



102ND GENERAL ASSEMBLY

State of Illinois

2021 and 2022

SB2229

Introduced 2/26/2021, by Sen. Doris Turner

SYNOPSIS AS INTRODUCED:

30 ILCS 500/1-10	
35 ILCS 5/201	
35 ILCS 105/2	from Ch. 120, par. 439.2
35 ILCS 105/3-5	
35 ILCS 110/2	from Ch. 120, par. 439.32
35 ILCS 110/3-5	
35 ILCS 115/2	from Ch. 120, par. 439.102
35 ILCS 115/3-5	
35 ILCS 120/1	from Ch. 120, par. 440
35 ILCS 120/2-5	

Amends the Illinois Procurement Code. Provides that the Code does not apply to the leasing of State-owned facilities by a wireless carrier. Amends the Illinois Income Tax Act. Creates credit for the cost of equipment and materials used in the business of providing broadband services in Illinois. Provides that the credit does not apply to equipment and materials placed in service after December 31, 2024. Amends the Use Tax Act, the Service Use Tax Act, the Service Occupation Tax Act, and the Retailers' Occupation Tax Act to exempt equipment and materials used to provide broadband services in Illinois from taxation under the Acts. Defines terms. Effective immediately.

LRB102 16908 HLH 22320 b

FISCAL NOTE ACT
MAY APPLY

A BILL FOR

1 AN ACT concerning revenue.

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

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

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

8 (30 ILCS 500/1-10)

9 Sec. 1-10. Application.

10 (a) This Code applies only to procurements for which
11 bidders, offerors, potential contractors, or contractors were
12 first solicited on or after July 1, 1998. This Code shall not
13 be construed to affect or impair any contract, or any
14 provision of a contract, entered into based on a solicitation
15 prior to the implementation date of this Code as described in
16 Article 99, including, but not limited to, any covenant
17 entered into with respect to any revenue bonds or similar
18 instruments. All procurements for which contracts are
19 solicited between the effective date of Articles 50 and 99 and
20 July 1, 1998 shall be substantially in accordance with this
21 Code and its intent.

22 (b) This Code shall apply regardless of the source of the

1 funds with which the contracts are paid, including federal
2 assistance moneys. This Code shall not apply to:

3 (1) Contracts between the State and its political
4 subdivisions or other governments, or between State
5 governmental bodies, except as specifically provided in
6 this Code.

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

9 (3) Purchase of care, except as provided in Section
10 5-30.6 of the Illinois Public Aid Code and this Section.

11 (4) Hiring of an individual as employee and not as an
12 independent contractor, whether pursuant to an employment
13 code or policy or by contract directly with that
14 individual.

15 (5) Collective bargaining contracts.

16 (6) Purchase of real estate, except that notice of
17 this type of contract with a value of more than \$25,000
18 must be published in the Procurement Bulletin within 10
19 calendar days after the deed is recorded in the county of
20 jurisdiction. The notice shall identify the real estate
21 purchased, the names of all parties to the contract, the
22 value of the contract, and the effective date of the
23 contract.

24 (7) Contracts necessary to prepare for anticipated
25 litigation, enforcement actions, or investigations,
26 provided that the chief legal counsel to the Governor

1 shall give his or her prior approval when the procuring
2 agency is one subject to the jurisdiction of the Governor,
3 and provided that the chief legal counsel of any other
4 procuring entity subject to this Code shall give his or
5 her prior approval when the procuring entity is not one
6 subject to the jurisdiction of the Governor.

7 (8) (Blank).

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

10 (10) (Blank).

11 (11) Public-private agreements entered into according
12 to the procurement requirements of Section 20 of the
13 Public-Private Partnerships for Transportation Act and
14 design-build agreements entered into according to the
15 procurement requirements of Section 25 of the
16 Public-Private Partnerships for Transportation Act.

17 (12) Contracts for legal, financial, and other
18 professional and artistic services entered into on or
19 before December 31, 2018 by the Illinois Finance Authority
20 in which the State of Illinois is not obligated. Such
21 contracts shall be awarded through a competitive process
22 authorized by the Board of the Illinois Finance Authority
23 and are subject to Sections 5-30, 20-160, 50-13, 50-20,
24 50-35, and 50-37 of this Code, as well as the final
25 approval by the Board of the Illinois Finance Authority of
26 the terms of the contract.

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

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

17 (14) Contracts for participation expenditures required
18 by a domestic or international trade show or exhibition of
19 an exhibitor, member, or sponsor.

20 (15) Contracts with a railroad or utility that
21 requires the State to reimburse the railroad or utilities
22 for the relocation of utilities for construction or other
23 public purpose. Contracts included within this paragraph
24 (15) shall include, but not be limited to, those
25 associated with: relocations, crossings, installations,
26 and maintenance. For the purposes of this paragraph (15),

1 "railroad" means any form of non-highway ground
2 transportation that runs on rails or electromagnetic
3 guideways and "utility" means: (1) public utilities as
4 defined in Section 3-105 of the Public Utilities Act, (2)
5 telecommunications carriers as defined in Section 13-202
6 of the Public Utilities Act, (3) electric cooperatives as
7 defined in Section 3.4 of the Electric Supplier Act, (4)
8 telephone or telecommunications cooperatives as defined in
9 Section 13-212 of the Public Utilities Act, (5) rural
10 water or waste water systems with 10,000 connections or
11 less, (6) a holder as defined in Section 21-201 of the
12 Public Utilities Act, and (7) municipalities owning or
13 operating utility systems consisting of public utilities
14 as that term is defined in Section 11-117-2 of the
15 Illinois Municipal Code.

16 (16) Procurement expenditures necessary for the
17 Department of Public Health to provide the delivery of
18 timely newborn screening services in accordance with the
19 Newborn Metabolic Screening Act.

20 (17) Procurement expenditures necessary for the
21 Department of Agriculture, the Department of Financial and
22 Professional Regulation, the Department of Human Services,
23 and the Department of Public Health to implement the
24 Compassionate Use of Medical Cannabis Program and Opioid
25 Alternative Pilot Program requirements and ensure access
26 to medical cannabis for patients with debilitating medical

1 conditions in accordance with the Compassionate Use of
2 Medical Cannabis Program Act.

3 (18) This Code does not apply to any procurements
4 necessary for the Department of Agriculture, the
5 Department of Financial and Professional Regulation, the
6 Department of Human Services, the Department of Commerce
7 and Economic Opportunity, and the Department of Public
8 Health to implement the Cannabis Regulation and Tax Act if
9 the applicable agency has made a good faith determination
10 that it is necessary and appropriate for the expenditure
11 to fall within this exemption and if the process is
12 conducted in a manner substantially in accordance with the
13 requirements of Sections 20-160, 25-60, 30-22, 50-5,
14 50-10, 50-10.5, 50-12, 50-13, 50-15, 50-20, 50-21, 50-35,
15 50-36, 50-37, 50-38, and 50-50 of this Code; however, for
16 Section 50-35, compliance applies only to contracts or
17 subcontracts over \$100,000. Notice of each contract
18 entered into under this paragraph (18) that is related to
19 the procurement of goods and services identified in
20 paragraph (1) through (9) of this subsection shall be
21 published in the Procurement Bulletin within 14 calendar
22 days after contract execution. The Chief Procurement
23 Officer shall prescribe the form and content of the
24 notice. Each agency shall provide the Chief Procurement
25 Officer, on a monthly basis, in the form and content
26 prescribed by the Chief Procurement Officer, a report of

1 contracts that are related to the procurement of goods and
2 services identified in this subsection. At a minimum, this
3 report shall include the name of the contractor, a
4 description of the supply or service provided, the total
5 amount of the contract, the term of the contract, and the
6 exception to this Code utilized. A copy of any or all of
7 these contracts shall be made available to the Chief
8 Procurement Officer immediately upon request. The Chief
9 Procurement Officer shall submit a report to the Governor
10 and General Assembly no later than November 1 of each year
11 that includes, at a minimum, an annual summary of the
12 monthly information reported to the Chief Procurement
13 Officer. This exemption becomes inoperative 5 years after
14 June 25, 2019 (the effective date of Public Act 101-27)
15 ~~this amendatory Act of the 101st General Assembly.~~

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

1 to the chief procurement officer.

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

6 (d) Except for Section 20-160 and Article 50 of this Code,
7 and as expressly required by Section 9.1 of the Illinois
8 Lottery Law, the provisions of this Code do not apply to the
9 procurement process provided for under Section 9.1 of the
10 Illinois Lottery Law.

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

22 (f) (Blank).

23 (g) (Blank).

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

1 (h) This Code does not apply to the process to procure or
2 contracts entered into in accordance with Sections 11-5.2 and
3 11-5.3 of the Illinois Public Aid Code.

4 (i) Each chief procurement officer may access records
5 necessary to review whether a contract, purchase, or other
6 expenditure is or is not subject to the provisions of this
7 Code, unless such records would be subject to attorney-client
8 privilege.

9 (j) This Code does not apply to the process used by the
10 Capital Development Board to retain an artist or work or works
11 of art as required in Section 14 of the Capital Development
12 Board Act.

13 (k) This Code does not apply to the process to procure
14 contracts, or contracts entered into, by the State Board of
15 Elections or the State Electoral Board for hearing officers
16 appointed pursuant to the Election Code.

17 (l) This Code does not apply to the processes used by the
18 Illinois Student Assistance Commission to procure supplies and
19 services paid for from the private funds of the Illinois
20 Prepaid Tuition Fund. As used in this subsection (l), "private
21 funds" means funds derived from deposits paid into the
22 Illinois Prepaid Tuition Trust Fund and the earnings thereon.

23 (Source: P.A. 100-43, eff. 8-9-17; 100-580, eff. 3-12-18;
24 100-757, eff. 8-10-18; 100-1114, eff. 8-28-18; 101-27, eff.
25 6-25-19; 101-81, eff. 7-12-19; 101-363, eff. 8-9-19; revised
26 9-17-19.)

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

3 (35 ILCS 5/201)

4 (Text of Section without the changes made by P.A. 101-8,
5 which did not take effect (see Section 99 of P.A. 101-8))

6 Sec. 201. Tax imposed.

7 (a) In general. A tax measured by net income is hereby
8 imposed on every individual, corporation, trust and estate for
9 each taxable year ending after July 31, 1969 on the privilege
10 of earning or receiving income in or as a resident of this
11 State. Such tax shall be in addition to all other occupation or
12 privilege taxes imposed by this State or by any municipal
13 corporation or political subdivision thereof.

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

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

21 (2) In the case of an individual, trust or estate, for
22 taxable years beginning prior to July 1, 1989 and ending
23 after June 30, 1989, an amount equal to the sum of (i) 2
24 1/2% of the taxpayer's net income for the period prior to

1 July 1, 1989, as calculated under Section 202.3, and (ii)
2 3% of the taxpayer's net income for the period after June
3 30, 1989, as calculated under Section 202.3.

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

8 (4) In the case of an individual, trust, or estate,
9 for taxable years beginning prior to January 1, 2011, and
10 ending after December 31, 2010, an amount equal to the sum
11 of (i) 3% of the taxpayer's net income for the period prior
12 to January 1, 2011, as calculated under Section 202.5, and
13 (ii) 5% of the taxpayer's net income for the period after
14 December 31, 2010, as calculated under Section 202.5.

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

19 (5.1) In the case of an individual, trust, or estate,
20 for taxable years beginning prior to January 1, 2015, and
21 ending after December 31, 2014, an amount equal to the sum
22 of (i) 5% of the taxpayer's net income for the period prior
23 to January 1, 2015, as calculated under Section 202.5, and
24 (ii) 3.75% of the taxpayer's net income for the period
25 after December 31, 2014, as calculated under Section
26 202.5.

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

5 (5.3) In the case of an individual, trust, or estate,
6 for taxable years beginning prior to July 1, 2017, and
7 ending after June 30, 2017, an amount equal to the sum of
8 (i) 3.75% of the taxpayer's net income for the period
9 prior to July 1, 2017, as calculated under Section 202.5,
10 and (ii) 4.95% of the taxpayer's net income for the period
11 after June 30, 2017, as calculated under Section 202.5.

12 (5.4) In the case of an individual, trust, or estate,
13 for taxable years beginning on or after July 1, 2017, an
14 amount equal to 4.95% of the taxpayer's net income for the
15 taxable year.

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

19 (7) In the case of a corporation, for taxable years
20 beginning prior to July 1, 1989 and ending after June 30,
21 1989, an amount equal to the sum of (i) 4% of the
22 taxpayer's net income for the period prior to July 1,
23 1989, as calculated under Section 202.3, and (ii) 4.8% of
24 the taxpayer's net income for the period after June 30,
25 1989, as calculated under Section 202.3.

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

1 beginning after June 30, 1989, and ending prior to January
2 1, 2011, an amount equal to 4.8% of the taxpayer's net
3 income for the taxable year.

4 (9) In the case of a corporation, for taxable years
5 beginning prior to January 1, 2011, and ending after
6 December 31, 2010, an amount equal to the sum of (i) 4.8%
7 of the taxpayer's net income for the period prior to
8 January 1, 2011, as calculated under Section 202.5, and
9 (ii) 7% of the taxpayer's net income for the period after
10 December 31, 2010, as calculated under Section 202.5.

11 (10) In the case of a corporation, for taxable years
12 beginning on or after January 1, 2011, and ending prior to
13 January 1, 2015, an amount equal to 7% of the taxpayer's
14 net income for the taxable year.

15 (11) In the case of a corporation, for taxable years
16 beginning prior to January 1, 2015, and ending after
17 December 31, 2014, an amount equal to the sum of (i) 7% of
18 the taxpayer's net income for the period prior to January
19 1, 2015, as calculated under Section 202.5, and (ii) 5.25%
20 of the taxpayer's net income for the period after December
21 31, 2014, as calculated under Section 202.5.

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

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

1 beginning prior to July 1, 2017, and ending after June 30,
2 2017, an amount equal to the sum of (i) 5.25% of the
3 taxpayer's net income for the period prior to July 1,
4 2017, as calculated under Section 202.5, and (ii) 7% of
5 the taxpayer's net income for the period after June 30,
6 2017, as calculated under Section 202.5.

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

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

12 (b-5) Surcharge; sale or exchange of assets, properties,
13 and intangibles of organization gaming licensees. For each of
14 taxable years 2019 through 2027, a surcharge is imposed on all
15 taxpayers on income arising from the sale or exchange of
16 capital assets, depreciable business property, real property
17 used in the trade or business, and Section 197 intangibles (i)
18 of an organization licensee under the Illinois Horse Racing
19 Act of 1975 and (ii) of an organization gaming licensee under
20 the Illinois Gambling Act. The amount of the surcharge is
21 equal to the amount of federal income tax liability for the
22 taxable year attributable to those sales and exchanges. The
23 surcharge imposed shall not apply if:

24 (1) the organization gaming license, organization
25 license, or racetrack property is transferred as a result
26 of any of the following:

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

5 (B) cancellation, revocation, or termination of
6 any such license by the Illinois Gaming Board or the
7 Illinois Racing Board;

8 (C) a determination by the Illinois Gaming Board
9 that transfer of the license is in the best interests
10 of Illinois gaming;

11 (D) the death of an owner of the equity interest in
12 a licensee;

13 (E) the acquisition of a controlling interest in
14 the stock or substantially all of the assets of a
15 publicly traded company;

16 (F) a transfer by a parent company to a wholly
17 owned subsidiary; or

18 (G) the transfer or sale to or by one person to
19 another person where both persons were initial owners
20 of the license when the license was issued; or

21 (2) the controlling interest in the organization
22 gaming license, organization license, or racetrack
23 property is transferred in a transaction to lineal
24 descendants in which no gain or loss is recognized or as a
25 result of a transaction in accordance with Section 351 of
26 the Internal Revenue Code in which no gain or loss is

1 recognized; or

2 (3) live horse racing was not conducted in 2010 at a
3 racetrack located within 3 miles of the Mississippi River
4 under a license issued pursuant to the Illinois Horse
5 Racing Act of 1975.

