



102ND GENERAL ASSEMBLY

State of Illinois

2021 and 2022

HB4394

Introduced 1/21/2022, by Rep. Lawrence Walsh, Jr.

SYNOPSIS AS INTRODUCED:

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

Amends the Use Tax Act, the Service Use Tax Act, the Service Occupation Tax Act, and the Retailers' Occupation Tax Act. Provides that the credit for coal and aggregate exploration, mining, off-highway hauling, processing, maintenance, and reclamation equipment sunsets on July 1, 2028 (currently July 1, 2023). Effective immediately.

LRB102 22145 HLH 31274 b

FISCAL NOTE ACT
MAY APPLY

1 AN ACT concerning revenue.

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

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

6 (35 ILCS 105/3-5)

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

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

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

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

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

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

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

1 the car is subject to the Replacement Vehicle Tax.

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

15 (7) Farm chemicals.

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

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

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

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

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

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

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

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

16 Beginning July 1, 2013, fuel and petroleum products sold
17 to or used by an air carrier, certified by the carrier to be
18 used for consumption, shipment, or storage in the conduct of
19 its 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
22 at least one individual or package for hire from the city of
23 origination to the city of final destination on the same
24 aircraft, without regard to a change in the flight number of
25 that aircraft.

26 (13) Proceeds of mandatory service charges separately

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

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

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

23 (16) Until July 1, 2028 ~~July 1, 2023~~, coal and aggregate
24 exploration, mining, off-highway hauling, processing,
25 maintenance, and reclamation equipment, including replacement
26 parts and equipment, and including equipment purchased for

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

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

14 (18) Manufacturing and assembling machinery and equipment
15 used primarily in the process of manufacturing or assembling
16 tangible personal property for wholesale or retail sale or
17 lease, whether that sale or lease is made directly by the
18 manufacturer or by some other person, whether the materials
19 used in the process are owned by the manufacturer or some other
20 person, or whether that sale or lease is made apart from or as
21 an incident to the seller's engaging in the service occupation
22 of producing machines, tools, dies, jigs, patterns, gauges, or
23 other similar items of no commercial value on special order
24 for a particular purchaser. The exemption provided by this
25 paragraph (18) includes production related tangible personal
26 property, as defined in Section 3-50, purchased on or after

1 July 1, 2019. The exemption provided by this paragraph (18)
2 does not include machinery and equipment used in (i) the
3 generation of electricity for wholesale or retail sale; (ii)
4 the generation or treatment of natural or artificial gas for
5 wholesale or retail sale that is delivered to customers
6 through pipes, pipelines, or mains; or (iii) the treatment of
7 water for wholesale or retail sale that is delivered to
8 customers through pipes, pipelines, or mains. The provisions
9 of Public Act 98-583 are declaratory of existing law as to the
10 meaning and scope of this exemption. Beginning on July 1,
11 2017, the exemption provided by this paragraph (18) includes,
12 but is not limited to, graphic arts machinery and equipment,
13 as defined in paragraph (6) of this Section.

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

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

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

1 provisions of Section 3-90, and the exemption provided for
2 under this item (21) applies for all periods beginning May 30,
3 1995, but no claim for credit or refund is allowed on or after
4 January 1, 2008 for such taxes paid during the period
5 beginning May 30, 2000 and ending on January 1, 2008.

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

1 for any reason, the lessor is liable to pay that amount to the
2 Department.

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

24 (24) Beginning with taxable years ending on or after
25 December 31, 1995 and ending with taxable years ending on or
26 before December 31, 2004, personal property that is donated

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

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

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

25 (27) A motor vehicle, as that term is defined in Section
26 1-146 of the Illinois Vehicle Code, that is donated to a

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

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

1 entity purchases the personal property sold at the events from
2 another individual or entity that sold the property for the
3 purpose of resale by the fundraising entity and that profits
4 from the sale to the fundraising entity. This paragraph is
5 exempt from the provisions of Section 3-90.

6 (29) Beginning January 1, 2000 and through December 31,
7 2001, new or used automatic vending machines that prepare and
8 serve hot food and beverages, including coffee, soup, and
9 other items, and replacement parts for these machines.
10 Beginning January 1, 2002 and through June 30, 2003, machines
11 and parts for machines used in commercial, coin-operated
12 amusement and vending business if a use or occupation tax is
13 paid on the gross receipts derived from the use of the
14 commercial, coin-operated amusement and vending machines. This
15 paragraph is exempt from the provisions of Section 3-90.

