



102ND GENERAL ASSEMBLY

State of Illinois

2021 and 2022

SB2247

Introduced 2/26/2021, by Sen. David Koehler

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 a county in the State with a population of fewer than 40,000 people or a township in the State with a population density of less than 50 households per square mile in a county with a population of less than 300,000 people. Provides that the credit does not apply to equipment and materials placed in service after December 31, 2026. 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 a county in the State with a population of fewer than 40,000 people or a township in the State with a population density of less than 50 households per square mile in a county with a population of less than 300,000 people. Effective immediately.

LRB102 13440 HLH 18787 b

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 a county in the State with a population
12 of fewer than 40,000 people or a township in the State with a
13 population density of less than 50 households per square mile
14 in a county with a population of less than 300,000 people
15 during that year. For partners, shareholders of Subchapter S
16 corporations, and owners of limited liability companies, if
17 the liability company is treated as a partnership for purposes
18 of federal and State income taxation, there shall be allowed a
19 credit under this subsection (f) to be determined in
20 accordance with the determination of income and distributive
21 share of income under Sections 702 and 704 and Subchapter S of
22 the Internal Revenue Code. Such annual credits shall be
23 allowed commencing with the taxable year in which such
24 property is placed in service and continue for 9 consecutive
25 years thereafter. The aggregate credit established by the
26 subsection taken in any one tax year shall not reduce

1 taxpayer's tax liability under subsections (a) and (b) of this
2 Subsection by more than 50%; provided, however, that any tax
3 credit claimed under this subsection but not used in any
4 taxable year may be carried forward for 10 consecutive years
5 from the close of the tax year in which the credits were
6 earned. The maximum aggregate amount of credits that may be
7 claimed under this subsection shall not exceed the original
8 investment made by the taxpayer in the qualifying equipment.

9 For purposes this subsection: (i) "broadband service"
10 means a service provided by wireline or wireless means capable
11 of delivering high-speed internet access at speeds of at least
12 25 megabits per second of download speed and 3 megabits per
13 second of upload speed; and (ii) "equipment, and materials
14 incorporated into or used in the business of providing
15 broadband services", means all equipment and materials
16 machinery, software, or other tangible personal property
17 deployed in Illinois on or after January 1, 2022 that is used
18 in whole or in part in producing, broadcasting, distributing,
19 sending, receiving, storing, transmitting, retransmitting,
20 amplifying, switching, or routing broadband services,
21 including the monitoring, testing, maintaining, enabling, or
22 facilitating of such equipment, machinery, software, or other
23 infrastructure. Such property includes, but is not limited to,
24 wires, cables including fiber optic cables, antennas, poles,
25 switches, routers, amplifiers, rectifiers, repeaters,
26 receivers, multiplexers, duplexers, transmitters, power

1 equipment, backup power equipment, diagnostic equipment,
2 storage devices, modems, and other general central office
3 equipment, such as channel cards, frames, and cabinets.

4 The credit under this subsection (p) does not apply for
5 property placed in service after December 31, 2026.

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

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

11 Sec. 201. Tax imposed.

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

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

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

1 (2) In the case of an individual, trust or estate, for
2 taxable years beginning prior to July 1, 1989 and ending
3 after June 30, 1989, an amount equal to the sum of (i) 2
4 1/2% of the taxpayer's net income for the period prior to
5 July 1, 1989, as calculated under Section 202.3, and (ii)
6 3% of the taxpayer's net income for the period after June
7 30, 1989, as calculated under Section 202.3.

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

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

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

23 (5.1) In the case of an individual, trust, or estate,
24 for taxable years beginning prior to January 1, 2015, and
25 ending after December 31, 2014, an amount equal to the sum
26 of (i) 5% of the taxpayer's net income for the period prior

1 to January 1, 2015, as calculated under Section 202.5, and
2 (ii) 3.75% of the taxpayer's net income for the period
3 after December 31, 2014, as calculated under Section
4 202.5.