6 The transfer of an organization gaming license,
7 organization license, or racetrack property by a person other
8 than the initial licensee to receive the organization gaming
9 license is not subject to a surcharge. The Department shall
10 adopt rules necessary to implement and administer this
11 subsection.

12 (c) Personal Property Tax Replacement Income Tax.
13 Beginning on July 1, 1979 and thereafter, in addition to such
14 income tax, there is also hereby imposed the Personal Property
15 Tax Replacement Income Tax measured by net income on every
16 corporation (including Subchapter S corporations), partnership
17 and trust, for each taxable year ending after June 30, 1979.
18 Such taxes are imposed on the privilege of earning or
19 receiving income in or as a resident of this State. The
20 Personal Property Tax Replacement Income Tax shall be in
21 addition to the income tax imposed by subsections (a) and (b)
22 of this Section and in addition to all other occupation or
23 privilege taxes imposed by this State or by any municipal
24 corporation or political subdivision thereof.

25 (d) Additional Personal Property Tax Replacement Income
26 Tax Rates. The personal property tax replacement income tax

1 imposed by this subsection and subsection (c) of this Section
2 in the case of a corporation, other than a Subchapter S
3 corporation and except as adjusted by subsection (d-1), shall
4 be an additional amount equal to 2.85% of such taxpayer's net
5 income for the taxable year, except that beginning on January
6 1, 1981, and thereafter, the rate of 2.85% specified in this
7 subsection shall be reduced to 2.5%, and in the case of a
8 partnership, trust or a Subchapter S corporation shall be an
9 additional amount equal to 1.5% of such taxpayer's net income
10 for the taxable year.

11 (d-1) Rate reduction for certain foreign insurers. In the
12 case of a foreign insurer, as defined by Section 35A-5 of the
13 Illinois Insurance Code, whose state or country of domicile
14 imposes on insurers domiciled in Illinois a retaliatory tax
15 (excluding any insurer whose premiums from reinsurance assumed
16 are 50% or more of its total insurance premiums as determined
17 under paragraph (2) of subsection (b) of Section 304, except
18 that for purposes of this determination premiums from
19 reinsurance do not include premiums from inter-affiliate
20 reinsurance arrangements), beginning with taxable years ending
21 on or after December 31, 1999, the sum of the rates of tax
22 imposed by subsections (b) and (d) shall be reduced (but not
23 increased) to the rate at which the total amount of tax imposed
24 under this Act, net of all credits allowed under this Act,
25 shall equal (i) the total amount of tax that would be imposed
26 on the foreign insurer's net income allocable to Illinois for

1 the taxable year by such foreign insurer's state or country of
2 domicile if that net income were subject to all income taxes
3 and taxes measured by net income imposed by such foreign
4 insurer's state or country of domicile, net of all credits
5 allowed or (ii) a rate of zero if no such tax is imposed on
6 such income by the foreign insurer's state of domicile. For
7 the purposes of this subsection (d-1), an inter-affiliate
8 includes a mutual insurer under common management.

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

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

15 (B) the privilege tax imposed by Section 409 of
16 the Illinois Insurance Code, the fire insurance
17 company tax imposed by Section 12 of the Fire
18 Investigation Act, and the fire department taxes
19 imposed under Section 11-10-1 of the Illinois
20 Municipal Code,

21 equals 1.25% for taxable years ending prior to December
22 31, 2003, or 1.75% for taxable years ending on or after
23 December 31, 2003, of the net taxable premiums written for
24 the taxable year, as described by subsection (1) of
25 Section 409 of the Illinois Insurance Code. This paragraph
26 will in no event increase the rates imposed under

1 subsections (b) and (d).

2 (2) Any reduction in the rates of tax imposed by this
3 subsection shall be applied first against the rates
4 imposed by subsection (b) and only after the tax imposed
5 by subsection (a) net of all credits allowed under this
6 Section other than the credit allowed under subsection (i)
7 has been reduced to zero, against the rates imposed by
8 subsection (d).

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

11 (e) Investment credit. A taxpayer shall be allowed a
12 credit against the Personal Property Tax Replacement Income
13 Tax for investment in qualified property.

14 (1) A taxpayer shall be allowed a credit equal to .5%
15 of the basis of qualified property placed in service
16 during the taxable year, provided such property is placed
17 in service on or after July 1, 1984. There shall be allowed
18 an additional credit equal to .5% of the basis of
19 qualified property placed in service during the taxable
20 year, provided such property is placed in service on or
21 after July 1, 1986, and the taxpayer's base employment
22 within Illinois has increased by 1% or more over the
23 preceding year as determined by the taxpayer's employment
24 records filed with the Illinois Department of Employment
25 Security. Taxpayers who are new to Illinois shall be
26 deemed to have met the 1% growth in base employment for the

1 first year in which they file employment records with the
2 Illinois Department of Employment Security. The provisions
3 added to this Section by Public Act 85-1200 (and restored
4 by Public Act 87-895) shall be construed as declaratory of
5 existing law and not as a new enactment. If, in any year,
6 the increase in base employment within Illinois over the
7 preceding year is less than 1%, the additional credit
8 shall be limited to that percentage times a fraction, the
9 numerator of which is .5% and the denominator of which is
10 1%, but shall not exceed .5%. The investment credit shall
11 not be allowed to the extent that it would reduce a
12 taxpayer's liability in any tax year below zero, nor may
13 any credit for qualified property be allowed for any year
14 other than the year in which the property was placed in
15 service in Illinois. For tax years ending on or after
16 December 31, 1987, and on or before December 31, 1988, the
17 credit shall be allowed for the tax year in which the
18 property is placed in service, or, if the amount of the
19 credit exceeds the tax liability for that year, whether it
20 exceeds the original liability or the liability as later
21 amended, such excess may be carried forward and applied to
22 the tax liability of the 5 taxable years following the
23 excess credit years if the taxpayer (i) makes investments
24 which cause the creation of a minimum of 2,000 full-time
25 equivalent jobs in Illinois, (ii) is located in an
26 enterprise zone established pursuant to the Illinois

1 Enterprise Zone Act and (iii) is certified by the
2 Department of Commerce and Community Affairs (now
3 Department of Commerce and Economic Opportunity) as
4 complying with the requirements specified in clause (i)
5 and (ii) by July 1, 1986. The Department of Commerce and
6 Community Affairs (now Department of Commerce and Economic
7 Opportunity) shall notify the Department of Revenue of all
8 such certifications immediately. For tax years ending
9 after December 31, 1988, the credit shall be allowed for
10 the tax year in which the property is placed in service,
11 or, if the amount of the credit exceeds the tax liability
12 for that year, whether it exceeds the original liability
13 or the liability as later amended, such excess may be
14 carried forward and applied to the tax liability of the 5
15 taxable years following the excess credit years. The
16 credit shall be applied to the earliest year for which
17 there is a liability. If there is credit from more than one
18 tax year that is available to offset a liability, earlier
19 credit shall be applied first.

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

22 (A) is tangible, whether new or used, including
23 buildings and structural components of buildings and
24 signs that are real property, but not including land
25 or improvements to real property that are not a
26 structural component of a building such as

1 landscaping, sewer lines, local access roads, fencing,
2 parking lots, and other appurtenances;

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

8 (C) is acquired by purchase as defined in Section
9 179(d) of the Internal Revenue Code;

10 (D) is used in Illinois by a taxpayer who is
11 primarily engaged in manufacturing, or in mining coal
12 or fluorite, or in retailing, or was placed in service
13 on or after July 1, 2006 in a River Edge Redevelopment
14 Zone established pursuant to the River Edge
15 Redevelopment Zone Act; and

16 (E) has not previously been used in Illinois in
17 such a manner and by such a person as would qualify for
18 the credit provided by this subsection (e) or
19 subsection (f).

20 (3) For purposes of this subsection (e),
21 "manufacturing" means the material staging and production
22 of tangible personal property by procedures commonly
23 regarded as manufacturing, processing, fabrication, or
24 assembling which changes some existing material into new
25 shapes, new qualities, or new combinations. For purposes
26 of this subsection (e) the term "mining" shall have the

1 same meaning as the term "mining" in Section 613(c) of the
2 Internal Revenue Code. For purposes of this subsection
3 (e), the term "retailing" means the sale of tangible
4 personal property for use or consumption and not for
5 resale, or services rendered in conjunction with the sale
6 of tangible personal property for use or consumption and
7 not for resale. For purposes of this subsection (e),
8 "tangible personal property" has the same meaning as when
9 that term is used in the Retailers' Occupation Tax Act,
10 and, for taxable years ending after December 31, 2008,
11 does not include the generation, transmission, or
12 distribution of electricity.

13 (4) The basis of qualified property shall be the basis
14 used to compute the depreciation deduction for federal
15 income tax purposes.

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

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

23 (7) If during any taxable year, any property ceases to
24 be qualified property in the hands of the taxpayer within
25 48 months after being placed in service, or the situs of
26 any qualified property is moved outside Illinois within 48

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

14 (8) Unless the investment credit is extended by law,
15 the basis of qualified property shall not include costs
16 incurred after December 31, 2018, except for costs
17 incurred pursuant to a binding contract entered into on or
18 before December 31, 2018.

19 (9) Each taxable year ending before December 31, 2000,
20 a partnership may elect to pass through to its partners
21 the credits to which the partnership is entitled under
22 this subsection (e) for the taxable year. A partner may
23 use the credit allocated to him or her under this
24 paragraph only against the tax imposed in subsections (c)
25 and (d) of this Section. If the partnership makes that
26 election, those credits shall be allocated among the

1 partners in the partnership in accordance with the rules
2 set forth in Section 704(b) of the Internal Revenue Code,
3 and the rules promulgated under that Section, and the
4 allocated amount of the credits shall be allowed to the
5 partners for that taxable year. The partnership shall make
6 this election on its Personal Property Tax Replacement
7 Income Tax return for that taxable year. The election to
8 pass through the credits shall be irrevocable.

9 For taxable years ending on or after December 31,
10 2000, a partner that qualifies its partnership for a
11 subtraction under subparagraph (I) of paragraph (2) of
12 subsection (d) of Section 203 or a shareholder that
13 qualifies a Subchapter S corporation for a subtraction
14 under subparagraph (S) of paragraph (2) of subsection (b)
15 of Section 203 shall be allowed a credit under this
16 subsection (e) equal to its share of the credit earned
17 under this subsection (e) during the taxable year by the
18 partnership or Subchapter S corporation, determined in
19 accordance with the determination of income and
20 distributive share of income under Sections 702 and 704
21 and Subchapter S of the Internal Revenue Code. This
22 paragraph is exempt from the provisions of Section 250.

23 (f) Investment credit; Enterprise Zone; River Edge
24 Redevelopment Zone.

25 (1) A taxpayer shall be allowed a credit against the
26 tax imposed by subsections (a) and (b) of this Section for

1 investment in qualified property which is placed in
2 service in an Enterprise Zone created pursuant to the
3 Illinois Enterprise Zone Act or, for property placed in
4 service on or after July 1, 2006, a River Edge
5 Redevelopment Zone established pursuant to the River Edge
6 Redevelopment Zone Act. For partners, shareholders of
7 Subchapter S corporations, and owners of limited liability
8 companies, if the liability company is treated as a
9 partnership for purposes of federal and State income
10 taxation, there shall be allowed a credit under this
11 subsection (f) to be determined in accordance with the
12 determination of income and distributive share of income
13 under Sections 702 and 704 and Subchapter S of the
14 Internal Revenue Code. The credit shall be .5% of the
15 basis for such property. The credit shall be available
16 only in the taxable year in which the property is placed in
17 service in the Enterprise Zone or River Edge Redevelopment
18 Zone and shall not be allowed to the extent that it would
19 reduce a taxpayer's liability for the tax imposed by
20 subsections (a) and (b) of this Section to below zero. For
21 tax years ending on or after December 31, 1985, the credit
22 shall be allowed for the tax year in which the property is
23 placed in service, or, if the amount of the credit exceeds
24 the tax liability for that year, whether it exceeds the
25 original liability or the liability as later amended, such
26 excess may be carried forward and applied to the tax

1 liability of the 5 taxable years following the excess
2 credit year. The credit shall be applied to the earliest
3 year for which there is a liability. If there is credit
4 from more than one tax year that is available to offset a
5 liability, the credit accruing first in time shall be
6 applied first.

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

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

10 (B) is depreciable pursuant to Section 167 of the
11 Internal Revenue Code, except that "3-year property"
12 as defined in Section 168(c)(2)(A) of that Code is not
13 eligible for the credit provided by this subsection
14 (f);

15 (C) is acquired by purchase as defined in Section
16 179(d) of the Internal Revenue Code;

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

19 (E) has not been previously used in Illinois in
20 such a manner and by such a person as would qualify for
21 the credit provided by this subsection (f) or
22 subsection (e).

23 (3) The basis of qualified property shall be the basis
24 used to compute the depreciation deduction for federal
25 income tax purposes.

26 (4) If the basis of the property for federal income

1 tax depreciation purposes is increased after it has been
2 placed in service in the Enterprise Zone or River Edge
3 Redevelopment Zone by the taxpayer, the amount of such
4 increase shall be deemed property placed in service on the
5 date of such increase in basis.

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

8 (6) If during any taxable year, any property ceases to
9 be qualified property in the hands of the taxpayer within
10 48 months after being placed in service, or the situs of
11 any qualified property is moved outside the Enterprise
12 Zone or River Edge Redevelopment Zone within 48 months
13 after being placed in service, the tax imposed under
14 subsections (a) and (b) of this Section for such taxable
15 year shall be increased. Such increase shall be determined
16 by (i) recomputing the investment credit which would have
17 been allowed for the year in which credit for such
18 property was originally allowed by eliminating such
19 property from such computation, and (ii) subtracting such
20 recomputed credit from the amount of credit previously
21 allowed. For the purposes of this paragraph (6), a
22 reduction of the basis of qualified property resulting
23 from a redetermination of the purchase price shall be
24 deemed a disposition of qualified property to the extent
25 of such reduction.

26 (7) There shall be allowed an additional credit equal

1 to 0.5% of the basis of qualified property placed in
2 service during the taxable year in a River Edge
3 Redevelopment Zone, provided such property is placed in
4 service on or after July 1, 2006, and the taxpayer's base
5 employment within Illinois has increased by 1% or more
6 over the preceding year as determined by the taxpayer's
7 employment records filed with the Illinois Department of
8 Employment Security. Taxpayers who are new to Illinois
9 shall be deemed to have met the 1% growth in base
10 employment for the first year in which they file
11 employment records with the Illinois Department of
12 Employment Security. If, in any year, the increase in base
13 employment within Illinois over the preceding year is less
14 than 1%, the additional credit shall be limited to that
15 percentage times a fraction, the numerator of which is
16 0.5% and the denominator of which is 1%, but shall not
17 exceed 0.5%.

18 (8) For taxable years beginning on or after January 1,
19 2021, there shall be allowed an Enterprise Zone
20 construction jobs credit against the taxes imposed under
21 subsections (a) and (b) of this Section as provided in
22 Section 13 of the Illinois Enterprise Zone Act.