16 (30) Beginning January 1, 2001 and through June 30, 2016,
17 food for human consumption that is to be consumed off the
18 premises where it is sold (other than alcoholic beverages,
19 soft drinks, and food that has been prepared for immediate
20 consumption) and prescription and nonprescription medicines,
21 drugs, medical appliances, and insulin, urine testing
22 materials, syringes, and needles used by diabetics, for human
23 use, when purchased for use by a person receiving medical
24 assistance under Article V of the Illinois Public Aid Code who
25 resides in a licensed long-term care facility, as defined in
26 the Nursing Home Care Act, or in a licensed facility as defined

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

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

1 Section 3-90.

2 (32) Beginning on August 2, 2001 (the effective date of
3 Public Act 92-227), personal property purchased by a lessor
4 who leases the property, under a lease of one year or longer
5 executed or in effect at the time the lessor would otherwise be
6 subject to the tax imposed by this Act, to a governmental body
7 that has been issued an active sales tax exemption
8 identification number by the Department under Section 1g of
9 the Retailers' Occupation Tax Act. If the property is leased
10 in a manner that does not qualify for this exemption or used in
11 any other nonexempt manner, the lessor shall be liable for the
12 tax imposed under this Act or the Service Use Tax Act, as the
13 case may be, based on the fair market value of the property at
14 the time the nonqualifying use occurs. No lessor shall collect
15 or attempt to collect an amount (however designated) that
16 purports to reimburse that lessor for the tax imposed by this
17 Act or the Service Use Tax Act, as the case may be, if the tax
18 has not been paid by the lessor. If a lessor improperly
19 collects any such amount from the lessee, the lessee shall
20 have a legal right to claim a refund of that amount from the
21 lessor. If, however, that amount is not refunded to the lessee
22 for any reason, the lessor is liable to pay that amount to the
23 Department. This paragraph is exempt from the provisions of
24 Section 3-90.

25 (33) On and after July 1, 2003 and through June 30, 2004,
26 the use in this State of motor vehicles of the second division

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

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

25 (35) Beginning January 1, 2010 and continuing through
26 December 31, 2024, materials, parts, equipment, components,

1 and furnishings incorporated into or upon an aircraft as part
2 of the modification, refurbishment, completion, replacement,
3 repair, or maintenance of the aircraft. This exemption
4 includes consumable supplies used in the modification,
5 refurbishment, completion, replacement, repair, and
6 maintenance of aircraft, but excludes any materials, parts,
7 equipment, components, and consumable supplies used in the
8 modification, replacement, repair, and maintenance of aircraft
9 engines or power plants, whether such engines or power plants
10 are installed or uninstalled upon any such aircraft.
11 "Consumable supplies" include, but are not limited to,
12 adhesive, tape, sandpaper, general purpose lubricants,
13 cleaning solution, latex gloves, and protective films. This
14 exemption applies only to the use of qualifying tangible
15 personal property by persons who modify, refurbish, complete,
16 repair, replace, or maintain aircraft and who (i) hold an Air
17 Agency Certificate and are empowered to operate an approved
18 repair station by the Federal Aviation Administration, (ii)
19 have a Class IV Rating, and (iii) conduct operations in
20 accordance with Part 145 of the Federal Aviation Regulations.
21 The exemption does not include aircraft operated by a
22 commercial air carrier providing scheduled passenger air
23 service pursuant to authority issued under Part 121 or Part
24 129 of the Federal Aviation Regulations. The changes made to
25 this paragraph (35) by Public Act 98-534 are declarative of
26 existing law. It is the intent of the General Assembly that the

1 exemption under this paragraph (35) applies continuously from
2 January 1, 2010 through December 31, 2024; however, no claim
3 for credit or refund is allowed for taxes paid as a result of
4 the disallowance of this exemption on or after January 1, 2015
5 and prior to the effective date of this amendatory Act of the
6 101st General Assembly.

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

22 (37) Beginning January 1, 2017 and through December 31,
23 2026, menstrual pads, tampons, and menstrual cups.

24 (38) Merchandise that is subject to the Rental Purchase
25 Agreement Occupation and Use Tax. The purchaser must certify
26 that the item is purchased to be rented subject to a rental

1 purchase agreement, as defined in the Rental Purchase
2 Agreement Act, and provide proof of registration under the
3 Rental Purchase Agreement Occupation and Use Tax Act. This
4 paragraph is exempt from the provisions of Section 3-90.

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

9 (40) Qualified tangible personal property used in the
10 construction or operation of a data center that has been
11 granted a certificate of exemption by the Department of
12 Commerce and Economic Opportunity, whether that tangible
13 personal property is purchased by the owner, operator, or
14 tenant of the data center or by a contractor or subcontractor
15 of the owner, operator, or tenant. Data centers that would
16 have qualified for a certificate of exemption prior to January
17 1, 2020 had Public Act 101-31 been in effect may apply for and
18 obtain an exemption for subsequent purchases of computer
19 equipment or enabling software purchased or leased to upgrade,
20 supplement, or replace computer equipment or enabling software
21 purchased or leased in the original investment that would have
22 qualified.