5 (5.2) In the case of an individual, trust, or estate,
6 for taxable years beginning on or after January 1, 2015,
7 and ending prior to July 1, 2017, an amount equal to 3.75%
8 of the taxpayer's net income for the taxable year.

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

16 (5.4) In the case of an individual, trust, or estate,
17 for taxable years beginning on or after July 1, 2017 ~~and~~
18 ~~beginning prior to January 1, 2021~~, an amount equal to
19 4.95% of the taxpayer's net income for the taxable year.

20 ~~(5.5) In the case of an individual, trust, or estate,~~
21 ~~for taxable years beginning on or after January 1, 2021,~~
22 ~~an amount calculated under the rate structure set forth in~~
23 ~~Section 201.1.~~

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

1 (7) In the case of a corporation, for taxable years
2 beginning prior to July 1, 1989 and ending after June 30,
3 1989, an amount equal to the sum of (i) 4% of the
4 taxpayer's net income for the period prior to July 1,
5 1989, as calculated under Section 202.3, and (ii) 4.8% of
6 the taxpayer's net income for the period after June 30,
7 1989, as calculated under Section 202.3.

8 (8) In the case of a corporation, for taxable years
9 beginning after June 30, 1989, and ending prior to January
10 1, 2011, an amount equal to 4.8% of the taxpayer's net
11 income for the taxable year.

12 (9) In the case of a corporation, for taxable years
13 beginning prior to January 1, 2011, and ending after
14 December 31, 2010, an amount equal to the sum of (i) 4.8%
15 of the taxpayer's net income for the period prior to
16 January 1, 2011, as calculated under Section 202.5, and
17 (ii) 7% of the taxpayer's net income for the period after
18 December 31, 2010, as calculated under Section 202.5.

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

23 (11) In the case of a corporation, for taxable years
24 beginning prior to January 1, 2015, and ending after
25 December 31, 2014, an amount equal to the sum of (i) 7% of
26 the taxpayer's net income for the period prior to January

1 1, 2015, as calculated under Section 202.5, and (ii) 5.25%
2 of the taxpayer's net income for the period after December
3 31, 2014, as calculated under Section 202.5.

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

8 (13) In the case of a corporation, for taxable years
9 beginning prior to July 1, 2017, and ending after June 30,
10 2017, an amount equal to the sum of (i) 5.25% of the
11 taxpayer's net income for the period prior to July 1,
12 2017, as calculated under Section 202.5, and (ii) 7% of
13 the taxpayer's net income for the period after June 30,
14 2017, as calculated under Section 202.5.

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

19 ~~(15) In the case of a corporation, for taxable years~~
20 ~~beginning on or after January 1, 2021, an amount equal to~~
21 ~~7.99% of the taxpayer's net income for the taxable year.~~

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

24 (b-5) Surcharge; sale or exchange of assets, properties,
25 and intangibles of organization gaming licensees. For each of
26 taxable years 2019 through 2027, a surcharge is imposed on all

1 taxpayers on income arising from the sale or exchange of
2 capital assets, depreciable business property, real property
3 used in the trade or business, and Section 197 intangibles (i)
4 of an organization licensee under the Illinois Horse Racing
5 Act of 1975 and (ii) of an organization gaming licensee under
6 the Illinois Gambling Act. The amount of the surcharge is
7 equal to the amount of federal income tax liability for the
8 taxable year attributable to those sales and exchanges. The
9 surcharge imposed shall not apply if:

10 (1) the organization gaming license, organization
11 license, or racetrack property is transferred as a result
12 of any of the following:

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

17 (B) cancellation, revocation, or termination of
18 any such license by the Illinois Gaming Board or the
19 Illinois Racing Board;

20 (C) a determination by the Illinois Gaming Board
21 that transfer of the license is in the best interests
22 of Illinois gaming;