23 The credit or credits may not reduce the taxpayer's
24 liability to less than zero. If the amount of the credit or
25 credits exceeds the taxpayer's liability, the excess may
26 be carried forward and applied against the taxpayer's

1 liability in succeeding calendar years in the same manner
2 provided under paragraph (4) of Section 211 of this Act.
3 The credit or credits shall be applied to the earliest
4 year for which there is a tax liability. If there are
5 credits from more than one taxable year that are available
6 to offset a liability, the earlier credit shall be applied
7 first.

8 For partners, shareholders of Subchapter S
9 corporations, and owners of limited liability companies,
10 if the liability company is treated as a partnership for
11 the purposes of federal and State income taxation, there
12 shall be allowed a credit under this Section to be
13 determined in accordance with the determination of income
14 and distributive share of income under Sections 702 and
15 704 and Subchapter S of the Internal Revenue Code.

16 The total aggregate amount of credits awarded under
17 the Blue Collar Jobs Act (Article 20 of Public Act 101-9
18 ~~this amendatory Act of the 101st General Assembly~~) shall
19 not exceed \$20,000,000 in any State fiscal year.

20 This paragraph (8) is exempt from the provisions of
21 Section 250.

22 (g) (Blank).

23 (h) Investment credit; High Impact Business.

24 (1) Subject to subsections (b) and (b-5) of Section
25 5.5 of the Illinois Enterprise Zone Act, a taxpayer shall
26 be allowed a credit against the tax imposed by subsections

1 (a) and (b) of this Section for investment in qualified
2 property which is placed in service by a Department of
3 Commerce and Economic Opportunity designated High Impact
4 Business. The credit shall be .5% of the basis for such
5 property. The credit shall not be available (i) until the
6 minimum investments in qualified property set forth in
7 subdivision (a)(3)(A) of Section 5.5 of the Illinois
8 Enterprise Zone Act have been satisfied or (ii) until the
9 time authorized in subsection (b-5) of the Illinois
10 Enterprise Zone Act for entities designated as High Impact
11 Businesses under subdivisions (a)(3)(B), (a)(3)(C), and
12 (a)(3)(D) of Section 5.5 of the Illinois Enterprise Zone
13 Act, and shall not be allowed to the extent that it would
14 reduce a taxpayer's liability for the tax imposed by
15 subsections (a) and (b) of this Section to below zero. The
16 credit applicable to such investments shall be taken in
17 the taxable year in which such investments have been
18 completed. The credit for additional investments beyond
19 the minimum investment by a designated high impact
20 business authorized under subdivision (a)(3)(A) of Section
21 5.5 of the Illinois Enterprise Zone Act shall be available
22 only in the taxable year in which the property is placed in
23 service and shall not be allowed to the extent that it
24 would reduce a taxpayer's liability for the tax imposed by
25 subsections (a) and (b) of this Section to below zero. For
26 tax years ending on or after December 31, 1987, the credit

1 shall be allowed for the tax year in which the property is
2 placed in service, or, if the amount of the credit exceeds
3 the tax liability for that year, whether it exceeds the
4 original liability or the liability as later amended, such
5 excess may be carried forward and applied to the tax
6 liability of the 5 taxable years following the excess
7 credit year. The credit shall be applied to the earliest
8 year for which there is a liability. If there is credit
9 from more than one tax year that is available to offset a
10 liability, the credit accruing first in time shall be
11 applied first.

12 Changes made in this subdivision (h) (1) by Public Act
13 88-670 restore changes made by Public Act 85-1182 and
14 reflect existing law.

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

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

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

23 (C) is acquired by purchase as defined in Section
24 179(d) of the Internal Revenue Code; and

25 (D) is not eligible for the Enterprise Zone
26 Investment Credit provided by subsection (f) of this

1 Section.

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

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

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

13 (6) If during any taxable year ending on or before
14 December 31, 1996, any property ceases to be qualified
15 property in the hands of the taxpayer within 48 months
16 after being placed in service, or the situs of any
17 qualified property is moved outside Illinois within 48
18 months after being placed in service, the tax imposed
19 under subsections (a) and (b) of this Section for such
20 taxable year shall be increased. Such increase shall be
21 determined by (i) recomputing the investment credit which
22 would have been allowed for the year in which credit for
23 such property was originally allowed by eliminating such
24 property from such computation, and (ii) subtracting such
25 recomputed credit from the amount of credit previously
26 allowed. For the purposes of this paragraph (6), a

1 reduction of the basis of qualified property resulting
2 from a redetermination of the purchase price shall be
3 deemed a disposition of qualified property to the extent
4 of such reduction.

5 (7) Beginning with tax years ending after December 31,
6 1996, if a taxpayer qualifies for the credit under this
7 subsection (h) and thereby is granted a tax abatement and
8 the taxpayer relocates its entire facility in violation of
9 the explicit terms and length of the contract under
10 Section 18-183 of the Property Tax Code, the tax imposed
11 under subsections (a) and (b) of this Section shall be
12 increased for the taxable year in which the taxpayer
13 relocated its facility by an amount equal to the amount of
14 credit received by the taxpayer under this subsection (h).

15 (h-5) High Impact Business construction ~~constructions~~ jobs
16 credit. For taxable years beginning on or after January 1,
17 2021, there shall also be allowed a High Impact Business
18 construction jobs credit against the tax imposed under
19 subsections (a) and (b) of this Section as provided in
20 subsections (i) and (j) of Section 5.5 of the Illinois
21 Enterprise Zone Act.

22 The credit or credits may not reduce the taxpayer's
23 liability to less than zero. If the amount of the credit or
24 credits exceeds the taxpayer's liability, the excess may be
25 carried forward and applied against the taxpayer's liability
26 in succeeding calendar years in the manner provided under

1 paragraph (4) of Section 211 of this Act. The credit or credits
2 shall be applied to the earliest year for which there is a tax
3 liability. If there are credits from more than one taxable
4 year that are available to offset a liability, the earlier
5 credit shall be applied first.

6 For partners, shareholders of Subchapter S corporations,
7 and owners of limited liability companies, if the liability
8 company is treated as a partnership for the purposes of
9 federal and State income taxation, there shall be allowed a
10 credit under this Section to be determined in accordance with
11 the determination of income and distributive share of income
12 under Sections 702 and 704 and Subchapter S of the Internal
13 Revenue Code.

14 The total aggregate amount of credits awarded under the
15 Blue Collar Jobs Act (Article 20 of Public Act 101-9 ~~this~~
16 ~~amendatory Act of the 101st General Assembly~~) shall not exceed
17 \$20,000,000 in any State fiscal year.

18 This subsection (h-5) is exempt from the provisions of
19 Section 250.

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

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

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

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

1 taxable year to reduce the amount of credit claimed.

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

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

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

5 (k) Research and development credit. For tax years ending
6 after July 1, 1990 and prior to December 31, 2003, and
7 beginning again for tax years ending on or after December 31,
8 2004, and ending prior to January 1, 2027, a taxpayer shall be
9 allowed a credit against the tax imposed by subsections (a)
10 and (b) of this Section for increasing research activities in
11 this State. The credit allowed against the tax imposed by
12 subsections (a) and (b) shall be equal to 6 1/2% of the
13 qualifying expenditures for increasing research activities in
14 this State. For partners, shareholders of subchapter S
15 corporations, and owners of limited liability companies, if
16 the liability company is treated as a partnership for purposes
17 of federal and State income taxation, there shall be allowed a
18 credit under this subsection to be determined in accordance
19 with the determination of income and distributive share of
20 income under Sections 702 and 704 and subchapter S of the
21 Internal Revenue Code.

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

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

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

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

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

3 No inference shall be drawn from Public Act 91-644 ~~this~~
4 ~~amendatory Act of the 91st General Assembly~~ in construing this
5 Section for taxable years beginning before January 1, 1999.

6 It is the intent of the General Assembly that the research
7 and development credit under this subsection (k) shall apply
8 continuously for all tax years ending on or after December 31,
9 2004 and ending prior to January 1, 2027, including, but not
10 limited to, the period beginning on January 1, 2016 and ending
11 on July 6, 2017 (the effective date of Public Act 100-22) ~~this~~
12 ~~amendatory Act of the 100th General Assembly~~. All actions
13 taken in reliance on the continuation of the credit under this
14 subsection (k) by any taxpayer are hereby validated.

15 (l) Environmental Remediation Tax Credit.

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

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

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

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

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

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

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

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

8 For purposes of this subsection:

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

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

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

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

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

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

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

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

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

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

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

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

1 the property of a registration is transferred as a result
2 of any of the following:

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

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

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

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

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

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

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

26 (2) the cannabis cultivation center registration,

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

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

25 For purposes this subsection: (i) "broadband service"
26 means a service provided by wireline or wireless means capable

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

19 (Source: P.A. 100-22, eff. 7-6-17; 101-9, eff. 6-5-19; 101-31,
20 eff. 6-28-19; 101-207, eff. 8-2-19; 101-363, eff. 8-9-19;
21 revised 11-18-20.)

22 (Text of Section with the changes made by P.A. 101-8,
23 which did not take effect (see Section 99 of P.A. 101-8))

24 Sec. 201. Tax imposed.

25 (a) In general. A tax measured by net income is hereby

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

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

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

14 (2) In the case of an individual, trust or estate, for
15 taxable years beginning prior to July 1, 1989 and ending
16 after June 30, 1989, an amount equal to the sum of (i) 2
17 1/2% of the taxpayer's net income for the period prior to
18 July 1, 1989, as calculated under Section 202.3, and (ii)
19 3% of the taxpayer's net income for the period after June
20 30, 1989, as calculated under Section 202.3.

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

25 (4) In the case of an individual, trust, or estate,
26 for taxable years beginning prior to January 1, 2011, and

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

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

10 (5.1) In the case of an individual, trust, or estate,
11 for taxable years beginning prior to January 1, 2015, and
12 ending after December 31, 2014, an amount equal to the sum
13 of (i) 5% of the taxpayer's net income for the period prior
14 to January 1, 2015, as calculated under Section 202.5, and
15 (ii) 3.75% of the taxpayer's net income for the period
16 after December 31, 2014, as calculated under Section
17 202.5.

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

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

1 and (ii) 4.95% of the taxpayer's net income for the period
2 after June 30, 2017, as calculated under Section 202.5.

3 (5.4) In the case of an individual, trust, or estate,
4 for taxable years beginning on or after July 1, 2017 ~~and~~
5 ~~beginning prior to January 1, 2021~~, an amount equal to
6 4.95% of the taxpayer's net income for the taxable year.

7 ~~(5.5) In the case of an individual, trust, or estate,~~
8 ~~for taxable years beginning on or after January 1, 2021,~~
9 ~~an amount calculated under the rate structure set forth in~~
10 ~~Section 201.1.~~

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

14 (7) In the case of a corporation, for taxable years
15 beginning prior to July 1, 1989 and ending after June 30,
16 1989, an amount equal to the sum of (i) 4% of the
17 taxpayer's net income for the period prior to July 1,
18 1989, as calculated under Section 202.3, and (ii) 4.8% of
19 the taxpayer's net income for the period after June 30,
20 1989, as calculated under Section 202.3.

21 (8) In the case of a corporation, for taxable years
22 beginning after June 30, 1989, and ending prior to January
23 1, 2011, an amount equal to 4.8% of the taxpayer's net
24 income for the taxable year.

25 (9) In the case of a corporation, for taxable years
26 beginning prior to January 1, 2011, and ending after

1 December 31, 2010, an amount equal to the sum of (i) 4.8%
2 of the taxpayer's net income for the period prior to
3 January 1, 2011, as calculated under Section 202.5, and
4 (ii) 7% of the taxpayer's net income for the period after
5 December 31, 2010, as calculated under Section 202.5.

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

10 (11) In the case of a corporation, for taxable years
11 beginning prior to January 1, 2015, and ending after
12 December 31, 2014, an amount equal to the sum of (i) 7% of
13 the taxpayer's net income for the period prior to January
14 1, 2015, as calculated under Section 202.5, and (ii) 5.25%
15 of the taxpayer's net income for the period after December
16 31, 2014, as calculated under Section 202.5.

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

21 (13) In the case of a corporation, for taxable years
22 beginning prior to July 1, 2017, and ending after June 30,
23 2017, an amount equal to the sum of (i) 5.25% of the
24 taxpayer's net income for the period prior to July 1,
25 2017, as calculated under Section 202.5, and (ii) 7% of
26 the taxpayer's net income for the period after June 30,

1 2017, as calculated under Section 202.5.

2 (14) In the case of a corporation, for taxable years
3 beginning on or after July 1, 2017 ~~and beginning prior to~~
4 ~~January 1, 2021~~, an amount equal to 7% of the taxpayer's
5 net income for the taxable year.

6 ~~(15) In the case of a corporation, for taxable years~~
7 ~~beginning on or after January 1, 2021, an amount equal to~~
8 ~~7.99% of the taxpayer's net income for the taxable year.~~

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

11 (b-5) Surcharge; sale or exchange of assets, properties,
12 and intangibles of organization gaming licensees. For each of
13 taxable years 2019 through 2027, a surcharge is imposed on all
14 taxpayers on income arising from the sale or exchange of
15 capital assets, depreciable business property, real property
16 used in the trade or business, and Section 197 intangibles (i)
17 of an organization licensee under the Illinois Horse Racing
18 Act of 1975 and (ii) of an organization gaming licensee under
19 the Illinois Gambling Act. The amount of the surcharge is
20 equal to the amount of federal income tax liability for the
21 taxable year attributable to those sales and exchanges. The
22 surcharge imposed shall not apply if:

23 (1) the organization gaming license, organization
24 license, or racetrack property is transferred as a result
25 of any of the following:

26 (A) bankruptcy, a receivership, or a debt

1 adjustment initiated by or against the initial
2 licensee or the substantial owners of the initial
3 licensee;

4 (B) cancellation, revocation, or termination of
5 any such license by the Illinois Gaming Board or the
6 Illinois Racing Board;

7 (C) a determination by the Illinois Gaming Board
8 that transfer of the license is in the best interests
9 of Illinois gaming;

10 (D) the death of an owner of the equity interest in
11 a licensee;

12 (E) the acquisition of a controlling interest in
13 the stock or substantially all of the assets of a
14 publicly traded company;

15 (F) a transfer by a parent company to a wholly
16 owned subsidiary; or

17 (G) the transfer or sale to or by one person to
18 another person where both persons were initial owners
19 of the license when the license was issued; or

20 (2) the controlling interest in the organization
21 gaming license, organization license, or racetrack
22 property is transferred in a transaction to lineal
23 descendants in which no gain or loss is recognized or as a
24 result of a transaction in accordance with Section 351 of
25 the Internal Revenue Code in which no gain or loss is
26 recognized; or

1 (3) live horse racing was not conducted in 2010 at a
2 racetrack located within 3 miles of the Mississippi River
3 under a license issued pursuant to the Illinois Horse
4 Racing Act of 1975.

5 The transfer of an organization gaming license,
6 organization license, or racetrack property by a person other
7 than the initial licensee to receive the organization gaming
8 license is not subject to a surcharge. The Department shall
9 adopt rules necessary to implement and administer this
10 subsection.

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

24 (d) Additional Personal Property Tax Replacement Income
25 Tax Rates. The personal property tax replacement income tax
26 imposed by this subsection and subsection (c) of this Section

1 in the case of a corporation, other than a Subchapter S
2 corporation and except as adjusted by subsection (d-1), shall
3 be an additional amount equal to 2.85% of such taxpayer's net
4 income for the taxable year, except that beginning on January
5 1, 1981, and thereafter, the rate of 2.85% specified in this
6 subsection shall be reduced to 2.5%, and in the case of a
7 partnership, trust or a Subchapter S corporation shall be an
8 additional amount equal to 1.5% of such taxpayer's net income
9 for the taxable year.

