a commission or other
18 consideration to the person located in this State based
19 upon the sale of tangible personal property by the
20 retailer.

21 The provisions of this paragraph (1.2) shall apply only if
22 the cumulative gross receipts from sales of tangible
23 personal property by the retailer to customers in this
24 State under all such contracts exceed \$10,000 during the
25 preceding 4 quarterly periods ending on the last day of
26 March, June, September, and December.

1 (2) A retailer soliciting orders for tangible personal
2 property by means of a telecommunication or television
3 shopping system (which utilizes toll free numbers) which is
4 intended by the retailer to be broadcast by cable
5 television or other means of broadcasting, to consumers
6 located in this State.

7 (3) A retailer, pursuant to a contract with a
8 broadcaster or publisher located in this State, soliciting
9 orders for tangible personal property by means of
10 advertising which is disseminated primarily to consumers
11 located in this State and only secondarily to bordering
12 jurisdictions.

13 (4) A retailer soliciting orders for tangible personal
14 property by mail if the solicitations are substantial and
15 recurring and if the retailer benefits from any banking,
16 financing, debt collection, telecommunication, or
17 marketing activities occurring in this State or benefits
18 from the location in this State of authorized installation,
19 servicing, or repair facilities.

20 (5) A retailer that is owned or controlled by the same
21 interests that own or control any retailer engaging in
22 business in the same or similar line of business in this
23 State.

24 (6) A retailer having a franchisee or licensee
25 operating under its trade name if the franchisee or
26 licensee is required to collect the tax under this Section.

1 (7) A retailer, pursuant to a contract with a cable
2 television operator located in this State, soliciting
3 orders for tangible personal property by means of
4 advertising which is transmitted or distributed over a
5 cable television system in this State.

6 (8) A retailer engaging in activities in Illinois,
7 which activities in the state in which the retail business
8 engaging in such activities is located would constitute
9 maintaining a place of business in that state.

10 (9) Beginning October 1, 2018, a retailer making sales
11 of tangible personal property to purchasers in Illinois
12 from outside of Illinois if:

13 (A) the cumulative gross receipts from sales of
14 tangible personal property to purchasers in Illinois
15 are \$100,000 or more; or

16 (B) the retailer enters into 200 or more separate
17 transactions for the sale of tangible personal
18 property to purchasers in Illinois.

19 The retailer shall determine on a quarterly basis,
20 ending on the last day of March, June, September, and
21 December, whether he or she meets the criteria of either
22 subparagraph (A) or (B) of this paragraph (9) for the
23 preceding 12-month period. If the retailer meets the
24 criteria of either subparagraph (A) or (B) for a 12-month
25 period, he or she is considered a retailer maintaining a
26 place of business in this State and is required to collect

1 and remit the tax imposed under this Act and file returns
2 for one year. At the end of that one-year period, the
3 retailer shall determine whether the retailer met the
4 criteria of either subparagraph (A) or (B) during the
5 preceding 12-month period. If the retailer met the criteria
6 in either subparagraph (A) or (B) for the preceding
7 12-month period, he or she is considered a retailer
8 maintaining a place of business in this State and is
9 required to collect and remit the tax imposed under this
10 Act and file returns for the subsequent year. If at the end
11 of a one-year period a retailer that was required to
12 collect and remit the tax imposed under this Act determines
13 that he or she did not meet the criteria in either
14 subparagraph (A) or (B) during the preceding 12-month
15 period, the retailer shall subsequently determine on a
16 quarterly basis, ending on the last day of March, June,
17 September, and December, whether he or she meets the
18 criteria of either subparagraph (A) or (B) for the
19 preceding 12-month period.

20 "Bulk vending machine" means a vending machine, containing
21 unsorted confections, nuts, toys, or other items designed
22 primarily to be used or played with by children which, when a
23 coin or coins of a denomination not larger than \$0.50 are
24 inserted, are dispensed in equal portions, at random and
25 without selection by the customer.

26 (Source: P.A. 99-78, eff. 7-20-15; 100-587, eff. 6-4-18.)

1 (35 ILCS 105/3-5)

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

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

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

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

1 otherwise eligible for this exemption shall not make tax-free
2 purchases unless it has an active identification number issued
3 by the Department.

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

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

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

1 purchased for lease. Equipment includes chemicals or chemicals
2 acting as catalysts but only if the chemicals or chemicals
3 acting as catalysts effect a direct and immediate change upon a
4 graphic arts product. Beginning on July 1, 2017, graphic arts
5 machinery and equipment is included in the manufacturing and
6 assembling machinery and equipment exemption under paragraph
7 (18).

8 (7) Farm chemicals.

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

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

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

19 (11) Farm machinery and equipment, both new and used,
20 including that manufactured on special order, certified by the
21 purchaser to be used primarily for production agriculture or
22 State or federal agricultural programs, including individual
23 replacement parts for the machinery and equipment, including
24 machinery and equipment purchased for lease, and including
25 implements of husbandry defined in Section 1-130 of the
26 Illinois Vehicle Code, farm machinery and agricultural

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

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

20 Farm machinery and equipment also includes computers,
21 sensors, software, and related equipment used primarily in the
22 computer-assisted operation of production agriculture
23 facilities, equipment, and activities such as, but not limited
24 to, the collection, monitoring, and correlation of animal and
25 crop data for the purpose of formulating animal diets and
26 agricultural chemicals. This item (11) is exempt from the

1 provisions of Section 3-90.

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

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

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

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

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

15 (16) Until July 1, 2023, coal and aggregate exploration,
16 mining, off-highway hauling, processing, maintenance, and
17 reclamation equipment, including replacement parts and
18 equipment, and including equipment purchased for lease, but
19 excluding motor vehicles required to be registered under the
20 Illinois Vehicle Code. The changes made to this Section by
21 Public Act 97-767 apply on and after July 1, 2003, but no claim
22 for credit or refund is allowed on or after August 16, 2013
23 (the effective date of Public Act 98-456) for such taxes paid
24 during the period beginning July 1, 2003 and ending on August
25 16, 2013 (the effective date of Public Act 98-456).

26 (17) Until July 1, 2003, distillation machinery and

1 equipment, sold as a unit or kit, assembled or installed by the
2 retailer, certified by the user to be used only for the
3 production of ethyl alcohol that will be used for consumption
4 as motor fuel or as a component of motor fuel for the personal
5 use of the user, and not subject to sale or resale.