23 The Department of Commerce and Economic Opportunity shall
24 grant a certificate of exemption under this item (40) to
25 qualified data centers as defined by Section 605-1025 of the
26 Department of Commerce and Economic Opportunity Law of the

1 Civil Administrative Code of Illinois.

2 For the purposes of this item (40):

3 "Data center" means a building or a series of
4 buildings rehabilitated or constructed to house working
5 servers in one physical location or multiple sites within
6 the State of Illinois.

7 "Qualified tangible personal property" means:
8 electrical systems and equipment; climate control and
9 chilling equipment and systems; mechanical systems and
10 equipment; monitoring and secure systems; emergency
11 generators; hardware; computers; servers; data storage
12 devices; network connectivity equipment; racks; cabinets;
13 telecommunications cabling infrastructure; raised floor
14 systems; peripheral components or systems; software;
15 mechanical, electrical, or plumbing systems; battery
16 systems; cooling systems and towers; temperature control
17 systems; other cabling; and other data center
18 infrastructure equipment and systems necessary to operate
19 qualified tangible personal property, including fixtures;
20 and component parts of any of the foregoing, including
21 installation, maintenance, repair, refurbishment, and
22 replacement of qualified tangible personal property to
23 generate, transform, transmit, distribute, or manage
24 electricity necessary to operate qualified tangible
25 personal property; and all other tangible personal
26 property that is essential to the operations of a computer

1 data center. The term "qualified tangible personal
2 property" also includes building materials physically
3 incorporated in to the qualifying data center. To document
4 the exemption allowed under this Section, the retailer
5 must obtain from the purchaser a copy of the certificate
6 of eligibility issued by the Department of Commerce and
7 Economic Opportunity.

8 This item (40) is exempt from the provisions of Section
9 3-90.

10 (Source: P.A. 101-9, eff. 6-5-19; 101-31, eff. 6-28-19;
11 101-81, eff. 7-12-19; 101-629, eff. 2-5-20; 102-16, eff.
12 6-17-21.)

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

15 (35 ILCS 110/3-5)

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

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

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

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

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

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

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

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

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

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

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

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

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

1 domestic stopovers.

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

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

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

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

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

11 (12) Until July 1, 2028 ~~July 1, 2023~~, coal and aggregate
12 exploration, mining, off-highway hauling, processing,
13 maintenance, and reclamation equipment, including replacement
14 parts and equipment, and including equipment purchased for
15 lease, but excluding motor vehicles required to be registered
16 under the Illinois Vehicle Code. The changes made to this
17 Section by Public Act 97-767 apply on and after July 1, 2003,
18 but no claim for credit or refund is allowed on or after August
19 16, 2013 (the effective date of Public Act 98-456) for such
20 taxes paid during the period beginning July 1, 2003 and ending
21 on August 16, 2013 (the effective date of Public Act 98-456).

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

24 (14) Horses, or interests in horses, registered with and
25 meeting the requirements of any of the Arabian Horse Club
26 Registry of America, Appaloosa Horse Club, American Quarter

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

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

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

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

1 is liable to pay that amount to the Department.

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

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

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

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

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

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

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

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

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

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

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

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

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

1 is exempt from the provisions of Section 3-75.

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

9 (27) Beginning January 1, 2010 and continuing through
10 December 31, 2024, materials, parts, equipment, components,
11 and furnishings incorporated into or upon an aircraft as part
12 of the modification, refurbishment, completion, replacement,
13 repair, or maintenance of the aircraft. This exemption
14 includes consumable supplies used in the modification,
15 refurbishment, completion, replacement, repair, and
16 maintenance of aircraft, but excludes any materials, parts,
17 equipment, components, and consumable supplies used in the
18 modification, replacement, repair, and maintenance of aircraft
19 engines or power plants, whether such engines or power plants
20 are installed or uninstalled upon any such aircraft.
21 "Consumable supplies" include, but are not limited to,
22 adhesive, tape, sandpaper, general purpose lubricants,
23 cleaning solution, latex gloves, and protective films. This
24 exemption applies only to the use of qualifying tangible
25 personal property transferred incident to the modification,
26 refurbishment, completion, replacement, repair, or maintenance

1 of aircraft by persons who (i) hold an Air Agency Certificate
2 and are empowered to operate an approved repair station by the
3 Federal Aviation Administration, (ii) have a Class IV Rating,
4 and (iii) conduct operations in accordance with Part 145 of
5 the Federal Aviation Regulations. The exemption does not
6 include aircraft operated by a commercial air carrier
7 providing scheduled passenger air service pursuant to
8 authority issued under Part 121 or Part 129 of the Federal
9 Aviation Regulations. The changes made to this paragraph (27)
10 by Public Act 98-534 are declarative of existing law. It is the
11 intent of the General Assembly that the exemption under this
12 paragraph (27) applies continuously from January 1, 2010
13 through December 31, 2024; however, no claim for credit or
14 refund is allowed for taxes paid as a result of the
15 disallowance of this exemption on or after January 1, 2015 and
16 prior to the effective date of this amendatory Act of the 101st
17 General Assembly.