10 (d-1) Rate reduction for certain foreign insurers. In the
11 case of a foreign insurer, as defined by Section 35A-5 of the
12 Illinois Insurance Code, whose state or country of domicile
13 imposes on insurers domiciled in Illinois a retaliatory tax
14 (excluding any insurer whose premiums from reinsurance assumed
15 are 50% or more of its total insurance premiums as determined
16 under paragraph (2) of subsection (b) of Section 304, except
17 that for purposes of this determination premiums from
18 reinsurance do not include premiums from inter-affiliate
19 reinsurance arrangements), beginning with taxable years ending
20 on or after December 31, 1999, the sum of the rates of tax
21 imposed by subsections (b) and (d) shall be reduced (but not
22 increased) to the rate at which the total amount of tax imposed
23 under this Act, net of all credits allowed under this Act,
24 shall equal (i) the total amount of tax that would be imposed
25 on the foreign insurer's net income allocable to Illinois for
26 the taxable year by such foreign insurer's state or country of

1 domicile if that net income were subject to all income taxes
2 and taxes measured by net income imposed by such foreign
3 insurer's state or country of domicile, net of all credits
4 allowed or (ii) a rate of zero if no such tax is imposed on
5 such income by the foreign insurer's state of domicile. For
6 the purposes of this subsection (d-1), an inter-affiliate
7 includes a mutual insurer under common management.

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

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

14 (B) the privilege tax imposed by Section 409 of
15 the Illinois Insurance Code, the fire insurance
16 company tax imposed by Section 12 of the Fire
17 Investigation Act, and the fire department taxes
18 imposed under Section 11-10-1 of the Illinois
19 Municipal Code,

20 equals 1.25% for taxable years ending prior to December
21 31, 2003, or 1.75% for taxable years ending on or after
22 December 31, 2003, of the net taxable premiums written for
23 the taxable year, as described by subsection (1) of
24 Section 409 of the Illinois Insurance Code. This paragraph
25 will in no event increase the rates imposed under
26 subsections (b) and (d).

1 (2) Any reduction in the rates of tax imposed by this
2 subsection shall be applied first against the rates
3 imposed by subsection (b) and only after the tax imposed
4 by subsection (a) net of all credits allowed under this
5 Section other than the credit allowed under subsection (i)
6 has been reduced to zero, against the rates imposed by
7 subsection (d).

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

10 (e) Investment credit. A taxpayer shall be allowed a
11 credit against the Personal Property Tax Replacement Income
12 Tax for investment in qualified property.

13 (1) A taxpayer shall be allowed a credit equal to .5%
14 of the basis of qualified property placed in service
15 during the taxable year, provided such property is placed
16 in service on or after July 1, 1984. There shall be allowed
17 an additional credit equal to .5% of the basis of
18 qualified property placed in service during the taxable
19 year, provided such property is placed in service on or
20 after July 1, 1986, and the taxpayer's base employment
21 within Illinois has increased by 1% or more over the
22 preceding year as determined by the taxpayer's employment
23 records filed with the Illinois Department of Employment
24 Security. Taxpayers who are new to Illinois shall be
25 deemed to have met the 1% growth in base employment for the
26 first year in which they file employment records with the

1 Illinois Department of Employment Security. The provisions
2 added to this Section by Public Act 85-1200 (and restored
3 by Public Act 87-895) shall be construed as declaratory of
4 existing law and not as a new enactment. If, in any year,
5 the increase in base employment within Illinois over the
6 preceding year is less than 1%, the additional credit
7 shall be limited to that percentage times a fraction, the
8 numerator of which is .5% and the denominator of which is
9 1%, but shall not exceed .5%. The investment credit shall
10 not be allowed to the extent that it would reduce a
11 taxpayer's liability in any tax year below zero, nor may
12 any credit for qualified property be allowed for any year
13 other than the year in which the property was placed in
14 service in Illinois. For tax years ending on or after
15 December 31, 1987, and on or before December 31, 1988, the
16 credit shall be allowed for the tax year in which the
17 property is placed in service, or, if the amount of the
18 credit exceeds the tax liability for that year, whether it
19 exceeds the original liability or the liability as later
20 amended, such excess may be carried forward and applied to
21 the tax liability of the 5 taxable years following the
22 excess credit years if the taxpayer (i) makes investments
23 which cause the creation of a minimum of 2,000 full-time
24 equivalent jobs in Illinois, (ii) is located in an
25 enterprise zone established pursuant to the Illinois
26 Enterprise Zone Act and (iii) is certified by the

1 Department of Commerce and Community Affairs (now
2 Department of Commerce and Economic Opportunity) as
3 complying with the requirements specified in clause (i)
4 and (ii) by July 1, 1986. The Department of Commerce and
5 Community Affairs (now Department of Commerce and Economic
6 Opportunity) shall notify the Department of Revenue of all
7 such certifications immediately. For tax years ending
8 after December 31, 1988, the credit shall be allowed for
9 the tax year in which the property is placed in service,
10 or, if the amount of the credit exceeds the tax liability
11 for that year, whether it exceeds the original liability
12 or the liability as later amended, such excess may be
13 carried forward and applied to the tax liability of the 5
14 taxable years following the excess credit years. The
15 credit shall be applied to the earliest year for which
16 there is a liability. If there is credit from more than one
17 tax year that is available to offset a liability, earlier
18 credit shall be applied first.

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

21 (A) is tangible, whether new or used, including
22 buildings and structural components of buildings and
23 signs that are real property, but not including land
24 or improvements to real property that are not a
25 structural component of a building such as
26 landscaping, sewer lines, local access roads, fencing,

1 parking lots, and other appurtenances;

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

7 (C) is acquired by purchase as defined in Section
8 179(d) of the Internal Revenue Code;

9 (D) is used in Illinois by a taxpayer who is
10 primarily engaged in manufacturing, or in mining coal
11 or fluorite, or in retailing, or was placed in service
12 on or after July 1, 2006 in a River Edge Redevelopment
13 Zone established pursuant to the River Edge
14 Redevelopment Zone Act; and

15 (E) has not previously been used in Illinois in
16 such a manner and by such a person as would qualify for
17 the credit provided by this subsection (e) or
18 subsection (f).

19 (3) For purposes of this subsection (e),
20 "manufacturing" means the material staging and production
21 of tangible personal property by procedures commonly
22 regarded as manufacturing, processing, fabrication, or
23 assembling which changes some existing material into new
24 shapes, new qualities, or new combinations. For purposes
25 of this subsection (e) the term "mining" shall have the
26 same meaning as the term "mining" in Section 613(c) of the

1 Internal Revenue Code. For purposes of this subsection
2 (e), the term "retailing" means the sale of tangible
3 personal property for use or consumption and not for
4 resale, or services rendered in conjunction with the sale
5 of tangible personal property for use or consumption and
6 not for resale. For purposes of this subsection (e),
7 "tangible personal property" has the same meaning as when
8 that term is used in the Retailers' Occupation Tax Act,
9 and, for taxable years ending after December 31, 2008,
10 does not include the generation, transmission, or
11 distribution of electricity.

12 (4) The basis of qualified property shall be the basis
13 used to compute the depreciation deduction for federal
14 income tax purposes.

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

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

22 (7) If during any taxable year, any property ceases to
23 be qualified property in the hands of the taxpayer within
24 48 months after being placed in service, or the situs of
25 any qualified property is moved outside Illinois within 48
26 months after being placed in service, the Personal

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

13 (8) Unless the investment credit is extended by law,
14 the basis of qualified property shall not include costs
15 incurred after December 31, 2018, except for costs
16 incurred pursuant to a binding contract entered into on or
17 before December 31, 2018.

18 (9) Each taxable year ending before December 31, 2000,
19 a partnership may elect to pass through to its partners
20 the credits to which the partnership is entitled under
21 this subsection (e) for the taxable year. A partner may
22 use the credit allocated to him or her under this
23 paragraph only against the tax imposed in subsections (c)
24 and (d) of this Section. If the partnership makes that
25 election, those credits shall be allocated among the
26 partners in the partnership in accordance with the rules

1 set forth in Section 704(b) of the Internal Revenue Code,
2 and the rules promulgated under that Section, and the
3 allocated amount of the credits shall be allowed to the
4 partners for that taxable year. The partnership shall make
5 this election on its Personal Property Tax Replacement
6 Income Tax return for that taxable year. The election to
7 pass through the credits shall be irrevocable.

8 For taxable years ending on or after December 31,
9 2000, a partner that qualifies its partnership for a
10 subtraction under subparagraph (I) of paragraph (2) of
11 subsection (d) of Section 203 or a shareholder that
12 qualifies a Subchapter S corporation for a subtraction
13 under subparagraph (S) of paragraph (2) of subsection (b)
14 of Section 203 shall be allowed a credit under this
15 subsection (e) equal to its share of the credit earned
16 under this subsection (e) during the taxable year by the
17 partnership or Subchapter S corporation, determined in
18 accordance with the determination of income and
19 distributive share of income under Sections 702 and 704
20 and Subchapter S of the Internal Revenue Code. This
21 paragraph is exempt from the provisions of Section 250.

22 (f) Investment credit; Enterprise Zone; River Edge
23 Redevelopment Zone.

24 (1) A taxpayer shall be allowed a credit against the
25 tax imposed by subsections (a) and (b) of this Section for
26 investment in qualified property which is placed in

1 service in an Enterprise Zone created pursuant to the
2 Illinois Enterprise Zone Act or, for property placed in
3 service on or after July 1, 2006, a River Edge
4 Redevelopment Zone established pursuant to the River Edge
5 Redevelopment Zone Act. For partners, shareholders of
6 Subchapter S corporations, and owners of limited liability
7 companies, if the liability company is treated as a
8 partnership for purposes of federal and State income
9 taxation, there shall be allowed a credit under this
10 subsection (f) to be determined in accordance with the
11 determination of income and distributive share of income
12 under Sections 702 and 704 and Subchapter S of the
13 Internal Revenue Code. The credit shall be .5% of the
14 basis for such property. The credit shall be available
15 only in the taxable year in which the property is placed in
16 service in the Enterprise Zone or River Edge Redevelopment
17 Zone and shall not be allowed to the extent that it would
18 reduce a taxpayer's liability for the tax imposed by
19 subsections (a) and (b) of this Section to below zero. For
20 tax years ending on or after December 31, 1985, the credit
21 shall be allowed for the tax year in which the property is
22 placed in service, or, if the amount of the credit exceeds
23 the tax liability for that year, whether it exceeds the
24 original liability or the liability as later amended, such
25 excess may be carried forward and applied to the tax
26 liability of the 5 taxable years following the excess

1 credit year. The credit shall be applied to the earliest
2 year for which there is a liability. If there is credit
3 from more than one tax year that is available to offset a
4 liability, the credit accruing first in time shall be
5 applied first.

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

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

9 (B) is depreciable pursuant to Section 167 of the
10 Internal Revenue Code, except that "3-year property"
11 as defined in Section 168(c)(2)(A) of that Code is not
12 eligible for the credit provided by this subsection
13 (f);

14 (C) is acquired by purchase as defined in Section
15 179(d) of the Internal Revenue Code;

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

18 (E) has not been previously used in Illinois in
19 such a manner and by such a person as would qualify for
20 the credit provided by this subsection (f) or
21 subsection (e).

22 (3) The basis of qualified property shall be the basis
23 used to compute the depreciation deduction for federal
24 income tax purposes.

25 (4) If the basis of the property for federal income
26 tax depreciation purposes is increased after it has been

1 placed in service in the Enterprise Zone or River Edge
2 Redevelopment Zone by the taxpayer, the amount of such
3 increase shall be deemed property placed in service on the
4 date of such increase in basis.

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

7 (6) If during any taxable year, any property ceases to
8 be qualified property in the hands of the taxpayer within
9 48 months after being placed in service, or the situs of
10 any qualified property is moved outside the Enterprise
11 Zone or River Edge Redevelopment Zone within 48 months
12 after being placed in service, the tax imposed under
13 subsections (a) and (b) of this Section for such taxable
14 year shall be increased. Such increase shall be determined
15 by (i) recomputing the investment credit which would have
16 been allowed for the year in which credit for such
17 property was originally allowed by eliminating such
18 property from such computation, and (ii) subtracting such
19 recomputed credit from the amount of credit previously
20 allowed. For the purposes of this paragraph (6), a
21 reduction of the basis of qualified property resulting
22 from a redetermination of the purchase price shall be
23 deemed a disposition of qualified property to the extent
24 of such reduction.

25 (7) There shall be allowed an additional credit equal
26 to 0.5% of the basis of qualified property placed in

1 service during the taxable year in a River Edge
2 Redevelopment Zone, provided such property is placed in
3 service on or after July 1, 2006, and the taxpayer's base
4 employment within Illinois has increased by 1% or more
5 over the preceding year as determined by the taxpayer's
6 employment records filed with the Illinois Department of
7 Employment Security. Taxpayers who are new to Illinois
8 shall be deemed to have met the 1% growth in base
9 employment for the first year in which they file
10 employment records with the Illinois Department of
11 Employment Security. If, in any year, the increase in base
12 employment within Illinois over the preceding year is less
13 than 1%, the additional credit shall be limited to that
14 percentage times a fraction, the numerator of which is
15 0.5% and the denominator of which is 1%, but shall not
16 exceed 0.5%.

17 (8) For taxable years beginning on or after January 1,
18 2021, there shall be allowed an Enterprise Zone
19 construction jobs credit against the taxes imposed under
20 subsections (a) and (b) of this Section as provided in
21 Section 13 of the Illinois Enterprise Zone Act.

22 The credit or credits may not reduce the taxpayer's
23 liability to less than zero. If the amount of the credit or
24 credits exceeds the taxpayer's liability, the excess may
25 be carried forward and applied against the taxpayer's
26 liability in succeeding calendar years in the same manner

1 provided under paragraph (4) of Section 211 of this Act.
2 The credit or credits shall be applied to the earliest
3 year for which there is a tax liability. If there are
4 credits from more than one taxable year that are available
5 to offset a liability, the earlier credit shall be applied
6 first.

7 For partners, shareholders of Subchapter S
8 corporations, and owners of limited liability companies,
9 if the liability company is treated as a partnership for
10 the purposes of federal and State income taxation, there
11 shall be allowed a credit under this Section to be
12 determined in accordance with the determination of income
13 and distributive share of income under Sections 702 and
14 704 and Subchapter S of the Internal Revenue Code.

15 The total aggregate amount of credits awarded under
16 the Blue Collar Jobs Act (Article 20 of Public Act 101-9
17 ~~this amendatory Act of the 101st General Assembly~~) shall
18 not exceed \$20,000,000 in any State fiscal year.

19 This paragraph (8) is exempt from the provisions of
20 Section 250.

21 (g) (Blank).

22 (h) Investment credit; High Impact Business.