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

1 not limited to, graphic arts machinery and equipment, as
2 defined in paragraph (6) of this Section.

3 (19) Personal property delivered to a purchaser or
4 purchaser's donee inside Illinois when the purchase order for
5 that personal property was received by a florist located
6 outside Illinois who has a florist located inside Illinois
7 deliver the personal property.

8 (20) Semen used for artificial insemination of livestock
9 for direct agricultural production.

10 (21) Horses, or interests in horses, registered with and
11 meeting the requirements of any of the Arabian Horse Club
12 Registry of America, Appaloosa Horse Club, American Quarter
13 Horse Association, United States Trotting Association, or
14 Jockey Club, as appropriate, used for purposes of breeding or
15 racing for prizes. This item (21) is exempt from the provisions
16 of Section 3-90, and the exemption provided for under this item
17 (21) applies for all periods beginning May 30, 1995, but no
18 claim for credit or refund is allowed on or after January 1,
19 2008 for such taxes paid during the period beginning May 30,
20 2000 and ending on January 1, 2008.

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

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

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

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

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

22 (25) Beginning with taxable years ending on or after
23 December 31, 1995 and ending with taxable years ending on or
24 before December 31, 2004, personal property that is used in the
25 performance of infrastructure repairs in this State, including
26 but not limited to municipal roads and streets, access roads,

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

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

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

1 than 6 weeks duration and designed to prepare individuals to
2 follow a trade or to pursue a manual, technical, mechanical,
3 industrial, business, or commercial occupation.

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

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

1 is exempt from the provisions of Section 3-90.

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

15 (31) Beginning on August 2, 2001 (the effective date of
16 Public Act 92-227), computers and communications equipment
17 utilized for any hospital purpose and equipment used in the
18 diagnosis, analysis, or treatment of hospital patients
19 purchased by a lessor who leases the equipment, under a lease
20 of one year or longer executed or in effect at the time the
21 lessor would otherwise be subject to the tax imposed by this
22 Act, to a hospital that has been issued an active tax exemption
23 identification number by the Department under Section 1g of the
24 Retailers' Occupation Tax Act. If the equipment is leased in a
25 manner that does not qualify for this exemption or is used in
26 any other nonexempt manner, the lessor shall be liable for the

1 tax imposed under this Act or the Service Use Tax Act, as the
2 case may be, based on the fair market value of the property at
3 the time the nonqualifying use occurs. No lessor shall collect
4 or attempt to collect an amount (however designated) that
5 purports to reimburse that lessor for the tax imposed by this
6 Act or the Service Use Tax Act, as the case may be, if the tax
7 has not been paid by the lessor. If a lessor improperly
8 collects any such amount from the lessee, the lessee shall have
9 a legal right to claim a refund of that amount from the lessor.
10 If, however, that amount is not refunded to the lessee for any
11 reason, the lessor is liable to pay that amount to the
12 Department. This paragraph is exempt from the provisions of
13 Section 3-90.

14 (32) Beginning on August 2, 2001 (the effective date of
15 Public Act 92-227), personal property purchased by a lessor who
16 leases the property, under a lease of one year or longer
17 executed or in effect at the time the lessor would otherwise be
18 subject to the tax imposed by this Act, to a governmental body
19 that has been issued an active sales tax exemption
20 identification number by the Department under Section 1g of the
21 Retailers' Occupation Tax Act. If the property is leased in a
22 manner that does not qualify for this exemption or used in any
23 other nonexempt manner, the lessor shall be liable for the tax
24 imposed under this Act or the Service Use Tax Act, as the case
25 may be, based on the fair market value of the property at the
26 time the nonqualifying 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 Service Use Tax Act, as the case may be, if the tax has not been
4 paid by the lessor. If a lessor improperly collects any such
5 amount from the lessee, the lessee shall have a legal right to
6 claim a refund of that amount from the lessor. If, however,
7 that amount is not refunded to the lessee for any reason, the
8 lessor is liable to pay that amount to the Department. This
9 paragraph is exempt from the provisions of Section 3-90.

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

1 furtherance of any commercial or industrial enterprise,
2 whether for-hire or not.

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

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

1 hold an Air Agency Certificate and are empowered to operate an
2 approved repair station by the Federal Aviation
3 Administration, (ii) have a Class IV Rating, and (iii) conduct
4 operations in accordance with Part 145 of the Federal Aviation
5 Regulations. The exemption does not include aircraft operated
6 by a 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 (35) by Public Act 98-534 are declarative of existing
10 law.

11 (36) 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 3-90.

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

1 (38) Merchandise that is subject to the Rental Purchase
2 Agreement Occupation and Use Tax. The purchaser must certify
3 that the item is purchased to be rented subject to a rental
4 purchase agreement, as defined in the Rental Purchase Agreement
5 Act, and provide proof of registration under the Rental
6 Purchase Agreement Occupation and Use Tax Act. This paragraph
7 is exempt from the provisions of Section 3-90.

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

12 (40) Until December 31, 2023, equipment and materials
13 incorporated into or used in the business of providing
14 broadband services, including all equipment and materials,
15 machinery, software, or other tangible personal property that
16 is used in whole or in part in producing, broadcasting,
17 distributing, sending, receiving, storing, transmitting,
18 retransmitting, amplifying, switching, or routing broadband
19 services, including the monitoring, testing, maintaining,
20 enabling, or facilitating of such equipment, machinery,
21 software, or other infrastructure. Such property includes, but
22 is not limited to, wires, cables including fiber optic cables,
23 antennas, poles, switches, routers, amplifiers, rectifiers,
24 repeaters, receivers, multiplexers, duplexers, transmitters,
25 power equipment, backup power equipment, diagnostic equipment,
26 storage devices, modems, and other general central office

1 equipment, such as channel cards, frames, and cabinets.

2 (Source: P.A. 99-180, eff. 7-29-15; 99-855, eff. 8-19-16;
3 100-22, eff. 7-6-17; 100-437, eff. 1-1-18; 100-594, eff.
4 6-29-18; 100-863, eff. 8-14-18; 100-1171, eff. 1-4-19; revised
5 1-8-19.)

6 Section 15. The Service Use Tax Act is amended by changing
7 Sections 2 and 3-5 as follows:

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

9 Sec. 2. Definitions. In this Act:

10 "Broadband service" means a service provided by wireline or
11 wireless means capable of delivering high-speed internet
12 access at speeds of at least 10 megabits per second of download
13 speed and one megabit per second of upload speed.