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

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

7 (29) Beginning January 1, 2017 and through December 31,
8 2026, menstrual pads, tampons, and menstrual cups.

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

13 (31) Qualified tangible personal property used in the
14 construction or operation of a data center that has been
15 granted a certificate of exemption by the Department of
16 Commerce and Economic Opportunity, whether that tangible
17 personal property is purchased by the owner, operator, or
18 tenant of the data center or by a contractor or subcontractor
19 of the owner, operator, or tenant. Data centers that would
20 have qualified for a certificate of exemption prior to January
21 1, 2020 had this amendatory Act of the 101st General Assembly
22 been in effect, may apply for and obtain an exemption for
23 subsequent purchases of computer equipment or enabling
24 software purchased or leased to upgrade, supplement, or
25 replace computer equipment or enabling software purchased or
26 leased in the original investment that would have qualified.

1 The Department of Commerce and Economic Opportunity shall
2 grant a certificate of exemption under this item (31) to
3 qualified data centers as defined by Section 605-1025 of the
4 Department of Commerce and Economic Opportunity Law of the
5 Civil Administrative Code of Illinois.

6 For the purposes of this item (31):

7 "Data center" means a building or a series of
8 buildings rehabilitated or constructed to house working
9 servers in one physical location or multiple sites within
10 the State of Illinois.

11 "Qualified tangible personal property" means:
12 electrical systems and equipment; climate control and
13 chilling equipment and systems; mechanical systems and
14 equipment; monitoring and secure systems; emergency
15 generators; hardware; computers; servers; data storage
16 devices; network connectivity equipment; racks; cabinets;
17 telecommunications cabling infrastructure; raised floor
18 systems; peripheral components or systems; software;
19 mechanical, electrical, or plumbing systems; battery
20 systems; cooling systems and towers; temperature control
21 systems; other cabling; and other data center
22 infrastructure equipment and systems necessary to operate
23 qualified tangible personal property, including fixtures;
24 and component parts of any of the foregoing, including
25 installation, maintenance, repair, refurbishment, and
26 replacement of qualified tangible personal property to

1 generate, transform, transmit, distribute, or manage
2 electricity necessary to operate qualified tangible
3 personal property; and all other tangible personal
4 property that is essential to the operations of a computer
5 data center. The term "qualified tangible personal
6 property" also includes building materials physically
7 incorporated in to the qualifying data center. To document
8 the exemption allowed under this Section, the retailer
9 must obtain from the purchaser a copy of the certificate
10 of eligibility issued by the Department of Commerce and
11 Economic Opportunity.

12 This item (31) is exempt from the provisions of Section
13 3-75.

14 (Source: P.A. 101-31, eff. 6-28-19; 101-81, eff. 7-12-19;
15 101-629, eff. 2-5-20; 102-16, eff. 6-17-21.)

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

18 (35 ILCS 115/3-5)

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

21 (1) Personal property sold by a corporation, society,
22 association, foundation, institution, or organization, other
23 than a limited liability company, that is organized and
24 operated as a not-for-profit service enterprise for the

1 benefit of persons 65 years of age or older if the personal
2 property was not purchased by the enterprise for the purpose
3 of resale by the enterprise.

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

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

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

26 (5) Until July 1, 2003 and beginning again on September 1,

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

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

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

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

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

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

24 (8) Until June 30, 2013, fuel and petroleum products sold
25 to or used by an air common carrier, certified by the carrier
26 to be used for consumption, shipment, or storage in the

1 conduct of its business as an air common carrier, for a flight
2 destined for or returning from a location or locations outside
3 the United States without regard to previous or subsequent
4 domestic stopovers.

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

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

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

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

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

12 (12) Until July 1, 2028 ~~July 1, 2023~~, coal and aggregate
13 exploration, mining, off-highway hauling, processing,
14 maintenance, and reclamation equipment, including replacement
15 parts and equipment, and including equipment purchased for
16 lease, but excluding motor vehicles required to be registered
17 under the Illinois Vehicle Code. The changes made to this
18 Section by Public Act 97-767 apply on and after July 1, 2003,
19 but no claim for credit or refund is allowed on or after August
20 16, 2013 (the effective date of Public Act 98-456) for such
21 taxes paid during the period beginning July 1, 2003 and ending
22 on August 16, 2013 (the effective date of Public Act 98-456).

23 (13) Beginning January 1, 1992 and through June 30, 2016,
24 food for human consumption that is to be consumed off the
25 premises where it is sold (other than alcoholic beverages,
26 soft drinks and food that has been prepared for immediate

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

10 (14) Semen used for artificial insemination of livestock
11 for direct agricultural production.