23 (1) Subject to subsections (b) and (b-5) of Section
24 5.5 of the Illinois Enterprise Zone Act, a taxpayer shall
25 be allowed a credit against the tax imposed by subsections
26 (a) and (b) of this Section for investment in qualified

1 property which is placed in service by a Department of
2 Commerce and Economic Opportunity designated High Impact
3 Business. The credit shall be .5% of the basis for such
4 property. The credit shall not be available (i) until the
5 minimum investments in qualified property set forth in
6 subdivision (a)(3)(A) of Section 5.5 of the Illinois
7 Enterprise Zone Act have been satisfied or (ii) until the
8 time authorized in subsection (b-5) of the Illinois
9 Enterprise Zone Act for entities designated as High Impact
10 Businesses under subdivisions (a)(3)(B), (a)(3)(C), and
11 (a)(3)(D) of Section 5.5 of the Illinois Enterprise Zone
12 Act, and shall not be allowed to the extent that it would
13 reduce a taxpayer's liability for the tax imposed by
14 subsections (a) and (b) of this Section to below zero. The
15 credit applicable to such investments shall be taken in
16 the taxable year in which such investments have been
17 completed. The credit for additional investments beyond
18 the minimum investment by a designated high impact
19 business authorized under subdivision (a)(3)(A) of Section
20 5.5 of the Illinois Enterprise Zone Act shall be available
21 only in the taxable year in which the property is placed in
22 service and shall not be allowed to the extent that it
23 would reduce a taxpayer's liability for the tax imposed by
24 subsections (a) and (b) of this Section to below zero. For
25 tax years ending on or after December 31, 1987, the credit
26 shall be allowed for the tax year in which the property is

1 placed in service, or, if the amount of the credit exceeds
2 the tax liability for that year, whether it exceeds the
3 original liability or the liability as later amended, such
4 excess may be carried forward and applied to the tax
5 liability of the 5 taxable years following the excess
6 credit year. The credit shall be applied to the earliest
7 year for which there is a liability. If there is credit
8 from more than one tax year that is available to offset a
9 liability, the credit accruing first in time shall be
10 applied first.

11 Changes made in this subdivision (h) (1) by Public Act
12 88-670 restore changes made by Public Act 85-1182 and
13 reflect existing law.

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

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

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

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

24 (D) is not eligible for the Enterprise Zone
25 Investment Credit provided by subsection (f) of this
26 Section.

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

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

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

12 (6) If during any taxable year ending on or before
13 December 31, 1996, any property ceases to be qualified
14 property in the hands of the taxpayer within 48 months
15 after being placed in service, or the situs of any
16 qualified property is moved outside Illinois within 48
17 months after being placed in service, the tax imposed
18 under subsections (a) and (b) of this Section for such
19 taxable year shall be increased. Such increase shall be
20 determined by (i) recomputing the investment credit which
21 would have been allowed for the year in which credit for
22 such property was originally allowed by eliminating such
23 property from such computation, and (ii) subtracting such
24 recomputed credit from the amount of credit previously
25 allowed. For the purposes of this paragraph (6), a
26 reduction of the basis of qualified property resulting

1 from a redetermination of the purchase price shall be
2 deemed a disposition of qualified property to the extent
3 of such reduction.

4 (7) Beginning with tax years ending after December 31,
5 1996, if a taxpayer qualifies for the credit under this
6 subsection (h) and thereby is granted a tax abatement and
7 the taxpayer relocates its entire facility in violation of
8 the explicit terms and length of the contract under
9 Section 18-183 of the Property Tax Code, the tax imposed
10 under subsections (a) and (b) of this Section shall be
11 increased for the taxable year in which the taxpayer
12 relocated its facility by an amount equal to the amount of
13 credit received by the taxpayer under this subsection (h).

14 (h-5) High Impact Business construction ~~constructions~~ jobs
15 credit. For taxable years beginning on or after January 1,
16 2021, there shall also be allowed a High Impact Business
17 construction jobs credit against the tax imposed under
18 subsections (a) and (b) of this Section as provided in
19 subsections (i) and (j) of Section 5.5 of the Illinois
20 Enterprise Zone Act.

21 The credit or credits may not reduce the taxpayer's
22 liability to less than zero. If the amount of the credit or
23 credits exceeds the taxpayer's liability, the excess may be
24 carried forward and applied against the taxpayer's liability
25 in succeeding calendar years in the manner provided under
26 paragraph (4) of Section 211 of this Act. The credit or credits

1 shall be applied to the earliest year for which there is a tax
2 liability. If there are credits from more than one taxable
3 year that are available to offset a liability, the earlier
4 credit shall be applied first.

5 For partners, shareholders of Subchapter S corporations,
6 and owners of limited liability companies, if the liability
7 company is treated as a partnership for the purposes of
8 federal and State income taxation, there shall be allowed a
9 credit under this Section to be determined in accordance with
10 the determination of income and distributive share of income
11 under Sections 702 and 704 and Subchapter S of the Internal
12 Revenue Code.

13 The total aggregate amount of credits awarded under the
14 Blue Collar Jobs Act (Article 20 of Public Act 101-9 ~~this~~
15 ~~amendatory Act of the 101st General Assembly~~) shall not exceed
16 \$20,000,000 in any State fiscal year.

17 This subsection (h-5) is exempt from the provisions of
18 Section 250.

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

1 base income, and further multiplying the product by the tax
2 rate imposed by subsections (a) and (b) of this Section.

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

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

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

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

1 the earliest credit arising under this subsection shall be
2 applied first. No carryforward credit may be claimed in any
3 tax year ending on or after December 31, 2003.

4 (k) Research and development credit. For tax years ending
5 after July 1, 1990 and prior to December 31, 2003, and
6 beginning again for tax years ending on or after December 31,
7 2004, and ending prior to January 1, 2027, a taxpayer shall be
8 allowed a credit against the tax imposed by subsections (a)
9 and (b) of this Section for increasing research activities in
10 this State. The credit allowed against the tax imposed by
11 subsections (a) and (b) shall be equal to 6 1/2% of the
12 qualifying expenditures for increasing research activities in
13 this State. For partners, shareholders of subchapter S
14 corporations, and owners of limited liability companies, if
15 the liability company is treated as a partnership for purposes
16 of federal and State income taxation, there shall be allowed a
17 credit under this subsection to be determined in accordance
18 with the determination of income and distributive share of
19 income under Sections 702 and 704 and subchapter S of the
20 Internal Revenue Code.

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

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

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

16 If an unused credit is carried forward to a given year from
17 2 or more earlier years, that credit arising in the earliest
18 year will be applied first against the tax liability for the
19 given year. If a tax liability for the given year still
20 remains, the credit from the next earliest year will then be
21 applied, and so on, until all credits have been used or no tax
22 liability for the given year remains. Any remaining unused
23 credit or credits then will be carried forward to the next
24 following year in which a tax liability is incurred, except
25 that no credit can be carried forward to a year which is more
26 than 5 years after the year in which the expense for which the

1 credit is given was incurred.

2 No inference shall be drawn from Public Act 91-644 ~~this~~
3 ~~amendatory Act of the 91st General Assembly~~ in construing this
4 Section for taxable years beginning before January 1, 1999.

5 It is the intent of the General Assembly that the research
6 and development credit under this subsection (k) shall apply
7 continuously for all tax years ending on or after December 31,
8 2004 and ending prior to January 1, 2027, including, but not
9 limited to, the period beginning on January 1, 2016 and ending
10 on July 6, 2017 (the effective date of Public Act 100-22) ~~this~~
11 ~~amendatory Act of the 100th General Assembly~~. All actions
12 taken in reliance on the continuation of the credit under this
13 subsection (k) by any taxpayer are hereby validated.

14 (l) Environmental Remediation Tax Credit.

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

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

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

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

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

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

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

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

7 For purposes of this subsection:

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

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

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

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

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

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

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

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

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

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

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

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

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

1 of any of the following:

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

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

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

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

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

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

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

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

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

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

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

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

18 (Source: P.A. 100-22, eff. 7-6-17; 101-8, see Section 99 for
19 effective date; 101-9, eff. 6-5-19; 101-31, eff. 6-28-19;
20 101-207, eff. 8-2-19; 101-363, eff. 8-9-19; revised 11-18-20.)

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

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

24 Sec. 2. Definitions.

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

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

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

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

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

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

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

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

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

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

1 plastic cups, plates, baskets, boxes, sleeves, buckets or
2 other containers, utensils, straws, placemats, napkins, doggie
3 bags, and wrapping or packaging materials that are transferred
4 to customers as part of the sale of food or beverages in the
5 ordinary course of business.

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

10 "Selling price" means the consideration for a sale valued
11 in money whether received in money or otherwise, including
12 cash, credits, property other than as hereinafter provided,
13 and services, but, prior to January 1, 2020, not including the
14 value of or credit given for traded-in tangible personal
15 property where the item that is traded-in is of like kind and
16 character as that which is being sold; beginning January 1,
17 2020, "selling price" includes the portion of the value of or
18 credit given for traded-in motor vehicles of the First
19 Division as defined in Section 1-146 of the Illinois Vehicle
20 Code of like kind and character as that which is being sold
21 that exceeds \$10,000. "Selling price" shall be determined
22 without any deduction on account of the cost of the property
23 sold, the cost of materials used, labor or service cost or any
24 other expense whatsoever, but does not include interest or
25 finance charges which appear as separate items on the bill of
26 sale or sales contract nor charges that are added to prices by

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

18 Notwithstanding any law to the contrary, for any motor
19 vehicle, as defined in Section 1-146 of the Vehicle Code, that
20 is sold on or after January 1, 2015 for the purpose of leasing
21 the vehicle for a defined period that is longer than one year
22 and (1) is a motor vehicle of the second division that: (A) is
23 a self-contained motor vehicle designed or permanently
24 converted to provide living quarters for recreational,
25 camping, or travel use, with direct walk through access to the
26 living quarters from the driver's seat; (B) is of the van

1 configuration designed for the transportation of not less than
2 7 nor more than 16 passengers; or (C) has a gross vehicle
3 weight rating of 8,000 pounds or less or (2) is a motor vehicle
4 of the first division, "selling price" or "amount of sale"
5 means the consideration received by the lessor pursuant to the
6 lease contract, including amounts due at lease signing and all
7 monthly or other regular payments charged over the term of the
8 lease. Also included in the selling price is any amount
9 received by the lessor from the lessee for the leased vehicle
10 that is not calculated at the time the lease is executed,
11 including, but not limited to, excess mileage charges and
12 charges for excess wear and tear. For sales that occur in
13 Illinois, with respect to any amount received by the lessor
14 from the lessee for the leased vehicle that is not calculated
15 at the time the lease is executed, the lessor who purchased the
16 motor vehicle does not incur the tax imposed by the Use Tax Act
17 on those amounts, and the retailer who makes the retail sale of
18 the motor vehicle to the lessor is not required to collect the
19 tax imposed by this Act or to pay the tax imposed by the
20 Retailers' Occupation Tax Act on those amounts. However, the
21 lessor who purchased the motor vehicle assumes the liability
22 for reporting and paying the tax on those amounts directly to
23 the Department in the same form (Illinois Retailers'
24 Occupation Tax, and local retailers' occupation taxes, if
25 applicable) in which the retailer would have reported and paid
26 such tax if the retailer had accounted for the tax to the

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

1 Tax liability on the sale of a motor vehicle coming off lease
2 may not take a credit against that liability for the Use Tax
3 the lessor paid upon the purchase of the motor vehicle (or for
4 any tax the lessor paid with respect to any amount received by
5 the lessor from the lessee for the leased vehicle that was not
6 calculated at the time the lease was executed) if the selling
7 price of the motor vehicle at the time of purchase was
8 calculated using the definition of "selling price" as defined
9 in this paragraph. Notwithstanding any other provision of this
10 Act to the contrary, lessors shall file all returns and make
11 all payments required under this paragraph to the Department
12 by electronic means in the manner and form as required by the
13 Department. This paragraph does not apply to leases of motor
14 vehicles for which, at the time the lease is entered into, the
15 term of the lease is not a defined period, including leases
16 with a defined initial period with the option to continue the
17 lease on a month-to-month or other basis beyond the initial
18 defined period.

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

1 "Department" means the Department of Revenue.

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

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

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

20 A person whose activities are organized and conducted
21 primarily as a not-for-profit service enterprise, and who
22 engages in selling tangible personal property at retail
23 (whether to the public or merely to members and their guests)
24 is a retailer with respect to such transactions, excepting
25 only a person organized and operated exclusively for
26 charitable, religious or educational purposes either (1), to

1 the extent of sales by such person to its members, students,
2 patients or inmates of tangible personal property to be used
3 primarily for the purposes of such person, or (2), to the
4 extent of sales by such person of tangible personal property
5 which is not sold or offered for sale by persons organized for
6 profit. The selling of school books and school supplies by
7 schools at retail to students is not "primarily for the
8 purposes of" the school which does such selling. This
9 paragraph does not apply to nor subject to taxation occasional
10 dinners, social or similar activities of a person organized
11 and operated exclusively for charitable, religious or
12 educational purposes, whether or not such activities are open
13 to the public.

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

21 Persons who engage in the business of transferring
22 tangible personal property upon the redemption of trading
23 stamps are retailers hereunder when engaged in such business.

24 The isolated or occasional sale of tangible personal
25 property at retail by a person who does not hold himself out as
26 being engaged (or who does not habitually engage) in selling

1 such tangible personal property at retail or a sale through a
2 bulk vending machine does not make such person a retailer
3 hereunder. However, any person who is engaged in a business
4 which is not subject to the tax imposed by the Retailers'
5 Occupation Tax Act because of involving the sale of or a
6 contract to sell real estate or a construction contract to
7 improve real estate, but who, in the course of conducting such
8 business, transfers tangible personal property to users or
9 consumers in the finished form in which it was purchased, and
10 which does not become real estate, under any provision of a
11 construction contract or real estate sale or real estate sales
12 agreement entered into with some other person arising out of
13 or because of such nontaxable business, is a retailer to the
14 extent of the value of the tangible personal property so
15 transferred. If, in such transaction, a separate charge is
16 made for the tangible personal property so transferred, the
17 value of such property, for the purposes of this Act, is the
18 amount so separately charged, but not less than the cost of
19 such property to the transferor; if no separate charge is
20 made, the value of such property, for the purposes of this Act,
21 is the cost to the transferor of such tangible personal
22 property.

23 "Retailer maintaining a place of business in this State",
24 or any like term, means and includes any of the following
25 retailers:

26 (1) A retailer having or maintaining within this

1 State, directly or by a subsidiary, an office,
2 distribution house, sales house, warehouse or other place
3 of business, or any agent or other representative
4 operating within this State under the authority of the
5 retailer or its subsidiary, irrespective of whether such
6 place of business or agent or other representative is
7 located here permanently or temporarily, or whether such
8 retailer or subsidiary is licensed to do business in this
9 State. However, the ownership of property that is located
10 at the premises of a printer with which the retailer has
11 contracted for printing and that consists of the final
12 printed product, property that becomes a part of the final
13 printed product, or copy from which the printed product is
14 produced shall not result in the retailer being deemed to
15 have or maintain an office, distribution house, sales
16 house, warehouse, or other place of business within this
17 State.

18 (1.1) A retailer having a contract with a person
19 located in this State under which the person, for a
20 commission or other consideration based upon the sale of
21 tangible personal property by the retailer, directly or
22 indirectly refers potential customers to the retailer by
23 providing to the potential customers a promotional code or
24 other mechanism that allows the retailer to track
25 purchases referred by such persons. Examples of mechanisms
26 that allow the retailer to track purchases referred by

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

19 (1.2) Beginning July 1, 2011, a retailer having a
20 contract with a person located in this State under which:

21 (A) the retailer sells the same or substantially
22 similar line of products as the person located in this
23 State and does so using an identical or substantially
24 similar name, trade name, or trademark as the person
25 located in this State; and

26 (B) the retailer provides a commission or other

1 consideration to the person located in this State
2 based upon the sale of tangible personal property by
3 the retailer.

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

10 (2) (Blank).

11 (3) (Blank).

12 (4) (Blank).

13 (5) (Blank).

14 (6) (Blank).

15 (7) (Blank).

16 (8) (Blank).

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

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

23 (B) the retailer enters into 200 or more separate
24 transactions for the sale of tangible personal
25 property to purchasers in Illinois.