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

1 to cause to be transported in interstate commerce to
2 destinations outside the State of Illinois.

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

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

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

21 "Selling price" means the consideration for a sale valued
22 in money whether received in money or otherwise, including
23 cash, credits and service, and shall be determined without any
24 deduction on account of the serviceman's cost of the property
25 sold, the cost of materials used, labor or service cost or any
26 other expense whatsoever, but does not include interest or

1 finance charges which appear as separate items on the bill of
2 sale or sales contract nor charges that are added to prices by
3 sellers on account of the seller's duty to collect, from the
4 purchaser, the tax that is imposed by this Act.

5 "Department" means the Department of Revenue.

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

11 "Sale of service" means any transaction except:

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

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

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

1 organized and operated primarily for the recreation of
2 persons 55 years of age or older. A limited liability
3 company may qualify for the exemption under this paragraph
4 only if the limited liability company is organized and
5 operated exclusively for educational purposes.

6 (4) (blank).

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

17 (4a-5) on and after July 1, 2003 and through June 30,
18 2004, a sale or transfer of a motor vehicle of the second
19 division with a gross vehicle weight in excess of 8,000
20 pounds as an incident to the rendering of service if that
21 motor vehicle is subject to the commercial distribution fee
22 imposed under Section 3-815.1 of the Illinois Vehicle Code.
23 Beginning on July 1, 2004 and through June 30, 2005, the
24 use in this State of motor vehicles of the second division:
25 (i) with a gross vehicle weight rating in excess of 8,000
26 pounds; (ii) that are subject to the commercial

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

12 (5) a sale or transfer of machinery and equipment used
13 primarily in the process of the manufacturing or
14 assembling, either in an existing, an expanded or a new
15 manufacturing facility, of tangible personal property for
16 wholesale or retail sale or lease, whether such sale or
17 lease is made directly by the manufacturer or by some other
18 person, whether the materials used in the process are owned
19 by the manufacturer or some other person, or whether such
20 sale or lease is made apart from or as an incident to the
21 seller's engaging in a service occupation and the
22 applicable tax is a Service Use Tax or Service Occupation
23 Tax, rather than Use Tax or Retailers' Occupation Tax. The
24 exemption provided by this paragraph (5) does not include
25 machinery and equipment used in (i) the generation of
26 electricity for wholesale or retail sale; (ii) the

1 generation or treatment of natural or artificial gas for
2 wholesale or retail sale that is delivered to customers
3 through pipes, pipelines, or mains; or (iii) the treatment
4 of water for wholesale or retail sale that is delivered to
5 customers through pipes, pipelines, or mains. The
6 provisions of Public Act 98-583 are declaratory of existing
7 law as to the meaning and scope of this exemption. The
8 exemption under this paragraph (5) is exempt from the
9 provisions of Section 3-75.

10 (5a) the repairing, reconditioning or remodeling, for
11 a common carrier by rail, of tangible personal property
12 which belongs to such carrier for hire, and as to which
13 such carrier receives the physical possession of the
14 repaired, reconditioned or remodeled item of tangible
15 personal property in Illinois, and which such carrier
16 transports, or shares with another common carrier in the
17 transportation of such property, out of Illinois on a
18 standard uniform bill of lading showing the person who
19 repaired, reconditioned or remodeled the property to a
20 destination outside Illinois, for use outside Illinois.

21 (5b) a sale or transfer of tangible personal property
22 which is produced by the seller thereof on special order in
23 such a way as to have made the applicable tax the Service
24 Occupation Tax or the Service Use Tax, rather than the
25 Retailers' Occupation Tax or the Use Tax, for an interstate
26 carrier by rail which receives the physical possession of

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

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

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

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

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

13 Exemption (5) also includes machinery and equipment used in
14 the general maintenance or repair of such exempt machinery and
15 equipment or for in-house manufacture of exempt machinery and
16 equipment. On and after July 1, 2017, exemption (5) also
17 includes graphic arts machinery and equipment, as defined in
18 paragraph (5) of Section 3-5. The machinery and equipment
19 exemption does not include machinery and equipment used in (i)
20 the generation of electricity for wholesale or retail sale;
21 (ii) the generation or treatment of natural or artificial gas
22 for wholesale or retail sale that is delivered to customers
23 through pipes, pipelines, or mains; or (iii) the treatment of
24 water for wholesale or retail sale that is delivered to
25 customers through pipes, pipelines, or mains. The provisions of
26 Public Act 98-583 are declaratory of existing law as to the

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

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

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

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

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

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

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

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

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

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

15 (1.1) having a contract with a person located in this
16 State under which the person, for a commission or other
17 consideration based on the sale of service by the
18 serviceman, directly or indirectly refers potential
19 customers to the serviceman by providing to the potential
20 customers a promotional code or other mechanism that allows
21 the serviceman to track purchases referred by such persons.
22 Examples of mechanisms that allow the serviceman to track
23 purchases referred by such persons include but are not
24 limited to the use of a link on the person's Internet
25 website, promotional codes distributed through the
26 person's hand-delivered or mailed material, and

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

16 (1.2) beginning July 1, 2011, having a contract with a
17 person located in this State under which:

18 (A) the serviceman sells the same or substantially
19 similar line of services as the person located in this
20 State and does so using an identical or substantially
21 similar name, trade name, or trademark as the person
22 located in this State; and

23 (B) the serviceman provides a commission or other
24 consideration to the person located in this State based
25 upon the sale of services by the serviceman.

26 The provisions of this paragraph (1.2) shall apply only if

1 the cumulative gross receipts from sales of service by the
2 serviceman to customers in this State under all such
3 contracts exceed \$10,000 during the preceding 4 quarterly
4 periods ending on the last day of March, June, September,
5 and December;

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

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

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

24 (5) being owned or controlled by the same interests
25 which own or control any retailer engaging in business in
26 the same or similar line of business in this State;

1 (6) having a franchisee or licensee operating under its
2 trade name if the franchisee or licensee is required to
3 collect the tax under this Section;

4 (7) pursuant to a contract with a cable television
5 operator located in this State, soliciting orders for
6 tangible personal property by means of advertising which is
7 transmitted or distributed over a cable television system
8 in this State;

9 (8) engaging in activities in Illinois, which
10 activities in the state in which the supply business
11 engaging in such activities is located would constitute
12 maintaining a place of business in that state; or

13 (9) beginning October 1, 2018, making sales of service
14 to purchasers in Illinois from outside of Illinois if:

15 (A) the cumulative gross receipts from sales of
16 service to purchasers in Illinois are \$100,000 or more;
17 or

18 (B) the serviceman enters into 200 or more separate
19 transactions for sales of service to purchasers in
20 Illinois.