12 (15) Horses, or interests in horses, registered with and
13 meeting the requirements of any of the Arabian Horse Club
14 Registry of America, Appaloosa Horse Club, American Quarter
15 Horse Association, United States Trotting Association, or
16 Jockey Club, as appropriate, used for purposes of breeding or
17 racing for prizes. This item (15) is exempt from the
18 provisions of Section 3-55, and the exemption provided for
19 under this item (15) applies for all periods beginning May 30,
20 1995, but no claim for credit or refund is allowed on or after
21 January 1, 2008 (the effective date of Public Act 95-88) for
22 such taxes paid during the period beginning May 30, 2000 and
23 ending on January 1, 2008 (the effective date of Public Act
24 95-88).

25 (16) Computers and communications equipment utilized for
26 any hospital purpose and equipment used in the diagnosis,

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

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

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

23 (19) Beginning with taxable years ending on or after
24 December 31, 1995 and ending with taxable years ending on or
25 before December 31, 2004, personal property that is used in
26 the performance of infrastructure repairs in this State,

1 including but not limited to municipal roads and streets,
2 access roads, bridges, sidewalks, waste disposal systems,
3 water and sewer line extensions, water distribution and
4 purification facilities, storm water drainage and retention
5 facilities, and sewage treatment facilities, resulting from a
6 State or federally declared disaster in Illinois or bordering
7 Illinois when such repairs are initiated on facilities located
8 in the declared disaster area within 6 months after the
9 disaster.

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

14 (21) A motor vehicle, as that term is defined in Section
15 1-146 of the Illinois Vehicle Code, that is donated to a
16 corporation, limited liability company, society, association,
17 foundation, or institution that is determined by the
18 Department to be organized and operated exclusively for
19 educational purposes. For purposes of this exemption, "a
20 corporation, limited liability company, society, association,
21 foundation, or institution organized and operated exclusively
22 for educational purposes" means all tax-supported public
23 schools, private schools that offer systematic instruction in
24 useful branches of learning by methods common to public
25 schools and that compare favorably in their scope and
26 intensity with the course of study presented in tax-supported

1 schools, and vocational or technical schools or institutes
2 organized and operated exclusively to provide a course of
3 study of not less than 6 weeks duration and designed to prepare
4 individuals to follow a trade or to pursue a manual,
5 technical, mechanical, industrial, business, or commercial
6 occupation.

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

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

1 amusement and vending business if a use or occupation tax is
2 paid on the gross receipts derived from the use of the
3 commercial, coin-operated amusement and vending machines. This
4 paragraph is exempt from the provisions of Section 3-55.

5 (24) Beginning on August 2, 2001 (the effective date of
6 Public Act 92-227), computers and communications equipment
7 utilized for any hospital purpose and equipment used in the
8 diagnosis, analysis, or treatment of hospital patients sold to
9 a lessor who leases the equipment, under a lease of one year or
10 longer executed or in effect at the time of the purchase, to a
11 hospital that has been issued an active tax exemption
12 identification number by the Department under Section 1g of
13 the Retailers' Occupation Tax Act. This paragraph is exempt
14 from the provisions of Section 3-55.

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

23 (26) Beginning on January 1, 2002 and through June 30,
24 2016, tangible personal property purchased from an Illinois
25 retailer by a taxpayer engaged in centralized purchasing
26 activities in Illinois who will, upon receipt of the property

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

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

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

16 (29) Beginning January 1, 2010 and continuing through
17 December 31, 2024, materials, parts, equipment, components,
18 and furnishings incorporated into or upon an aircraft as part
19 of the modification, refurbishment, completion, replacement,
20 repair, or maintenance of the aircraft. This exemption
21 includes consumable supplies used in the modification,
22 refurbishment, completion, replacement, repair, and
23 maintenance of aircraft, but excludes any materials, parts,
24 equipment, components, and consumable supplies used in the
25 modification, replacement, repair, and maintenance of aircraft
26 engines or power plants, whether such engines or power plants

1 are installed or uninstalled upon any such aircraft.
2 "Consumable supplies" include, but are not limited to,
3 adhesive, tape, sandpaper, general purpose lubricants,
4 cleaning solution, latex gloves, and protective films. This
5 exemption applies only to the transfer of qualifying tangible
6 personal property incident to the modification, refurbishment,
7 completion, replacement, repair, or maintenance of an aircraft
8 by persons who (i) hold an Air Agency Certificate and are
9 empowered to operate an approved repair station by the Federal
10 Aviation Administration, (ii) have a Class IV Rating, and
11 (iii) conduct operations in accordance with Part 145 of the
12 Federal Aviation Regulations. The exemption does not include
13 aircraft operated by a commercial air carrier providing
14 scheduled passenger air service pursuant to authority issued
15 under Part 121 or Part 129 of the Federal Aviation
16 Regulations. The changes made to this paragraph (29) by Public
17 Act 98-534 are declarative of existing law. It is the intent of
18 the General Assembly that the exemption under this paragraph
19 (29) applies continuously from January 1, 2010 through
20 December 31, 2024; however, no claim for credit or refund is
21 allowed for taxes paid as a result of the disallowance of this
22 exemption on or after January 1, 2015 and prior to the
23 effective date of this amendatory Act of the 101st General
24 Assembly.