26 The retailer shall determine on a quarterly basis,

1 ending on the last day of March, June, September, and
2 December, whether he or she meets the criteria of either
3 subparagraph (A) or (B) of this paragraph (9) for the
4 preceding 12-month period. If the retailer meets the
5 threshold of either subparagraph (A) or (B) for a 12-month
6 period, he or she is considered a retailer maintaining a
7 place of business in this State and is required to collect
8 and remit the tax imposed under this Act and file returns
9 for one year. At the end of that one-year period, the
10 retailer shall determine whether he or she met the
11 threshold of either subparagraph (A) or (B) during the
12 preceding 12-month period. If the retailer met the
13 criteria in either subparagraph (A) or (B) for the
14 preceding 12-month period, he or she is considered a
15 retailer maintaining a place of business in this State and
16 is required to collect and remit the tax imposed under
17 this Act and file returns for the subsequent year. If at
18 the end of a one-year period a retailer that was required
19 to collect and remit the tax imposed under this Act
20 determines that he or she did not meet the threshold in
21 either subparagraph (A) or (B) during the preceding
22 12-month period, the retailer shall subsequently determine
23 on a quarterly basis, ending on the last day of March,
24 June, September, and December, whether he or she meets the
25 threshold of either subparagraph (A) or (B) for the
26 preceding 12-month period.

1 Beginning January 1, 2020, neither the gross receipts
2 from nor the number of separate transactions for sales of
3 tangible personal property to purchasers in Illinois that
4 a retailer makes through a marketplace facilitator and for
5 which the retailer has received a certification from the
6 marketplace facilitator pursuant to Section 2d of this Act
7 shall be included for purposes of determining whether he
8 or she has met the thresholds of this paragraph (9).

9 (10) Beginning January 1, 2020, a marketplace
10 facilitator that meets a threshold set forth in subsection
11 (b) of Section 2d of this Act.

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

18 (Source: P.A. 100-587, eff. 6-4-18; 101-9, eff. 6-5-19;
19 101-31, eff. 1-1-20; 101-604, eff. 1-1-20.)

20 (35 ILCS 105/3-5)

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

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

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

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

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

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

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

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

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

1 (7) Farm chemicals.

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

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

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

12 (11) Farm machinery and equipment, both new and used,
13 including that manufactured on special order, certified by the
14 purchaser to be used primarily for production agriculture or
15 State or federal agricultural programs, including individual
16 replacement parts for the machinery and equipment, including
17 machinery and equipment purchased for lease, and including
18 implements of husbandry defined in Section 1-130 of the
19 Illinois Vehicle Code, farm machinery and agricultural
20 chemical and fertilizer spreaders, and nurse wagons required
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 (11). 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 (11) is exempt from the
20 provisions of Section 3-90.

21 (12) Until June 30, 2013, fuel and petroleum products sold
22 to or used by an air common carrier, certified by the carrier
23 to be used for consumption, shipment, or storage in the
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 (13) Proceeds of mandatory service charges separately
13 stated on customers' bills for the purchase and consumption of
14 food and beverages purchased at retail from a retailer, to the
15 extent that the proceeds of the service charge are in fact
16 turned over as tips or as a substitute for tips to the
17 employees who participate directly in preparing, serving,
18 hosting or cleaning up the food or beverage function with
19 respect to which the service charge is imposed.

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

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

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

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

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

26 (18) Manufacturing and assembling machinery and equipment

1 used primarily in the process of manufacturing or assembling
2 tangible personal property for wholesale or retail sale or
3 lease, whether that sale or lease is made directly by the
4 manufacturer or by some other person, whether the materials
5 used in the process are owned by the manufacturer or some other
6 person, or whether that sale or lease is made apart from or as
7 an incident to the seller's engaging in the service occupation
8 of producing machines, tools, dies, jigs, patterns, gauges, or
9 other similar items of no commercial value on special order
10 for a particular purchaser. The exemption provided by this
11 paragraph (18) includes production related tangible personal
12 property, as defined in Section 3-50, purchased on or after
13 July 1, 2019. The exemption provided by this paragraph (18)
14 does not include machinery and equipment used in (i) the
15 generation of electricity for wholesale or retail sale; (ii)
16 the generation or treatment of natural or artificial gas for
17 wholesale or retail sale that is delivered to customers
18 through pipes, pipelines, or mains; or (iii) the treatment of
19 water for wholesale or retail sale that is delivered to
20 customers through pipes, pipelines, or mains. The provisions
21 of Public Act 98-583 are declaratory of existing law as to the
22 meaning and scope of this exemption. Beginning on July 1,
23 2017, the exemption provided by this paragraph (18) includes,
24 but is not limited to, graphic arts machinery and equipment,
25 as defined in paragraph (6) of this Section.

26 (19) Personal property delivered to a purchaser or

1 purchaser's donee inside Illinois when the purchase order for
2 that personal property was received by a florist located
3 outside Illinois who has a florist located inside Illinois
4 deliver the personal property.

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

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

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

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

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

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

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

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

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

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

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

1 individuals to follow a trade or to pursue a manual,
2 technical, mechanical, industrial, business, or commercial
3 occupation.

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

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

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

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

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

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

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

1 or attempt to collect an amount (however designated) that
2 purports to reimburse that lessor for the tax imposed by this
3 Act or the Service Use Tax Act, as the case may be, if the tax
4 has not been paid by the lessor. If a lessor improperly
5 collects any such amount from the lessee, the lessee shall
6 have a legal right to claim a refund of that amount from the
7 lessor. If, however, that amount is not refunded to the lessee
8 for any reason, the lessor is liable to pay that amount to the
9 Department. This paragraph is exempt from the provisions of
10 Section 3-90.

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

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

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

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

1 personal property by persons who modify, refurbish, complete,
2 repair, replace, or maintain aircraft and who (i) hold an Air
3 Agency Certificate and are empowered to operate an approved
4 repair station by the Federal Aviation Administration, (ii)
5 have a Class IV Rating, and (iii) conduct operations in
6 accordance with Part 145 of the Federal Aviation Regulations.
7 The exemption does not include aircraft operated by a
8 commercial air carrier providing scheduled passenger air
9 service pursuant to authority issued under Part 121 or Part
10 129 of the Federal Aviation Regulations. The changes made to
11 this paragraph (35) by Public Act 98-534 are declarative of
12 existing law. It is the intent of the General Assembly that the
13 exemption under this paragraph (35) applies continuously from
14 January 1, 2010 through December 31, 2024; however, no claim
15 for credit or refund is allowed for taxes paid as a result of
16 the disallowance of this exemption on or after January 1, 2015
17 and prior to the effective date of this amendatory Act of the
18 101st General Assembly.

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

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

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

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

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

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

1 of the owner, operator, or tenant. Data centers that would
2 have qualified for a certificate of exemption prior to January
3 1, 2020 had Public Act 101-31 been in effect may apply for and
4 obtain an exemption for subsequent purchases of computer
5 equipment or enabling software purchased or leased to upgrade,
6 supplement, or replace computer equipment or enabling software
7 purchased or leased in the original investment that would have
8 qualified.

9 The Department of Commerce and Economic Opportunity shall
10 grant a certificate of exemption under this item (40) to
11 qualified data centers as defined by Section 605-1025 of the
12 Department of Commerce and Economic Opportunity Law of the
13 Civil Administrative Code of Illinois.

14 For the purposes of this item (40):

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

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

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

20 This item (40) is exempt from the provisions of Section
21 3-90.

22 (41) Until December 31, 2024, equipment and materials
23 incorporated into or used in the business of providing
24 broadband services, including all equipment and materials,
25 machinery, software, or other tangible personal property that
26 is used in whole or in part in producing, broadcasting,

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

12 (Source: P.A. 100-22, eff. 7-6-17; 100-437, eff. 1-1-18;
13 100-594, eff. 6-29-18; 100-863, eff. 8-14-18; 100-1171, eff.
14 1-4-19; 101-9, eff. 6-5-19; 101-31, eff. 6-28-19; 101-81, eff.
15 7-12-19; 101-629, eff. 2-5-20.)

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

18 (35 ILCS 110/2) (from Ch. 120, par. 439.32)

19 Sec. 2. Definitions. In this Act:

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

24 "Use" means the exercise by any person of any right or

1 power over tangible personal property incident to the
2 ownership of that property, but does not include the sale or
3 use for demonstration by him of that property in any form as
4 tangible personal property in the regular course of business.
5 "Use" does not mean the interim use of tangible personal
6 property nor the physical incorporation of tangible personal
7 property, as an ingredient or constituent, into other tangible
8 personal property, (a) which is sold in the regular course of
9 business or (b) which the person incorporating such ingredient
10 or constituent therein has undertaken at the time of such
11 purchase to cause to be transported in interstate commerce to
12 destinations outside the State of Illinois.

13 "Purchased from a serviceman" means the acquisition of the
14 ownership of, or title to, tangible personal property through
15 a sale of service.

16 "Purchaser" means any person who, through a sale of
17 service, acquires the ownership of, or title to, any tangible
18 personal property.

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

1 serviceman of the property transferred to him or her by his or
2 her subcontractor is equal to 50% of the subcontractor's
3 charges to the serviceman in the absence of proof of the
4 consideration paid by the subcontractor for the purchase of
5 such property.

6 "Selling price" means the consideration for a sale valued
7 in money whether received in money or otherwise, including
8 cash, credits and service, and shall be determined without any
9 deduction on account of the serviceman's cost of the property
10 sold, the cost of materials used, labor or service cost or any
11 other expense whatsoever, but does not include interest or
12 finance charges which appear as separate items on the bill of
13 sale or sales contract nor charges that are added to prices by
14 sellers on account of the seller's duty to collect, from the
15 purchaser, the tax that is imposed by this Act.

16 "Department" means the Department of Revenue.

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

22 "Sale of service" means any transaction except:

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

26 (2) a sale of tangible personal property for the

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

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

17 (4) (blank).

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

1 moving in interstate commerce.

2 (4a-5) on and after July 1, 2003 and through June 30,
3 2004, a sale or transfer of a motor vehicle of the second
4 division with a gross vehicle weight in excess of 8,000
5 pounds as an incident to the rendering of service if that
6 motor vehicle is subject to the commercial distribution
7 fee imposed under Section 3-815.1 of the Illinois Vehicle
8 Code. Beginning on July 1, 2004 and through June 30, 2005,
9 the use in this State of motor vehicles of the second
10 division: (i) with a gross vehicle weight rating in excess
11 of 8,000 pounds; (ii) that are subject to the commercial
12 distribution fee imposed under Section 3-815.1 of the
13 Illinois Vehicle Code; and (iii) that are primarily used
14 for commercial purposes. Through June 30, 2005, this
15 exemption applies to repair and replacement parts added
16 after the initial purchase of such a motor vehicle if that
17 motor vehicle is used in a manner that would qualify for
18 the rolling stock exemption otherwise provided for in this
19 Act. For purposes of this paragraph, "used for commercial
20 purposes" means the transportation of persons or property
21 in furtherance of any commercial or industrial enterprise
22 whether for-hire or not.

23 (5) a sale or transfer of machinery and equipment used
24 primarily in the process of the manufacturing or
25 assembling, either in an existing, an expanded or a new
26 manufacturing facility, of tangible personal property for

1 wholesale or retail sale or lease, whether such sale or
2 lease is made directly by the manufacturer or by some
3 other person, whether the materials used in the process
4 are owned by the manufacturer or some other person, or
5 whether such sale or lease is made apart from or as an
6 incident to the seller's engaging in a service occupation
7 and the applicable tax is a Service Use Tax or Service
8 Occupation Tax, rather than Use Tax or Retailers'
9 Occupation Tax. The exemption provided by this paragraph
10 (5) includes production related tangible personal
11 property, as defined in Section 3-50 of the Use Tax Act,
12 purchased on or after July 1, 2019. The exemption provided
13 by this paragraph (5) does not include machinery and
14 equipment used in (i) the generation of electricity for
15 wholesale or retail sale; (ii) the generation or treatment
16 of natural or artificial gas for wholesale or retail sale
17 that is delivered to customers through pipes, pipelines,
18 or mains; or (iii) the treatment of water for wholesale or
19 retail sale that is delivered to customers through pipes,
20 pipelines, or mains. The provisions of Public Act 98-583
21 are declaratory of existing law as to the meaning and
22 scope of this exemption. The exemption under this
23 paragraph (5) is exempt from the provisions of Section
24 3-75.

25 (5a) the repairing, reconditioning or remodeling, for
26 a common carrier by rail, of tangible personal property

1 which belongs to such carrier for hire, and as to which
2 such carrier receives the physical possession of the
3 repaired, reconditioned or remodeled item of tangible
4 personal property in Illinois, and which such carrier
5 transports, or shares with another common carrier in the
6 transportation of such property, out of Illinois on a
7 standard uniform bill of lading showing the person who
8 repaired, reconditioned or remodeled the property to a
9 destination outside Illinois, for use outside Illinois.

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

23 (6) until July 1, 2003, a sale or transfer of
24 distillation machinery and equipment, sold as a unit or
25 kit and assembled or installed by the retailer, which
26 machinery and equipment is certified by the user to be

1 used only for the production of ethyl alcohol that will be
2 used for consumption as motor fuel or as a component of
3 motor fuel for the personal use of such user and not
4 subject to sale or resale.

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

26 Tangible personal property transferred incident to the

1 completion of a maintenance agreement is exempt from the tax
2 imposed pursuant to this Act.

3 Exemption (5) also includes machinery and equipment used
4 in the general maintenance or repair of such exempt machinery
5 and equipment or for in-house manufacture of exempt machinery
6 and equipment. On and after July 1, 2017, exemption (5) also
7 includes graphic arts machinery and equipment, as defined in
8 paragraph (5) of Section 3-5. The machinery and equipment
9 exemption does not include machinery and equipment used in (i)
10 the generation of electricity for wholesale or retail sale;
11 (ii) the generation or treatment of natural or artificial gas
12 for wholesale or retail sale that is delivered to customers
13 through pipes, pipelines, or mains; or (iii) the treatment of
14 water for wholesale or retail sale that is delivered to
15 customers through pipes, pipelines, or mains. The provisions
16 of Public Act 98-583 are declaratory of existing law as to the
17 meaning and scope of this exemption. For the purposes of
18 exemption (5), each of these terms shall have the following
19 meanings: (1) "manufacturing process" shall mean the
20 production of any article of tangible personal property,
21 whether such article is a finished product or an article for
22 use in the process of manufacturing or assembling a different
23 article of tangible personal property, by procedures commonly
24 regarded as manufacturing, processing, fabricating, or
25 refining which changes some existing material or materials
26 into a material with a different form, use or name. In relation

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

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

16 Any informal rulings, opinions or letters issued by the
17 Department in response to an inquiry or request for any
18 opinion from any person regarding the coverage and
19 applicability of exemption (5) to specific devices shall be
20 published, maintained as a public record, and made available
21 for public inspection and copying. If the informal ruling,
22 opinion or letter contains trade secrets or other confidential
23 information, where possible the Department shall delete such
24 information prior to publication. Whenever such informal
25 rulings, opinions, or letters contain any policy of general
26 applicability, the Department shall formulate and adopt such

1 policy as a rule in accordance with the provisions of the
2 Illinois Administrative Procedure Act.