21 The serviceman shall determine on a quarterly basis,
22 ending on the last day of March, June, September, and
23 December, whether he or she meets the criteria of either
24 subparagraph (A) or (B) of this paragraph (9) for the
25 preceding 12-month period. If the serviceman meets the
26 criteria of either subparagraph (A) or (B) for a 12-month

1 period, he or she is considered a serviceman maintaining a
2 place of business in this State and is required to collect
3 and remit the tax imposed under this Act and file returns
4 for one year. At the end of that one-year period, the
5 serviceman shall determine whether the serviceman met the
6 criteria of either subparagraph (A) or (B) during the
7 preceding 12-month period. If the serviceman met the
8 criteria in either subparagraph (A) or (B) for the
9 preceding 12-month period, he or she is considered a
10 serviceman maintaining a place of business in this State
11 and is required to collect and remit the tax imposed under
12 this Act and file returns for the subsequent year. If at
13 the end of a one-year period a serviceman that was required
14 to collect and remit the tax imposed under this Act
15 determines that he or she did not meet the criteria in
16 either subparagraph (A) or (B) during the preceding
17 12-month period, the serviceman subsequently shall
18 determine on a quarterly basis, ending on the last day of
19 March, June, September, and December, whether he or she
20 meets the criteria of either subparagraph (A) or (B) for
21 the preceding 12-month period.

22 (Source: P.A. 100-22, eff. 7-6-17; 100-321, eff. 8-24-17;
23 100-587, eff. 6-4-18; 100-863, eff. 8-14-18.)

24 (35 ILCS 110/3-5)

25 Sec. 3-5. Exemptions. Use of the following tangible

1 personal property is exempt from the tax imposed by this Act:

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

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

12 (3) Personal property purchased by a not-for-profit arts or
13 cultural organization that establishes, by proof required by
14 the Department by rule, that it has received an exemption under
15 Section 501(c)(3) of the Internal Revenue Code and that is
16 organized and operated primarily for the presentation or
17 support of arts or cultural programming, activities, or
18 services. These organizations include, but are not limited to,
19 music and dramatic arts organizations such as symphony
20 orchestras and theatrical groups, arts and cultural service
21 organizations, local arts councils, visual arts organizations,
22 and media arts organizations. On and after July 1, 2001 (the
23 effective date of Public Act 92-35) ~~this amendatory Act of the~~
24 ~~92nd General Assembly~~, however, an entity otherwise eligible
25 for this exemption shall not make tax-free purchases unless it
26 has an active identification number issued by the Department.

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

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

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

20 (7) Farm machinery and equipment, both new and used,
21 including that manufactured on special order, certified by the
22 purchaser to be used primarily for production agriculture or
23 State or federal agricultural programs, including individual
24 replacement parts for the machinery and equipment, including
25 machinery and equipment purchased for lease, and including
26 implements of husbandry defined in Section 1-130 of the

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

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

21 Farm machinery and equipment also includes computers,
22 sensors, software, and related equipment used primarily in the
23 computer-assisted operation of production agriculture
24 facilities, equipment, and activities such as, but not limited
25 to, the collection, monitoring, and correlation of animal and
26 crop data for the purpose of formulating animal diets and

1 agricultural chemicals. This item (7) is exempt from the
2 provisions of Section 3-75.

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

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

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

1 beverage function with respect to which the service charge is
2 imposed.

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

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

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

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

3 (13) Semen used for artificial insemination of livestock
4 for direct agricultural production.

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

19 (15) Computers and communications equipment utilized for
20 any hospital purpose and equipment used in the diagnosis,
21 analysis, or treatment of hospital patients purchased by a
22 lessor who leases the equipment, under a lease of one year or
23 longer executed or in effect at the time the lessor would
24 otherwise be subject to the tax imposed by this Act, to a
25 hospital that has been issued an active tax exemption
26 identification number by the Department under Section 1g of the

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

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

1 to collect an amount (however designated) that purports to
2 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 (17) 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 (18) 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 (19) Beginning July 1, 1999, game or game birds purchased
6 at a "game breeding and hunting preserve area" as that term is
7 used in the Wildlife Code. This paragraph is exempt from the
8 provisions of Section 3-75.

9 (20) 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 (21) 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 3-75.

15 (22) 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 3-75.

25 (23) Beginning August 23, 2001 and through June 30, 2016,
26 food for human consumption that is to be consumed off the

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

12 (24) Beginning on August 2, 2001 (the effective date of
13 Public Act 92-227) ~~this amendatory Act of the 92nd General~~
14 ~~Assembly~~, 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 nonexempt manner, the lessor shall be liable for the
25 tax imposed under this Act or the Use Tax Act, as the case may
26 be, based on the fair market value of the property at the time

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

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

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

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

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

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

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

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

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

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

11 (31) Until December 31, 2023, equipment and materials
12 incorporated into or used in the business of providing
13 broadband services, including all equipment and materials,
14 machinery, software, or other tangible personal property that
15 is used in whole or in part in producing, broadcasting,
16 distributing, sending, receiving, storing, transmitting,
17 retransmitting, amplifying, switching, or routing broadband
18 services, including the monitoring, testing, maintaining,
19 enabling, or facilitating of such equipment, machinery,
20 software, or other infrastructure. Such property includes, but
21 is not limited to, wires, cables including fiber optic cables,
22 antennas, poles, switches, routers, amplifiers, rectifiers,
23 repeaters, receivers, multiplexers, duplexers, transmitters,
24 power equipment, backup power equipment, diagnostic equipment,
25 storage devices, modems, and other general central office
26 equipment, such as channel cards, frames, and cabinets.

1 (Source: P.A. 99-180, eff. 7-29-15; 99-855, eff. 8-19-16;
2 100-22, eff. 7-6-17; 100-594, eff. 6-29-18; 100-1171, eff.
3 1-4-19; revised 1-8-19.)