25 (30) Beginning January 1, 2017 and through December 31,
26 2026, menstrual pads, tampons, and menstrual cups.

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

4 (32) Qualified tangible personal property used in the
5 construction or operation of a data center that has been
6 granted a certificate of exemption by the Department of
7 Commerce and Economic Opportunity, whether that tangible
8 personal property is purchased by the owner, operator, or
9 tenant of the data center or by a contractor or subcontractor
10 of the owner, operator, or tenant. Data centers that would
11 have qualified for a certificate of exemption prior to January
12 1, 2020 had this amendatory Act of the 101st General Assembly
13 been in effect, may apply for and obtain an exemption for
14 subsequent purchases of computer equipment or enabling
15 software purchased or leased to upgrade, supplement, or
16 replace computer equipment or enabling software purchased or
17 leased in the original investment that would have qualified.

18 The Department of Commerce and Economic Opportunity shall
19 grant a certificate of exemption under this item (32) to
20 qualified data centers as defined by Section 605-1025 of the
21 Department of Commerce and Economic Opportunity Law of the
22 Civil Administrative Code of Illinois.

23 For the purposes of this item (32):

24 "Data center" means a building or a series of
25 buildings rehabilitated or constructed to house working
26 servers in one physical location or multiple sites within

1 the State of Illinois.

2 "Qualified tangible personal property" means:
3 electrical systems and equipment; climate control and
4 chilling equipment and systems; mechanical systems and
5 equipment; monitoring and secure systems; emergency
6 generators; hardware; computers; servers; data storage
7 devices; network connectivity equipment; racks; cabinets;
8 telecommunications cabling infrastructure; raised floor
9 systems; peripheral components or systems; software;
10 mechanical, electrical, or plumbing systems; battery
11 systems; cooling systems and towers; temperature control
12 systems; other cabling; and other data center
13 infrastructure equipment and systems necessary to operate
14 qualified tangible personal property, including fixtures;
15 and component parts of any of the foregoing, including
16 installation, maintenance, repair, refurbishment, and
17 replacement of qualified tangible personal property to
18 generate, transform, transmit, distribute, or manage
19 electricity necessary to operate qualified tangible
20 personal property; and all other tangible personal
21 property that is essential to the operations of a computer
22 data center. The term "qualified tangible personal
23 property" also includes building materials physically
24 incorporated in to the qualifying data center. To document
25 the exemption allowed under this Section, the retailer
26 must obtain from the purchaser a copy of the certificate

1 of eligibility issued by the Department of Commerce and
2 Economic Opportunity.

3 This item (32) is exempt from the provisions of Section
4 3-55.

5 (Source: P.A. 101-31, eff. 6-28-19; 101-81, eff. 7-12-19;
6 101-629, eff. 2-5-20; 102-16, eff. 6-17-21.)

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

9 (35 ILCS 120/2-5)

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

13 (1) Farm chemicals.

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

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

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

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

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

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

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

25 (6) Personal property sold by a teacher-sponsored
26 student organization affiliated with an elementary or

1 secondary school located in Illinois.

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

5 (8) Personal property sold to an Illinois county fair
6 association for use in conducting, operating, or promoting
7 the county fair.

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

23 (10) Personal property sold by a corporation, society,
24 association, foundation, institution, or organization,
25 other than a limited liability company, that is organized
26 and operated as a not-for-profit service enterprise for

1 the benefit of persons 65 years of age or older if the
2 personal property was not purchased by the enterprise for
3 the purpose of resale by the enterprise.

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

19 (12) (Blank).

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

1 vehicle weight rating in excess of 8,000 pounds; (ii) that
2 are subject to the commercial distribution fee imposed
3 under Section 3-815.1 of the Illinois Vehicle Code; and
4 (iii) that are primarily used for commercial purposes.
5 Through June 30, 2005, this exemption applies to repair
6 and replacement parts added after the initial purchase of
7 such a motor vehicle if that motor vehicle is used in a
8 manner that would qualify for the rolling stock exemption
9 otherwise provided for in this Act. For purposes of this
10 paragraph, "used for commercial purposes" means the
11 transportation of persons or property in furtherance of
12 any commercial or industrial enterprise whether for-hire
13 or not.