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

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

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

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

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

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

21 (1) having or maintaining within this State, directly
22 or by a subsidiary, an office, distribution house, sales
23 house, warehouse or other place of business, or any agent
24 or other representative operating within this State under
25 the authority of the serviceman or its subsidiary,
26 irrespective of whether such place of business or agent or

1 other representative is located here permanently or
2 temporarily, or whether such serviceman or subsidiary is
3 licensed to do business in this State;

4 (1.1) having a contract with a person located in this
5 State under which the person, for a commission or other
6 consideration based on the sale of service by the
7 serviceman, directly or indirectly refers potential
8 customers to the serviceman by providing to the potential
9 customers a promotional code or other mechanism that
10 allows the serviceman to track purchases referred by such
11 persons. Examples of mechanisms that allow the serviceman
12 to track purchases referred by such persons include but
13 are not limited to the use of a link on the person's
14 Internet website, promotional codes distributed through
15 the person's hand-delivered or mailed material, and
16 promotional codes distributed by the person through radio
17 or other broadcast media. The provisions of this paragraph
18 (1.1) shall apply only if the cumulative gross receipts
19 from sales of service by the serviceman to customers who
20 are referred to the serviceman by all persons in this
21 State under such contracts exceed \$10,000 during the
22 preceding 4 quarterly periods ending on the last day of
23 March, June, September, and December; a serviceman meeting
24 the requirements of this paragraph (1.1) shall be presumed
25 to be maintaining a place of business in this State but may
26 rebut this presumption by submitting proof that the

1 referrals or other activities pursued within this State by
2 such persons were not sufficient to meet the nexus
3 standards of the United States Constitution during the
4 preceding 4 quarterly periods;

5 (1.2) beginning July 1, 2011, having a contract with a
6 person located in this State under which:

7 (A) the serviceman sells the same or substantially
8 similar line of services as the person located in this
9 State and does so using an identical or substantially
10 similar name, trade name, or trademark as the person
11 located in this State; and

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

15 The provisions of this paragraph (1.2) shall apply only if
16 the cumulative gross receipts from sales of service by the
17 serviceman to customers in this State under all such
18 contracts exceed \$10,000 during the preceding 4 quarterly
19 periods ending on the last day of March, June, September,
20 and December;

21 (2) soliciting orders for tangible personal property
22 by means of a telecommunication or television shopping
23 system (which utilizes toll free numbers) which is
24 intended by the retailer to be broadcast by cable
25 television or other means of broadcasting, to consumers
26 located in this State;

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

6 (4) soliciting orders for tangible personal property
7 by mail if the solicitations are substantial and recurring
8 and if the retailer benefits from any banking, financing,
9 debt collection, telecommunication, or marketing
10 activities occurring in this State or benefits from the
11 location in this State of authorized installation,
12 servicing, or repair facilities;

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

16 (6) having a franchisee or licensee operating under
17 its trade name if the franchisee or licensee is required
18 to collect the tax under this Section;

19 (7) pursuant to a contract with a cable television
20 operator located in this State, soliciting orders for
21 tangible personal property by means of advertising which
22 is transmitted or distributed over a cable television
23 system in this State;

24 (8) engaging in activities in Illinois, which
25 activities in the state in which the supply business
26 engaging in such activities is located would constitute

1 maintaining a place of business in that state; or

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

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

7 (B) the serviceman enters into 200 or more
8 separate transactions for sales of service to
9 purchasers in Illinois.

10 The serviceman shall determine on a quarterly basis,
11 ending on the last day of March, June, September, and
12 December, whether he or she meets the criteria of either
13 subparagraph (A) or (B) of this paragraph (9) for the
14 preceding 12-month period. If the serviceman meets the
15 criteria of either subparagraph (A) or (B) for a 12-month
16 period, he or she is considered a serviceman maintaining a
17 place of business in this State and is required to collect
18 and remit the tax imposed under this Act and file returns
19 for one year. At the end of that one-year period, the
20 serviceman shall determine whether the serviceman met the
21 criteria of either subparagraph (A) or (B) during the
22 preceding 12-month period. If the serviceman met the
23 criteria in either subparagraph (A) or (B) for the
24 preceding 12-month period, he or she is considered a
25 serviceman maintaining a place of business in this State
26 and is required to collect and remit the tax imposed under

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

11 Beginning January 1, 2020, neither the gross receipts
12 from nor the number of separate transactions for sales of
13 service to purchasers in Illinois that a serviceman makes
14 through a marketplace facilitator and for which the
15 serviceman has received a certification from the
16 marketplace facilitator pursuant to Section 2d of this Act
17 shall be included for purposes of determining whether he
18 or she has met the thresholds of this paragraph (9).

19 (10) Beginning January 1, 2020, a marketplace
20 facilitator, as defined in Section 2d of this Act.

21 (Source: P.A. 100-22, eff. 7-6-17; 100-321, eff. 8-24-17;
22 100-587, eff. 6-4-18; 100-863, eff. 8-14-18; 101-9, Article
23 10, Section 10-15, eff. 6-5-19; 101-9, Article 25, Section
24 25-10, eff. 6-5-19; 101-604, eff. 12-13-19.)

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

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

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

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

1 by the Department.

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

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

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

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

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

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

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

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

4 (8) Until June 30, 2013, fuel and petroleum products sold
5 to or used by an air common 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 flight
8 destined for or returning from a location or locations outside
9 the United States without regard to previous or subsequent
10 domestic stopovers.

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

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

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

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

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

20 (12) Until July 1, 2023, coal and aggregate exploration,
21 mining, off-highway hauling, processing, maintenance, and
22 reclamation equipment, including replacement parts and
23 equipment, and including equipment purchased for lease, but
24 excluding motor vehicles required to be registered under the
25 Illinois Vehicle Code. The changes made to this Section by
26 Public Act 97-767 apply on and after July 1, 2003, but no claim

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

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

7 (14) Horses, or interests in horses, registered with and
8 meeting the requirements of any of the Arabian Horse Club
9 Registry of America, Appaloosa Horse Club, American Quarter
10 Horse Association, United States Trotting Association, or
11 Jockey Club, as appropriate, used for purposes of breeding or
12 racing for prizes. This item (14) is exempt from the
13 provisions of Section 3-75, and the exemption provided for
14 under this item (14) applies for all periods beginning May 30,
15 1995, but no claim for credit or refund is allowed on or after
16 January 1, 2008 (the effective date of Public Act 95-88) for
17 such taxes paid during the period beginning May 30, 2000 and
18 ending on January 1, 2008 (the effective date of Public Act
19 95-88).

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

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

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

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

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

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

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

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

12 (20) A motor vehicle, as that term is defined in Section
13 1-146 of the Illinois Vehicle Code, that is donated to a
14 corporation, limited liability company, society, association,
15 foundation, or institution that is determined by the
16 Department to be organized and operated exclusively for
17 educational purposes. For purposes of this exemption, "a
18 corporation, limited liability company, society, association,
19 foundation, or institution organized and operated exclusively
20 for educational purposes" means all tax-supported public
21 schools, private schools that offer systematic instruction in
22 useful branches of learning by methods common to public
23 schools and that compare favorably in their scope and
24 intensity with the course of study presented in tax-supported
25 schools, and vocational or technical schools or institutes
26 organized and operated exclusively to provide a course of

1 study of not less than 6 weeks duration and designed to prepare
2 individuals to follow a trade or to pursue a manual,
3 technical, mechanical, industrial, business, or commercial
4 occupation.

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

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

1 commercial, coin-operated amusement and vending machines. This
2 paragraph is exempt from the provisions of Section 3-75.

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

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

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

15 (25) Beginning on August 2, 2001 (the effective date of
16 Public Act 92-227), personal property purchased by a lessor
17 who leases the property, under a lease of one year or longer
18 executed or in effect at the time the lessor would otherwise be
19 subject to the tax imposed by this Act, to a governmental body
20 that has been issued an active tax exemption identification
21 number by the Department under Section 1g of the Retailers'
22 Occupation Tax Act. If the property is leased in a manner that
23 does not qualify for this exemption or is used in any other
24 nonexempt manner, the lessor shall be liable for the tax
25 imposed under this Act or the Use Tax Act, as the case may be,
26 based on the fair market value of the property at the time the

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

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

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

1 modification, replacement, repair, and maintenance of aircraft
2 engines or power plants, whether such engines or power plants
3 are installed or uninstalled upon any such aircraft.
4 "Consumable supplies" include, but are not limited to,
5 adhesive, tape, sandpaper, general purpose lubricants,
6 cleaning solution, latex gloves, and protective films. This
7 exemption applies only to the use of qualifying tangible
8 personal property transferred incident to the modification,
9 refurbishment, completion, replacement, repair, or maintenance
10 of aircraft by persons who (i) hold an Air Agency Certificate
11 and are empowered to operate an approved repair station by the
12 Federal Aviation Administration, (ii) have a Class IV Rating,
13 and (iii) conduct operations in accordance with Part 145 of
14 the Federal Aviation Regulations. The exemption does not
15 include aircraft operated by a commercial air carrier
16 providing scheduled passenger air service pursuant to
17 authority issued under Part 121 or Part 129 of the Federal
18 Aviation Regulations. The changes made to this paragraph (27)
19 by Public Act 98-534 are declarative of existing law. It is the
20 intent of the General Assembly that the exemption under this
21 paragraph (27) applies continuously from January 1, 2010
22 through December 31, 2024; however, no claim for credit or
23 refund is allowed for taxes paid as a result of the
24 disallowance of this exemption on or after January 1, 2015 and
25 prior to the effective date of this amendatory Act of the 101st
26 General Assembly.

1 (28) Tangible personal property purchased by 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 3-75.

16 (29) Beginning January 1, 2017, menstrual pads, tampons,
17 and menstrual cups.

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

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

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

10 The Department of Commerce and Economic Opportunity shall
11 grant a certificate of exemption under this item (31) to
12 qualified data centers as defined by Section 605-1025 of the
13 Department of Commerce and Economic Opportunity Law of the
14 Civil Administrative Code of Illinois.

15 For the purposes of this item (31):

16 "Data center" means a building or a series of
17 buildings rehabilitated or constructed to house working
18 servers in one physical location or multiple sites within
19 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; cabinets;
26 telecommunications cabling infrastructure; raised floor

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

21 This item (31) is exempt from the provisions of Section
22 3-75.

23 (32) Until December 31, 2024, equipment and materials
24 incorporated into or used in the business of providing
25 broadband services, including all equipment and materials,
26 machinery, software, or other tangible personal property that

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

13 (Source: P.A. 100-22, eff. 7-6-17; 100-594, eff. 6-29-18;
14 100-1171, eff. 1-4-19; 101-31, eff. 6-28-19; 101-81, eff.
15 7-12-19; 101-629, eff. 2-5-20.)

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

18 (35 ILCS 115/2) (from Ch. 120, par. 439.102)

19 Sec. 2. In this Act:

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

24 "Transfer" means any transfer of the title to property or

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

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

16 "Department" means the Department of Revenue.

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

22 "Sale of Service" means any transaction except:

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

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

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

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

16 (d) (Blank).

17 (d-1) A sale or transfer of tangible personal property as
18 an incident to the rendering of service for owners, lessors or
19 shippers of tangible personal property which is utilized by
20 interstate carriers for hire for use as rolling stock moving
21 in interstate commerce, and equipment operated by a
22 telecommunications provider, licensed as a common carrier by
23 the Federal Communications Commission, which is permanently
24 installed in or affixed to aircraft moving in interstate
25 commerce.

26 (d-1.1) On and after July 1, 2003 and through June 30,

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

20 (d-2) The repairing, reconditioning or remodeling, for a
21 common carrier by rail, of tangible personal property which
22 belongs to such carrier for hire, and as to which such carrier
23 receives the physical possession of the repaired,
24 reconditioned or remodeled item of tangible personal property
25 in Illinois, and which such carrier transports, or shares with
26 another common carrier in the transportation of such property,

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

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

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

24 (e) A sale or transfer of machinery and equipment used
25 primarily in the process of the manufacturing or assembling,
26 either in an existing, an expanded or a new manufacturing

1 facility, of tangible personal property for wholesale or
2 retail sale or lease, whether such sale or lease is made
3 directly by the manufacturer or by some other person, whether
4 the materials used in the process are owned by the
5 manufacturer or some other person, or whether such sale or
6 lease is made apart from or as an incident to the seller's
7 engaging in a service occupation and the applicable tax is a
8 Service Occupation Tax or Service Use Tax, rather than
9 Retailers' Occupation Tax or Use Tax. The exemption provided
10 by this paragraph (e) includes production related tangible
11 personal property, as defined in Section 3-50 of the Use Tax
12 Act, purchased on or after July 1, 2019. The exemption
13 provided by this paragraph (e) does not include machinery and
14 equipment used in (i) the generation of electricity for
15 wholesale or retail sale; (ii) the generation or treatment of
16 natural or artificial gas for wholesale or retail sale that is
17 delivered to customers through pipes, pipelines, or mains; or
18 (iii) the treatment of water for wholesale or retail sale that
19 is delivered to customers through pipes, pipelines, or mains.
20 The provisions of Public Act 98-583 are declaratory of
21 existing law as to the meaning and scope of this exemption. The
22 exemption under this subsection (e) is exempt from the
23 provisions of Section 3-75.

24 (f) Until July 1, 2003, the sale or transfer of
25 distillation machinery and equipment, sold as a unit or kit
26 and assembled or installed by the retailer, which machinery

1 and equipment is certified by the user to be used only for the
2 production of ethyl alcohol that will be used for consumption
3 as motor fuel or as a component of motor fuel for the personal
4 use of such user and not subject to sale or resale.

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

25 Tangible personal property transferred incident to the
26 completion of a maintenance agreement is exempt from the tax

1 imposed pursuant to this Act.

2 Exemption (e) also includes machinery and equipment used
3 in the general maintenance or repair of such exempt machinery
4 and equipment or for in-house manufacture of exempt machinery
5 and equipment. On and after July 1, 2017, exemption (e) also
6 includes graphic arts machinery and equipment, as defined in
7 paragraph (5) of Section 3-5. The machinery and equipment
8 exemption does not include machinery and equipment used in (i)
9 the generation of electricity for wholesale or retail sale;
10 (ii) the generation or treatment of natural or artificial gas
11 for wholesale or retail sale that is delivered to customers
12 through pipes, pipelines, or mains; or (iii) the treatment of
13 water for wholesale or retail sale that is delivered to
14 customers through pipes, pipelines, or mains. The provisions
15 of Public Act 98-583 are declaratory of existing law as to the
16 meaning and scope of this exemption. For the purposes of
17 exemption (e), each of these terms shall have the following
18 meanings: (1) "manufacturing process" shall mean the
19 production of any article of tangible personal property,
20 whether such article is a finished product or an article for
21 use in the process of manufacturing or assembling a different
22 article of tangible personal property, by procedures commonly
23 regarded as manufacturing, processing, fabricating, or
24 refining which changes some existing material or materials
25 into a material with a different form, use or name. In relation
26 to a recognized integrated business composed of a series of

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

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

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

21 Any informal rulings, opinions or letters issued by the
22 Department in response to an inquiry or request for any
23 opinion from any person regarding the coverage and
24 applicability of exemption (e) to specific devices shall be
25 published, maintained as a public record, and made available
26 for public inspection and copying. If the informal ruling,

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

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

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

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

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

19 (Source: P.A. 100-22, eff. 7-6-17; 100-321, eff. 8-24-17;
20 100-863, eff. 8-14-18; 101-9, eff. 6-5-19; 101-604, eff.
21 12-13-19.)

22 (35 ILCS 115/3-5)

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

25 (1) Personal property sold by a corporation, society,

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

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

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

25 (4) Legal tender, currency, medallions, or gold or silver
26 coinage issued by the State of Illinois, the government of the

1 United States of America, or the government of any foreign
2 country, and bullion.

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

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

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

1 to be registered under Section 3-809 of the Illinois Vehicle
2 Code, but excluding other motor vehicles required to be
3 registered under the Illinois Vehicle Code. Horticultural
4 polyhouses or hoop houses used for propagating, growing, or
5 overwintering plants shall be considered farm machinery and
6 equipment under this item (7). Agricultural chemical tender
7 tanks and dry boxes shall include units sold separately from a
8 motor vehicle required to be licensed and units sold mounted
9 on a motor vehicle required to be licensed if the selling price
10 of the tender is separately 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 not
14 limited to, tractors, harvesters, sprayers, planters, seeders,
15 or spreaders. Precision farming equipment includes, but is not
16 limited to, soil testing sensors, computers, monitors,
17 software, global positioning and mapping systems, and other
18 such equipment.