4 Section 20. The Service Occupation Tax Act is amended by
5 changing Sections 2 and 3-5 as follows:

6 (35 ILCS 115/2) (from Ch. 120, par. 439.102)

7 Sec. 2. In this Act:

8 "Broadband service" means a service provided by wireline or
9 wireless means capable of delivering high-speed internet
10 access at speeds of at least 10 megabits per second of download
11 speed and one megabit per second of upload speed.

12 "Transfer" means any transfer of the title to property or
13 of the ownership of property whether or not the transferor
14 retains title as security for the payment of amounts due him
15 from the transferee.

16 "Cost Price" means the consideration paid by the serviceman
17 for a purchase valued in money, whether paid in money or
18 otherwise, including cash, credits and services, and shall be
19 determined without any deduction on account of the supplier's
20 cost of the property sold or on account of any other expense
21 incurred by the supplier. When a serviceman contracts out part
22 or all of the services required in his sale of service, it
23 shall be presumed that the cost price to the serviceman of the
24 property transferred to him by his or her subcontractor is

1 equal to 50% of the subcontractor's charges to the serviceman
2 in the absence of proof of the consideration paid by the
3 subcontractor for the purchase of such property.

4 "Department" means the Department of Revenue.

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

10 "Sale of Service" means any transaction except:

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

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

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

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

4 (d) (Blank).

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

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

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

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

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

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

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

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

1 retail sale that is delivered to customers through pipes,
2 pipelines, or mains; or (iii) the treatment of water for
3 wholesale or retail sale that is delivered to customers through
4 pipes, pipelines, or mains. The provisions of Public Act 98-583
5 are declaratory of existing law as to the meaning and scope of
6 this exemption. The exemption under this subsection (e) is
7 exempt from the provisions of Section 3-75.

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

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

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

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

11 Exemption (e) also includes machinery and equipment used in
12 the general maintenance or repair of such exempt machinery and
13 equipment or for in-house manufacture of exempt machinery and
14 equipment. On and after July 1, 2017, exemption (e) also
15 includes graphic arts machinery and equipment, as defined in
16 paragraph (5) of Section 3-5. The machinery and equipment
17 exemption does not include machinery and equipment used in (i)
18 the generation of electricity for wholesale or retail sale;
19 (ii) the generation or treatment of natural or artificial gas
20 for wholesale or retail sale that is delivered to customers
21 through pipes, pipelines, or mains; or (iii) the treatment of
22 water for wholesale or retail sale that is delivered to
23 customers through pipes, pipelines, or mains. The provisions of
24 Public Act 98-583 are declaratory of existing law as to the
25 meaning and scope of this exemption. For the purposes of
26 exemption (e), each of these terms shall have the following

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

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

24 Except as provided in Section 2d of this Act, the rolling
25 stock exemption applies to rolling stock used by an interstate
26 carrier for hire, even just between points in Illinois, if such

1 rolling stock transports, for hire, persons whose journeys or
2 property whose shipments originate or terminate outside
3 Illinois.

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

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

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

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

25 "Supplier" means any person who makes sales of tangible
26 personal property to servicemen for the purpose of resale as an

1 incident to a sale of service.

2 (Source: P.A. 100-22, eff. 7-6-17; 100-321, eff. 8-24-17;
3 100-863, eff. 8-14-18.)

4 (35 ILCS 115/3-5)

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

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

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

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

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

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

11 (5) Until July 1, 2003 and beginning again on September 1,
12 2004 through August 30, 2014, graphic arts machinery and
13 equipment, including repair and replacement parts, both new and
14 used, and including that manufactured on special order or
15 purchased for lease, certified by the purchaser to be used
16 primarily for graphic arts production. Equipment includes
17 chemicals or chemicals acting as catalysts but only if the
18 chemicals or chemicals acting as catalysts effect a direct and
19 immediate change upon a graphic arts product. Beginning on July
20 1, 2017, graphic arts machinery and equipment is included in
21 the manufacturing and assembling machinery and equipment
22 exemption under Section 2 of this Act.

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

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

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

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

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

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

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

26 (9) Proceeds of mandatory service charges separately

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

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

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

22 (12) Until July 1, 2023, coal and aggregate exploration,
23 mining, off-highway hauling, processing, maintenance, and
24 reclamation equipment, including replacement parts and
25 equipment, and including equipment purchased for lease, but
26 excluding motor vehicles required to be registered under the

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 exempt from the provisions of Section 3-55.

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

12 (24) Beginning on August 2, 2001 (the effective date of
13 Public Act 92-227) ~~this amendatory Act of the 92nd General~~
14 ~~Assembly~~, computers and communications equipment utilized for
15 any hospital purpose and equipment used in the diagnosis,
16 analysis, or treatment of hospital patients sold to a lessor
17 who leases the equipment, under a lease of one year or longer
18 executed or in effect at the time of the purchase, 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. This paragraph is exempt from
22 the provisions of Section 3-55.

23 (25) Beginning on August 2, 2001 (the effective date of
24 Public Act 92-227) ~~this amendatory Act of the 92nd General~~
25 ~~Assembly~~, personal property sold to a lessor who leases the
26 property, under a lease of one year or longer executed or in

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

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

1 consumption of all such tangible personal property outside of
2 the State of Illinois.

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

10 (28) Tangible personal property sold to a
11 public-facilities corporation, as described in Section
12 11-65-10 of the Illinois Municipal Code, for purposes of
13 constructing or furnishing a municipal convention hall, but
14 only if the legal title to the municipal convention hall is
15 transferred to the municipality without any further
16 consideration by or on behalf of the municipality at the time
17 of the completion of the municipal convention hall or upon the
18 retirement or redemption of any bonds or other debt instruments
19 issued by the public-facilities corporation in connection with
20 the development of the municipal convention hall. This
21 exemption includes existing public-facilities corporations as
22 provided in Section 11-65-25 of the Illinois Municipal Code.
23 This paragraph is exempt from the provisions of Section 3-55.

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

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

26 (30) Beginning January 1, 2017, menstrual pads, tampons,

1 and menstrual cups.