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

22 (14) Machinery and equipment that will be used by the
23 purchaser, or a lessee of the purchaser, primarily in the
24 process of manufacturing or assembling tangible personal
25 property for wholesale or retail sale or lease, whether
26 the sale or lease is made directly by the manufacturer or

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

22 (15) Proceeds of mandatory service charges separately
23 stated on customers' bills for purchase and consumption of
24 food and beverages, to the extent that the proceeds of the
25 service charge are in fact turned over as tips or as a
26 substitute for tips to the employees who participate

1 directly in preparing, serving, hosting or cleaning up the
2 food or beverage function with respect to which the
3 service charge is imposed.

4 (16) Tangible personal property sold to a purchaser if
5 the purchaser is exempt from use tax by operation of
6 federal law. This paragraph is exempt from the provisions
7 of Section 2-70.

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

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

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

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

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

10 (21) Until July 1, 2028 ~~July 1, 2023~~, coal and
11 aggregate exploration, mining, off-highway hauling,
12 processing, maintenance, and reclamation equipment,
13 including replacement parts and equipment, and including
14 equipment purchased for lease, but excluding motor
15 vehicles required to be registered under the Illinois
16 Vehicle Code. The changes made to this Section by Public
17 Act 97-767 apply on and after July 1, 2003, but no claim
18 for credit or refund is allowed on or after August 16, 2013
19 (the effective date of Public Act 98-456) for such taxes
20 paid during the period beginning July 1, 2003 and ending
21 on August 16, 2013 (the effective date of Public Act
22 98-456).

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

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

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

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

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

24 (25) Except as provided in item (25-5) of this
25 Section, a motor vehicle sold in this State to a
26 nonresident even though the motor vehicle is delivered to

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

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

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

15 (25-7) Beginning on July 1, 2007, no tax is imposed
16 under this Act on the sale of an aircraft, as defined in
17 Section 3 of the Illinois Aeronautics Act, if all of the
18 following conditions are met:

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

26 (2) the aircraft is not based or registered in

1 this State after the sale of the aircraft; and

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

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

14 "Based in this State" means hangared, stored, or
15 otherwise used, excluding post-sale customizations as
16 defined in this Section, for 10 or more days in each
17 12-month period immediately following the date of the sale
18 of the aircraft.

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

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

26 (26) Semen used for artificial insemination of

1 livestock for direct agricultural production.

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

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

24 (29) Personal property sold to a lessor who leases the
25 property, under a lease of one year or longer executed or
26 in effect at the time of the purchase, to a governmental

1 body that has been issued an active tax exemption
2 identification number by the Department under Section 1g
3 of this Act.

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

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

1 declared disaster area within 6 months after the disaster.

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

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

26 (34) Beginning January 1, 2000, personal property,

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

15 (35) Beginning January 1, 2000 and through December
16 31, 2001, new or used automatic vending machines that
17 prepare and serve hot food and beverages, including
18 coffee, soup, and other items, and replacement parts for
19 these machines. Beginning January 1, 2002 and through June
20 30, 2003, machines and parts for machines used in
21 commercial, coin-operated amusement and vending business
22 if a use or occupation tax is paid on the gross receipts
23 derived from the use of the commercial, coin-operated
24 amusement and vending machines. This paragraph is exempt
25 from the provisions of Section 2-70.

26 (35-5) Beginning August 23, 2001 and through June 30,

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

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

24 (37) Beginning August 2, 2001, personal property sold
25 to a lessor who leases the property, under a lease of one
26 year or longer executed or in effect at the time of the

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

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

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

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

11 (40) Beginning January 1, 2010 and continuing through
12 December 31, 2024, materials, parts, equipment,
13 components, and furnishings incorporated into or upon an
14 aircraft as part of the modification, refurbishment,
15 completion, replacement, repair, or maintenance of the
16 aircraft. This exemption includes consumable supplies used
17 in the modification, refurbishment, completion,
18 replacement, repair, and maintenance of aircraft, but
19 excludes any materials, parts, equipment, components, and
20 consumable supplies used in the modification, replacement,
21 repair, and maintenance of aircraft engines or power
22 plants, whether such engines or power plants are installed
23 or uninstalled upon any such aircraft. "Consumable
24 supplies" include, but are not limited to, adhesive, tape,
25 sandpaper, general purpose lubricants, cleaning solution,
26 latex gloves, and protective films. This exemption applies

1 only to the sale of qualifying tangible personal property
2 to persons who modify, refurbish, complete, replace, or
3 maintain an aircraft and who (i) hold an Air Agency
4 Certificate and are empowered to operate an approved
5 repair station by the Federal Aviation Administration,
6 (ii) have a Class IV Rating, and (iii) conduct operations
7 in accordance with Part 145 of the Federal Aviation
8 Regulations. The exemption does not include aircraft
9 operated by a commercial air carrier providing scheduled
10 passenger air service pursuant to authority issued under
11 Part 121 or Part 129 of the Federal Aviation Regulations.
12 The changes made to this paragraph (40) by Public Act
13 98-534 are declarative of existing law. It is the intent
14 of the General Assembly that the exemption under this
15 paragraph (40) applies continuously from January 1, 2010
16 through December 31, 2024; however, no claim for credit or
17 refund is allowed for taxes paid as a result of the
18 disallowance of this exemption on or after January 1, 2015
19 and prior to the effective date of this amendatory Act of
20 the 101st General Assembly.