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

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

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

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

26 (10) Until July 1, 2003, oil field exploration, drilling,

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

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

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

26 (13) Beginning January 1, 1992 and through June 30, 2016,

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

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

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

1 95-88).

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

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

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

26 (19) Beginning with taxable years ending on or after

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

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

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

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

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

24 (23) Beginning January 1, 2000 and through December 31,
25 2001, new or used automatic vending machines that prepare and
26 serve hot food and beverages, including coffee, soup, and

1 other items, and replacement parts for these machines.
2 Beginning January 1, 2002 and through June 30, 2003, machines
3 and parts for machines used in commercial, coin-operated
4 amusement and vending business if a use or occupation tax is
5 paid on the gross receipts derived from the use of the
6 commercial, coin-operated amusement and vending machines. This
7 paragraph is exempt from the provisions of Section 3-55.

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

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

26 (26) Beginning on January 1, 2002 and through June 30,

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

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

1 corporation that holds a valid water supply permit issued
2 under Title IV of the Environmental Protection Act. This
3 paragraph is exempt from the provisions of Section 3-55.

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

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

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

1 Assembly.

2 (30) Beginning January 1, 2017, menstrual pads, tampons,
3 and menstrual cups.

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

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

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

26 For the purposes of this item (32):

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

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

1 incorporated in to the qualifying data center. To document
2 the exemption allowed under this Section, the retailer
3 must obtain from the purchaser a copy of the certificate
4 of eligibility issued by the Department of Commerce and
5 Economic Opportunity.

6 This item (32) is exempt from the provisions of Section
7 3-55.

8 (33) Until December 31, 2024, equipment and materials
9 incorporated into or used in the business of providing
10 broadband services, including all equipment and materials,
11 machinery, software, or other tangible personal property that
12 is used in whole or in part in producing, broadcasting,
13 distributing, sending, receiving, storing, transmitting,
14 retransmitting, amplifying, switching, or routing broadband
15 services, including the monitoring, testing, maintaining,
16 enabling, or facilitating of such equipment, machinery,
17 software, or other infrastructure. Such property includes, but
18 is not limited to, wires, cables including fiber optic cables,
19 antennas, poles, switches, routers, amplifiers, rectifiers,
20 repeaters, receivers, multiplexers, duplexers, transmitters,
21 power equipment, backup power equipment, diagnostic equipment,
22 storage devices, modems, and other general central office
23 equipment, such as channel cards, frames, and cabinets.

24 (Source: P.A. 100-22, eff. 7-6-17; 100-594, eff. 6-29-18;
25 100-1171, eff. 1-4-19; 101-31, eff. 6-28-19; 101-81, eff.
26 7-12-19; 101-629, eff. 2-5-20.)

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

3 (35 ILCS 120/1) (from Ch. 120, par. 440)

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

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

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

1 "Sale at retail" shall be construed to include any
2 transfer of the ownership of or title to tangible personal
3 property to a purchaser, for use or consumption by any other
4 person to whom such purchaser may transfer the tangible
5 personal property without a valuable consideration, and to
6 include any transfer, whether made for or without a valuable
7 consideration, for resale in any form as tangible personal
8 property unless made in compliance with Section 2c of this
9 Act.

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

20 "Sale at retail" shall be construed to include any
21 Illinois florist's sales transaction in which the purchase
22 order is received in Illinois by a florist and the sale is for
23 use or consumption, but the Illinois florist has a florist in
24 another state deliver the property to the purchaser or the
25 purchaser's donee in such other state.

26 Nonreusable tangible personal property that is used by

1 persons engaged in the business of operating a restaurant,
2 cafeteria, or drive-in is a sale for resale when it is
3 transferred to customers in the ordinary course of business as
4 part of the sale of food or beverages and is used to deliver,
5 package, or consume food or beverages, regardless of where
6 consumption of the food or beverages occurs. Examples of those
7 items include, but are not limited to nonreusable, paper and
8 plastic cups, plates, baskets, boxes, sleeves, buckets or
9 other containers, utensils, straws, placemats, napkins, doggie
10 bags, and wrapping or packaging materials that are transferred
11 to customers as part of the sale of food or beverages in the
12 ordinary course of business.

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

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

1 primarily for the purposes of such person, or (2), to the
2 extent of sales by such person of tangible personal property
3 which is not sold or offered for sale by persons organized for
4 profit. The selling of school books and school supplies by
5 schools at retail to students is not "primarily for the
6 purposes of" the school which does such selling. The
7 provisions of this paragraph shall not apply to nor subject to
8 taxation occasional dinners, socials or similar activities of
9 a person organized and operated exclusively for charitable,
10 religious or educational purposes, whether or not such
11 activities are open to the public.

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

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

23 "Reseller of motor fuel" means any person engaged in the
24 business of selling or delivering or transferring title of
25 motor fuel to another person other than for use or
26 consumption. No person shall act as a reseller of motor fuel

1 within this State without first being registered as a reseller
2 pursuant to Section 2c or a retailer pursuant to Section 2a.

3 "Selling price" or the "amount of sale" means the
4 consideration for a sale valued in money whether received in
5 money or otherwise, including cash, credits, property, other
6 than as hereinafter provided, and services, but, prior to
7 January 1, 2020, not including the value of or credit given for
8 traded-in tangible personal property where the item that is
9 traded-in is of like kind and character as that which is being
10 sold; beginning January 1, 2020, "selling price" includes the
11 portion of the value of or credit given for traded-in motor
12 vehicles of the First Division as defined in Section 1-146 of
13 the Illinois Vehicle Code of like kind and character as that
14 which is being sold that exceeds \$10,000. "Selling price"
15 shall be determined without any deduction on account of the
16 cost of the property sold, the cost of materials used, labor or
17 service cost or any other expense whatsoever, but does not
18 include charges that are added to prices by sellers on account
19 of the seller's tax liability under this Act, or on account of
20 the seller's duty to collect, from the purchaser, the tax that
21 is imposed by the Use Tax Act, or, except as otherwise provided
22 with respect to any cigarette tax imposed by a home rule unit,
23 on account of the seller's tax liability under any local
24 occupation tax administered by the Department, or, except as
25 otherwise provided with respect to any cigarette tax imposed
26 by a home rule unit on account of the seller's duty to collect,

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

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

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

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

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

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

19 "Gross receipts" from the sales of tangible personal
20 property at retail means the total selling price or the amount
21 of such sales, as hereinbefore defined. In the case of charge
22 and time sales, the amount thereof shall be included only as
23 and when payments are received by the seller. Receipts or
24 other consideration derived by a seller from the sale,
25 transfer or assignment of accounts receivable to a wholly
26 owned subsidiary will not be deemed payments prior to the time

1 the purchaser makes payment on such accounts.

2 "Department" means the Department of Revenue.

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

8 The isolated or occasional sale of tangible personal
9 property at retail by a person who does not hold himself out as
10 being engaged (or who does not habitually engage) in selling
11 such tangible personal property at retail, or a sale through a
12 bulk vending machine, does not constitute engaging in a
13 business of selling such tangible personal property at retail
14 within the meaning of this Act; provided that any person who is
15 engaged in a business which is not subject to the tax imposed
16 by this Act because of involving the sale of or a contract to
17 sell real estate or a construction contract to improve real
18 estate or a construction contract to engineer, install, and
19 maintain an integrated system of products, but who, in the
20 course of conducting such business, transfers tangible
21 personal property to users or consumers in the finished form
22 in which it was purchased, and which does not become real
23 estate or was not engineered and installed, under any
24 provision of a construction contract or real estate sale or
25 real estate sales agreement entered into with some other
26 person arising out of or because of such nontaxable business,

1 is engaged in the business of selling tangible personal
2 property at retail to the extent of the value of the tangible
3 personal property so transferred. If, in such a transaction, a
4 separate charge is made for the tangible personal property so
5 transferred, the value of such property, for the purpose of
6 this Act, shall be the amount so separately charged, but not
7 less than the cost of such property to the transferor; if no
8 separate charge is made, the value of such property, for the
9 purposes of this Act, is the cost to the transferor of such
10 tangible personal property. Construction contracts for the
11 improvement of real estate consisting of engineering,
12 installation, and maintenance of voice, data, video, security,
13 and all telecommunication systems do not constitute engaging
14 in a business of selling tangible personal property at retail
15 within the meaning of this Act if they are sold at one
16 specified contract price.

17 A person who holds himself or herself out as being engaged
18 (or who habitually engages) in selling tangible personal
19 property at retail is a person engaged in the business of
20 selling tangible personal property at retail hereunder with
21 respect to such sales (and not primarily in a service
22 occupation) notwithstanding the fact that such person designs
23 and produces such tangible personal property on special order
24 for the purchaser and in such a way as to render the property
25 of value only to such purchaser, if such tangible personal
26 property so produced on special order serves substantially the

1 same function as stock or standard items of tangible personal
2 property that are sold at retail.

3 Persons who engage in the business of transferring
4 tangible personal property upon the redemption of trading
5 stamps are engaged in the business of selling such property at
6 retail and shall be liable for and shall pay the tax imposed by
7 this Act on the basis of the retail value of the property
8 transferred upon redemption of such stamps.

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

15 "Remote retailer" means a retailer that does not maintain
16 within this State, directly or by a subsidiary, an office,
17 distribution house, sales house, warehouse or other place of
18 business, or any agent or other representative operating
19 within this State under the authority of the retailer or its
20 subsidiary, irrespective of whether such place of business or
21 agent is located here permanently or temporarily or whether
22 such retailer or subsidiary is licensed to do business in this
23 State.

24 "Marketplace" means a physical or electronic place, forum,
25 platform, application, or other method by which a marketplace
26 seller sells or offers to sell items.

1 "Marketplace facilitator" means a person who, pursuant to
2 an agreement with an unrelated third-party marketplace seller,
3 directly or indirectly through one or more affiliates
4 facilitates a retail sale by an unrelated third party
5 marketplace seller by:

6 (1) listing or advertising for sale by the marketplace
7 seller in a marketplace, tangible personal property that
8 is subject to tax under this Act; and

9 (2) either directly or indirectly, through agreements
10 or arrangements with third parties, collecting payment
11 from the customer and transmitting that payment to the
12 marketplace seller regardless of whether the marketplace
13 facilitator receives compensation or other consideration
14 in exchange for its services.

15 A person who provides advertising services, including
16 listing products for sale, is not considered a marketplace
17 facilitator, so long as the advertising service platform or
18 forum does not engage, directly or indirectly through one or
19 more affiliated persons, in the activities described in
20 paragraph (2) of this definition of "marketplace facilitator".

21 "Marketplace seller" means a person that makes sales
22 through a marketplace operated by an unrelated third party
23 marketplace facilitator.

24 (Source: P.A. 101-31, eff. 6-28-19; 101-604, eff. 1-1-20.)

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

4 (1) Farm chemicals.

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

26 Farm machinery and equipment shall include precision

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

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

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

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

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

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

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

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

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

23 (9) Personal property sold to a not-for-profit arts or
24 cultural organization that establishes, by proof required
25 by the Department by rule, that it has received an
26 exemption under Section 501(c)(3) of the Internal Revenue

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

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

19 (11) Personal property sold to a governmental body, to
20 a corporation, society, association, foundation, or
21 institution organized and operated exclusively for
22 charitable, religious, or educational purposes, or to a
23 not-for-profit corporation, society, association,
24 foundation, institution, or organization that has no
25 compensated officers or employees and that is organized
26 and operated primarily for the recreation of persons 55

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

8 (12) (Blank).

9 (12-5) On and after July 1, 2003 and through June 30,
10 2004, motor vehicles of the second division with a gross
11 vehicle weight in excess of 8,000 pounds that are subject
12 to the commercial distribution fee imposed under Section
13 3-815.1 of the Illinois Vehicle Code. Beginning on July 1,
14 2004 and through June 30, 2005, the use in this State of
15 motor vehicles of the second division: (i) with a gross
16 vehicle weight rating in excess of 8,000 pounds; (ii) that
17 are subject to the commercial distribution fee imposed
18 under Section 3-815.1 of the Illinois Vehicle Code; and
19 (iii) that are primarily used for commercial purposes.
20 Through June 30, 2005, this exemption applies to repair
21 and replacement parts added after the initial purchase of
22 such a motor vehicle if that motor vehicle is used in a
23 manner that would qualify for the rolling stock exemption
24 otherwise provided for in this Act. For purposes of this
25 paragraph, "used for commercial purposes" means the
26 transportation of persons or property in furtherance of

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

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

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

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

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

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

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

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

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

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

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

25 (21) Until July 1, 2023, coal and aggregate
26 exploration, mining, off-highway hauling, processing,

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

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

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

1 to a change in the flight number of that aircraft.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 paid during the period beginning May 30, 2000 and ending
2 on January 1, 2008 (the effective date of Public Act
3 95-88).

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

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

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

1 assists victims of the disaster who reside within the
2 declared disaster area.

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

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

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

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

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

1 profits from the sale to the fundraising entity. This
2 paragraph is exempt from the provisions of Section 2-70.

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

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

1 Mental Health Rehabilitation Act of 2013.

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

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

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

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

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

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

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

1 98-534 are declarative of existing law. It is the intent
2 of the General Assembly that the exemption under this
3 paragraph (40) applies continuously from January 1, 2010
4 through December 31, 2024; however, no claim for credit or
5 refund is allowed for taxes paid as a result of the
6 disallowance of this exemption on or after January 1, 2015
7 and prior to the effective date of this amendatory Act of
8 the 101st General Assembly.

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

24 (42) Beginning January 1, 2017, menstrual pads,
25 tampons, and menstrual cups.

26 (43) Merchandise that is subject to the Rental

1 Purchase Agreement Occupation and Use Tax. The purchaser
2 must certify that the item is purchased to be rented
3 subject to a rental purchase agreement, as defined in the
4 Rental Purchase Agreement Act, and provide proof of
5 registration under the Rental Purchase Agreement
6 Occupation and Use Tax Act. This paragraph is exempt from
7 the provisions of Section 2-70.

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

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

1 Opportunity Law of the Civil Administrative Code of
2 Illinois.

3 For the purposes of this item (44):

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

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

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

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

12 (45) Until December 31, 2024, equipment and materials
13 incorporated into or used in the business of providing
14 broadband services, including all equipment and materials,
15 machinery, software, or other tangible personal property that
16 is used in whole or in part in producing, broadcasting,
17 distributing, sending, receiving, storing, transmitting,
18 retransmitting, amplifying, switching, or routing broadband
19 services, including the monitoring, testing, maintaining,
20 enabling, or facilitating of such equipment, machinery,
21 software, or other infrastructure. Such property includes, but
22 is not limited to, wires, cables including fiber optic cables,
23 antennas, poles, switches, routers, amplifiers, rectifiers,
24 repeaters, receivers, multiplexers, duplexers, transmitters,
25 power equipment, backup power equipment, diagnostic equipment,
26 storage devices, modems, and other general central office

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

2 (Source: P.A. 100-22, eff. 7-6-17; 100-321, eff. 8-24-17;
3 100-437, eff. 1-1-18; 100-594, eff. 6-29-18; 100-863, eff.
4 8-14-18; 100-1171, eff. 1-4-19; 101-31, eff. 6-28-19; 101-81,
5 eff. 7-12-19; 101-629, eff. 2-5-20.)

6 Section 99. Effective date. This Act takes effect upon
7 becoming law.