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

5 (32) Until December 31, 2023, equipment and materials
6 incorporated into or used in the business of providing
7 broadband services, including all equipment and materials,
8 machinery, software, or other tangible personal property that
9 is used in whole or in part in producing, broadcasting,
10 distributing, sending, receiving, storing, transmitting,
11 retransmitting, amplifying, switching, or routing broadband
12 services, including the monitoring, testing, maintaining,
13 enabling, or facilitating of such equipment, machinery,
14 software, or other infrastructure. Such property includes, but
15 is not limited to, wires, cables including fiber optic cables,
16 antennas, poles, switches, routers, amplifiers, rectifiers,
17 repeaters, receivers, multiplexers, duplexers, transmitters,
18 power equipment, backup power equipment, diagnostic equipment,
19 storage devices, modems, and other general central office
20 equipment, such as channel cards, frames, and cabinets.

21 (Source: P.A. 99-180, eff. 7-29-15; 99-855, eff. 8-19-16;
22 100-22, eff. 7-6-17; 100-594, eff. 6-29-18; 100-1171, eff.
23 1-4-19; revised 1-8-19.)

24 Section 25. The Retailers' Occupation Tax Act is amended by
25 changing Sections 1 and 2-5 as follows:

1 (35 ILCS 120/1) (from Ch. 120, par. 440)

2 Sec. 1. Definitions. As used in this Act:

3 "Broadband service" means a service provided by wireline or
4 wireless means capable of delivering high-speed internet
5 access at speeds of at least 10 megabits per second of download
6 speed and one megabit per second of upload speed.

7 "Sale at retail" means any transfer of the ownership of or
8 title to tangible personal property to a purchaser, for the
9 purpose of use or consumption, and not for the purpose of
10 resale in any form as tangible personal property to the extent
11 not first subjected to a use for which it was purchased, for a
12 valuable consideration: Provided that the property purchased
13 is deemed to be purchased for the purpose of resale, despite
14 first being used, to the extent to which it is resold as an
15 ingredient of an intentionally produced product or byproduct of
16 manufacturing. For this purpose, slag produced as an incident
17 to manufacturing pig iron or steel and sold is considered to be
18 an intentionally produced byproduct of manufacturing.
19 Transactions whereby the possession of the property is
20 transferred but the seller retains the title as security for
21 payment of the selling price shall be deemed to be sales.

22 "Sale at retail" shall be construed to include any transfer
23 of the ownership of or title to tangible personal property to a
24 purchaser, for use or consumption by any other person to whom
25 such purchaser may transfer the tangible personal property

1 without a valuable consideration, and to include any transfer,
2 whether made for or without a valuable consideration, for
3 resale in any form as tangible personal property unless made in
4 compliance with Section 2c of this Act.

5 Sales of tangible personal property, which property, to the
6 extent not first subjected to a use for which it was purchased,
7 as an ingredient or constituent, goes into and forms a part of
8 tangible personal property subsequently the subject of a "Sale
9 at retail", are not sales at retail as defined in this Act:
10 Provided that the property purchased is deemed to be purchased
11 for the purpose of resale, despite first being used, to the
12 extent to which it is resold as an ingredient of an
13 intentionally produced product or byproduct of manufacturing.

14 "Sale at retail" shall be construed to include any Illinois
15 florist's sales transaction in which the purchase order is
16 received in Illinois by a florist and the sale is for use or
17 consumption, but the Illinois florist has a florist in another
18 state deliver the property to the purchaser or the purchaser's
19 donee in such other state.

20 Nonreusable tangible personal property that is used by
21 persons engaged in the business of operating a restaurant,
22 cafeteria, or drive-in is a sale for resale when it is
23 transferred to customers in the ordinary course of business as
24 part of the sale of food or beverages and is used to deliver,
25 package, or consume food or beverages, regardless of where
26 consumption of the food or beverages occurs. Examples of those

1 items include, but are not limited to nonreusable, paper and
2 plastic cups, plates, baskets, boxes, sleeves, buckets or other
3 containers, utensils, straws, placemats, napkins, doggie bags,
4 and wrapping or packaging materials that are transferred to
5 customers as part of the sale of food or beverages in the
6 ordinary course of business.

7 The purchase, employment and transfer of such tangible
8 personal property as newsprint and ink for the primary purpose
9 of conveying news (with or without other information) is not a
10 purchase, use or sale of tangible personal property.

11 A person whose activities are organized and conducted
12 primarily as a not-for-profit service enterprise, and who
13 engages in selling tangible personal property at retail
14 (whether to the public or merely to members and their guests)
15 is engaged in the business of selling tangible personal
16 property at retail with respect to such transactions, excepting
17 only a person organized and operated exclusively for
18 charitable, religious or educational purposes either (1), to
19 the extent of sales by such person to its members, students,
20 patients or inmates of tangible personal property to be used
21 primarily for the purposes of such person, or (2), to the
22 extent of sales by such person of tangible personal property
23 which is not sold or offered for sale by persons organized for
24 profit. The selling of school books and school supplies by
25 schools at retail to students is not "primarily for the
26 purposes of" the school which does such selling. The provisions

1 of this paragraph shall not apply to nor subject to taxation
2 occasional dinners, socials or similar activities of a person
3 organized and operated exclusively for charitable, religious
4 or educational purposes, whether or not such activities are
5 open to the public.

6 A person who is the recipient of a grant or contract under
7 Title VII of the Older Americans Act of 1965 (P.L. 92-258) and
8 serves meals to participants in the federal Nutrition Program
9 for the Elderly in return for contributions established in
10 amount by the individual participant pursuant to a schedule of
11 suggested fees as provided for in the federal Act is not
12 engaged in the business of selling tangible personal property
13 at retail with respect to such transactions.

14 "Purchaser" means anyone who, through a sale at retail,
15 acquires the ownership of or title to tangible personal
16 property for a valuable consideration.

17 "Reseller of motor fuel" means any person engaged in the
18 business of selling or delivering or transferring title of
19 motor fuel to another person other than for use or consumption.
20 No person shall act as a reseller of motor fuel within this
21 State without first being registered as a reseller pursuant to
22 Section 2c or a retailer pursuant to Section 2a.