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

1 further consideration by or on behalf of the municipality
2 at the time of the completion of the municipal convention
3 hall or upon the retirement or redemption of any bonds or
4 other debt instruments issued by the public-facilities
5 corporation in connection with the development of the
6 municipal convention hall. This exemption includes
7 existing public-facilities corporations as provided in
8 Section 11-65-25 of the Illinois Municipal Code. This
9 paragraph is exempt from the provisions of Section 2-70.

10 (42) Beginning January 1, 2017 and through December
11 31, 2026, menstrual pads, tampons, and menstrual cups.

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

20 (44) Qualified tangible personal property used in the
21 construction or operation of a data center that has been
22 granted a certificate of exemption by the Department of
23 Commerce and Economic Opportunity, whether that tangible
24 personal property is purchased by the owner, operator, or
25 tenant of the data center or by a contractor or
26 subcontractor of the owner, operator, or tenant. Data

1 centers that would have qualified for a certificate of
2 exemption prior to January 1, 2020 had this amendatory Act
3 of the 101st General Assembly been in effect, may apply
4 for and obtain an exemption for subsequent purchases of
5 computer equipment or enabling software purchased or
6 leased to upgrade, supplement, or replace computer
7 equipment or enabling software purchased or leased in the
8 original investment that would have qualified.

9 The Department of Commerce and Economic Opportunity
10 shall grant a certificate of exemption under this item
11 (44) to qualified data centers as defined by Section
12 605-1025 of the Department of Commerce and Economic
13 Opportunity Law of the Civil Administrative Code of
14 Illinois.

15 For the purposes of this item (44):

16 "Data center" means a building or a series of
17 buildings rehabilitated or constructed to house
18 working servers in one physical location or multiple
19 sites within the State of Illinois.

20 "Qualified tangible personal property" means:
21 electrical systems and equipment; climate control and
22 chilling equipment and systems; mechanical systems and
23 equipment; monitoring and secure systems; emergency
24 generators; hardware; computers; servers; data storage
25 devices; network connectivity equipment; racks;
26 cabinets; telecommunications cabling infrastructure;

1 raised floor systems; peripheral components or
2 systems; software; mechanical, electrical, or plumbing
3 systems; battery systems; cooling systems and towers;
4 temperature control systems; other cabling; and other
5 data center infrastructure equipment and systems
6 necessary to operate qualified tangible personal
7 property, including fixtures; and component parts of
8 any of the foregoing, including installation,
9 maintenance, repair, refurbishment, and replacement of
10 qualified tangible personal property to generate,
11 transform, transmit, distribute, or manage electricity
12 necessary to operate qualified tangible personal
13 property; and all other tangible personal property
14 that is essential to the operations of a computer data
15 center. The term "qualified tangible personal
16 property" also includes building materials physically
17 incorporated into ~~in to~~ the qualifying data center. To
18 document the exemption allowed under this Section, the
19 retailer must obtain from the purchaser a copy of the
20 certificate of eligibility issued by the Department of
21 Commerce and Economic Opportunity.

22 This item (44) is exempt from the provisions of
23 Section 2-70.

24 (45) Beginning January 1, 2020 and through December
25 31, 2020, sales of tangible personal property made by a
26 marketplace seller over a marketplace for which tax is due

1 under this Act but for which use tax has been collected and
2 remitted to the Department by a marketplace facilitator
3 under Section 2d of the Use Tax Act are exempt from tax
4 under this Act. A marketplace seller claiming this
5 exemption shall maintain books and records demonstrating
6 that the use tax on such sales has been collected and
7 remitted by a marketplace facilitator. Marketplace sellers
8 that have properly remitted tax under this Act on such
9 sales may file a claim for credit as provided in Section 6
10 of this Act. No claim is allowed, however, for such taxes
11 for which a credit or refund has been issued to the
12 marketplace facilitator under the Use Tax Act, or for
13 which the marketplace facilitator has filed a claim for
14 credit or refund under the Use Tax Act.

15 (Source: P.A. 101-31, eff. 6-28-19; 101-81, eff. 7-12-19;
16 101-629, eff. 2-5-20; 102-16, eff. 6-17-21; 102-634, eff.
17 8-27-21; revised 11-9-21.)

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