23 "Selling price" or the "amount of sale" means the
24 consideration for a sale valued in money whether received in
25 money or otherwise, including cash, credits, property, other
26 than as hereinafter provided, and services, but not including

1 the value of or credit given for traded-in tangible personal
2 property where the item that is traded-in is of like kind and
3 character as that which is being sold, and shall be determined
4 without any deduction on account of the cost of the property
5 sold, the cost of materials used, labor or service cost or any
6 other expense whatsoever, but does not include charges that are
7 added to prices by sellers on account of the seller's tax
8 liability under this Act, or on account of the seller's duty to
9 collect, from the purchaser, the tax that is imposed by the Use
10 Tax Act, or, except as otherwise provided with respect to any
11 cigarette tax imposed by a home rule unit, on account of the
12 seller's tax liability under any local occupation tax
13 administered by the Department, or, except as otherwise
14 provided with respect to any cigarette tax imposed by a home
15 rule unit on account of the seller's duty to collect, from the
16 purchasers, the tax that is imposed under any local use tax
17 administered by the Department. Effective December 1, 1985,
18 "selling price" shall include charges that are added to prices
19 by sellers on account of the seller's tax liability under the
20 Cigarette Tax Act, on account of the sellers' duty to collect,
21 from the purchaser, the tax imposed under the Cigarette Use Tax
22 Act, and on account of the seller's duty to collect, from the
23 purchaser, any cigarette tax imposed by a home rule unit.

24 Notwithstanding any law to the contrary, for any motor
25 vehicle, as defined in Section 1-146 of the Vehicle Code, that
26 is sold on or after January 1, 2015 for the purpose of leasing

1 the vehicle for a defined period that is longer than one year
2 and (1) is a motor vehicle of the second division that: (A) is
3 a self-contained motor vehicle designed or permanently
4 converted to provide living quarters for recreational,
5 camping, or travel use, with direct walk through access to the
6 living quarters from the driver's seat; (B) is of the van
7 configuration designed for the transportation of not less than
8 7 nor more than 16 passengers; or (C) has a gross vehicle
9 weight rating of 8,000 pounds or less or (2) is a motor vehicle
10 of the first division, "selling price" or "amount of sale"
11 means the consideration received by the lessor pursuant to the
12 lease contract, including amounts due at lease signing and all
13 monthly or other regular payments charged over the term of the
14 lease. Also included in the selling price is any amount
15 received by the lessor from the lessee for the leased vehicle
16 that is not calculated at the time the lease is executed,
17 including, but not limited to, excess mileage charges and
18 charges for excess wear and tear. For sales that occur in
19 Illinois, with respect to any amount received by the lessor
20 from the lessee for the leased vehicle that is not calculated
21 at the time the lease is executed, the lessor who purchased the
22 motor vehicle does not incur the tax imposed by the Use Tax Act
23 on those amounts, and the retailer who makes the retail sale of
24 the motor vehicle to the lessor is not required to collect the
25 tax imposed by the Use Tax Act or to pay the tax imposed by this
26 Act on those amounts. However, the lessor who purchased the

1 motor vehicle assumes the liability for reporting and paying
2 the tax on those amounts directly to the Department in the same
3 form (Illinois Retailers' Occupation Tax, and local retailers'
4 occupation taxes, if applicable) in which the retailer would
5 have reported and paid such tax if the retailer had accounted
6 for the tax to the Department. For amounts received by the
7 lessor from the lessee that are not calculated at the time the
8 lease is executed, the lessor must file the return and pay the
9 tax to the Department by the due date otherwise required by
10 this Act for returns other than transaction returns. If the
11 retailer is entitled under this Act to a discount for
12 collecting and remitting the tax imposed under this Act to the
13 Department with respect to the sale of the motor vehicle to the
14 lessor, then the right to the discount provided in this Act
15 shall be transferred to the lessor with respect to the tax paid
16 by the lessor for any amount received by the lessor from the
17 lessee for the leased vehicle that is not calculated at the
18 time the lease is executed; provided that the discount is only
19 allowed if the return is timely filed and for amounts timely
20 paid. The "selling price" of a motor vehicle that is sold on or
21 after January 1, 2015 for the purpose of leasing for a defined
22 period of longer than one year shall not be reduced by the
23 value of or credit given for traded-in tangible personal
24 property owned by the lessor, nor shall it be reduced by the
25 value of or credit given for traded-in tangible personal
26 property owned by the lessee, regardless of whether the

1 trade-in value thereof is assigned by the lessee to the lessor.
2 In the case of a motor vehicle that is sold for the purpose of
3 leasing for a defined period of longer than one year, the sale
4 occurs at the time of the delivery of the vehicle, regardless
5 of the due date of any lease payments. A lessor who incurs a
6 Retailers' Occupation Tax liability on the sale of a motor
7 vehicle coming off lease may not take a credit against that
8 liability for the Use Tax the lessor paid upon the purchase of
9 the motor vehicle (or for any tax the lessor paid with respect
10 to any amount received by the lessor from the lessee for the
11 leased vehicle that was not calculated at the time the lease
12 was executed) if the selling price of the motor vehicle at the
13 time of purchase was calculated using the definition of
14 "selling price" as defined in this paragraph. Notwithstanding
15 any other provision of this Act to the contrary, lessors shall
16 file all returns and make all payments required under this
17 paragraph to the Department by electronic means in the manner
18 and form as required by the Department. This paragraph does not
19 apply to leases of motor vehicles for which, at the time the
20 lease is entered into, the term of the lease is not a defined
21 period, including leases with a defined initial period with the
22 option to continue the lease on a month-to-month or other basis
23 beyond the initial defined period.

24 The phrase "like kind and character" shall be liberally
25 construed (including but not limited to any form of motor
26 vehicle for any form of motor vehicle, or any kind of farm or

1 agricultural implement for any other kind of farm or
2 agricultural implement), while not including a kind of item
3 which, if sold at retail by that retailer, would be exempt from
4 retailers' occupation tax and use tax as an isolated or
5 occasional sale.

6 "Gross receipts" from the sales of tangible personal
7 property at retail means the total selling price or the amount
8 of such sales, as hereinbefore defined. In the case of charge
9 and time sales, the amount thereof shall be included only as
10 and when payments are received by the seller. Receipts or other
11 consideration derived by a seller from the sale, transfer or
12 assignment of accounts receivable to a wholly owned subsidiary
13 will not be deemed payments prior to the time the purchaser
14 makes payment on such accounts.

15 "Department" means the Department of Revenue.

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

21 The isolated or occasional sale of tangible personal
22 property at retail by a person who does not hold himself out as
23 being engaged (or who does not habitually engage) in selling
24 such tangible personal property at retail, or a sale through a
25 bulk vending machine, does not constitute engaging in a
26 business of selling such tangible personal property at retail

1 within the meaning of this Act; provided that any person who is
2 engaged in a business which is not subject to the tax imposed
3 by this Act because of involving the sale of or a contract to
4 sell real estate or a construction contract to improve real
5 estate or a construction contract to engineer, install, and
6 maintain an integrated system of products, but who, in the
7 course of conducting such business, transfers tangible
8 personal property to users or consumers in the finished form in
9 which it was purchased, and which does not become real estate
10 or was not engineered and installed, under any provision of a
11 construction contract or real estate sale or real estate sales
12 agreement entered into with some other person arising out of or
13 because of such nontaxable business, is engaged in the business
14 of selling tangible personal property at retail to the extent
15 of the value of the tangible personal property so transferred.
16 If, in such a transaction, a separate charge is made for the
17 tangible personal property so transferred, the value of such
18 property, for the purpose of this Act, shall be the amount so
19 separately charged, but not less than the cost of such property
20 to the transferor; if no separate charge is made, the value of
21 such property, for the purposes of this Act, is the cost to the
22 transferor of such tangible personal property. Construction
23 contracts for the improvement of real estate consisting of
24 engineering, installation, and maintenance of voice, data,
25 video, security, and all telecommunication systems do not
26 constitute engaging in a business of selling tangible personal

1 property at retail within the meaning of this Act if they are
2 sold at one specified contract price.

3 A person who holds himself or herself out as being engaged
4 (or who habitually engages) in selling tangible personal
5 property at retail is a person engaged in the business of
6 selling tangible personal property at retail hereunder with
7 respect to such sales (and not primarily in a service
8 occupation) notwithstanding the fact that such person designs
9 and produces such tangible personal property on special order
10 for the purchaser and in such a way as to render the property
11 of value only to such purchaser, if such tangible personal
12 property so produced on special order serves substantially the
13 same function as stock or standard items of tangible personal
14 property that are sold at retail.

15 Persons who engage in the business of transferring tangible
16 personal property upon the redemption of trading stamps are
17 engaged in the business of selling such property at retail and
18 shall be liable for and shall pay the tax imposed by this Act
19 on the basis of the retail value of the property transferred
20 upon redemption of such stamps.

21 "Bulk vending machine" means a vending machine, containing
22 unsorted confections, nuts, toys, or other items designed
23 primarily to be used or played with by children which, when a
24 coin or coins of a denomination not larger than \$0.50 are
25 inserted, are dispensed in equal portions, at random and
26 without selection by the customer.

1 (Source: P.A. 98-628, eff. 1-1-15; 98-1080, eff. 8-26-14.)

2 (35 ILCS 120/2-5)

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

6 (1) Farm chemicals.

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

1 is separately stated.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

10 (12) (Blank).

11 (12-5) On and after July 1, 2003 and through June 30,
12 2004, motor vehicles of the second division with a gross
13 vehicle weight in excess of 8,000 pounds that are subject
14 to the commercial distribution fee imposed under Section
15 3-815.1 of the Illinois Vehicle Code. Beginning on July 1,
16 2004 and through June 30, 2005, the use in this State of
17 motor vehicles of the second division: (i) with a gross
18 vehicle weight rating in excess of 8,000 pounds; (ii) that
19 are subject to the commercial distribution fee imposed
20 under Section 3-815.1 of the Illinois Vehicle Code; and
21 (iii) that are primarily used for commercial purposes.
22 Through June 30, 2005, this exemption applies to repair and
23 replacement parts added after the initial purchase of such
24 a motor vehicle if that motor vehicle is used in a manner
25 that would qualify for the rolling stock exemption
26 otherwise provided for in this Act. For purposes of this

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

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

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

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

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

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

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

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

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

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

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

26 (21) Until July 1, 2023, coal and aggregate

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

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

19 Beginning July 1, 2013, fuel and petroleum products
20 sold to or used by an air carrier, certified by the carrier
21 to be used for consumption, shipment, or storage in the
22 conduct of its business as an air common carrier, for a
23 flight that (i) is engaged in foreign trade or is engaged
24 in trade between the United States and any of its
25 possessions and (ii) transports at least one individual or
26 package for hire from the city of origination to the city

1 of final destination on the same aircraft, without regard
2 to a change in the flight number of that aircraft.

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

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

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

25 (25-5) The exemption under item (25) does not apply if
26 the state in which the motor vehicle will be titled does

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

1 as if the tax were collected at the 6.25% general rate
2 imposed under this Act.

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

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

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

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

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

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

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

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

14 (26) Semen used for artificial insemination of
15 livestock for direct agricultural production.

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

1 during the period beginning May 30, 2000 and ending on
2 January 1, 2008 (the effective date of Public Act 95-88).

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

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

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

1 declared disaster area.

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

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

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

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

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

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

2 (35) Beginning January 1, 2000 and through December 31,
3 2001, new or used automatic vending machines that prepare
4 and serve hot food and beverages, including coffee, soup,
5 and other items, and replacement parts for these machines.
6 Beginning January 1, 2002 and through June 30, 2003,
7 machines and parts for machines used in commercial,
8 coin-operated amusement and vending business if a use or
9 occupation tax is paid on the gross receipts derived from
10 the use of the commercial, coin-operated amusement and
11 vending machines. This paragraph is exempt from the
12 provisions of Section 2-70.

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

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

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

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

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

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

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

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

26 (41) Tangible personal property sold to a

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

15 (42) Beginning January 1, 2017, menstrual pads,
16 tampons, and menstrual cups.

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

25 (44) Until December 31, 2023, equipment and materials
26 incorporated into or used in the business of providing

1 broadband services, including all equipment and materials,
2 machinery, software, or other tangible personal property that
3 is used in whole or in part in producing, broadcasting,
4 distributing, sending, receiving, storing, transmitting,
5 retransmitting, amplifying, switching, or routing broadband
6 services, including the monitoring, testing, maintaining,
7 enabling, or facilitating of such equipment, machinery,
8 software, or other infrastructure. Such property includes, but
9 is not limited to, wires, cables including fiber optic cables,
10 antennas, poles, switches, routers, amplifiers, rectifiers,
11 repeaters, receivers, multiplexers, duplexers, transmitters,
12 power equipment, backup power equipment, diagnostic equipment,
13 storage devices, modems, and other general central office
14 equipment, such as channel cards, frames, and cabinets.

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

19 Section 99. Effective date. This Act takes effect upon
20 becoming law."