23 (D) the death of an owner of the equity interest in
24 a licensee;

25 (E) the acquisition of a controlling interest in
26 the stock or substantially all of the assets of a

1 publicly traded company;

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

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

7 (2) the controlling interest in the organization
8 gaming license, organization license, or racetrack
9 property is transferred in a transaction to lineal
10 descendants in which no gain or loss is recognized or as a
11 result of a transaction in accordance with Section 351 of
12 the Internal Revenue Code in which no gain or loss is
13 recognized; or

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

18 The transfer of an organization gaming license,
19 organization license, or racetrack property by a person other
20 than the initial licensee to receive the organization gaming
21 license is not subject to a surcharge. The Department shall
22 adopt rules necessary to implement and administer this
23 subsection.

24 (c) Personal Property Tax Replacement Income Tax.
25 Beginning on July 1, 1979 and thereafter, in addition to such
26 income tax, there is also hereby imposed the Personal Property

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

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

23 (d-1) Rate reduction for certain foreign insurers. In the
24 case of a foreign insurer, as defined by Section 35A-5 of the
25 Illinois Insurance Code, whose state or country of domicile
26 imposes on insurers domiciled in Illinois a retaliatory tax

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

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

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

1 (B) the privilege tax imposed by Section 409 of
2 the Illinois Insurance Code, the fire insurance
3 company tax imposed by Section 12 of the Fire
4 Investigation Act, and the fire department taxes
5 imposed under Section 11-10-1 of the Illinois
6 Municipal Code,

7 equals 1.25% for taxable years ending prior to December
8 31, 2003, or 1.75% for taxable years ending on or after
9 December 31, 2003, of the net taxable premiums written for
10 the taxable year, as described by subsection (1) of
11 Section 409 of the Illinois Insurance Code. This paragraph
12 will in no event increase the rates imposed under
13 subsections (b) and (d).

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

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

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

26 (1) A taxpayer shall be allowed a credit equal to .5%

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

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

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

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

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

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

20 (C) is acquired by purchase as defined in Section
21 179(d) of the Internal Revenue Code;

22 (D) is used in Illinois by a taxpayer who is
23 primarily engaged in manufacturing, or in mining coal
24 or fluorite, or in retailing, or was placed in service
25 on or after July 1, 2006 in a River Edge Redevelopment
26 Zone established pursuant to the River Edge

1 Redevelopment Zone Act; and

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

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

25 (4) The basis of qualified property shall be the basis
26 used to compute the depreciation deduction for federal

1 income tax purposes.

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

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

9 (7) If during any taxable year, any property ceases to
10 be qualified property in the hands of the taxpayer within
11 48 months after being placed in service, or the situs of
12 any qualified property is moved outside Illinois within 48
13 months after being placed in service, the Personal
14 Property Tax Replacement Income Tax for such taxable year
15 shall be increased. Such increase shall be determined by
16 (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 (7), 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 (8) Unless the investment credit is extended by law,

1 the basis of qualified property shall not include costs
2 incurred after December 31, 2018, except for costs
3 incurred pursuant to a binding contract entered into on or
4 before December 31, 2018.

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

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

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

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

11 (1) A taxpayer shall be allowed a credit against the
12 tax imposed by subsections (a) and (b) of this Section for
13 investment in qualified property which is placed in
14 service in an Enterprise Zone created pursuant to the
15 Illinois Enterprise Zone Act or, for property placed in
16 service on or after July 1, 2006, a River Edge
17 Redevelopment Zone established pursuant to the River Edge
18 Redevelopment Zone Act. For partners, shareholders of
19 Subchapter S corporations, and owners of limited liability
20 companies, if the liability company is treated as a
21 partnership for purposes of federal and State income
22 taxation, there shall be allowed a credit under this
23 subsection (f) to be determined in accordance with the
24 determination of income and distributive share of income
25 under Sections 702 and 704 and Subchapter S of the
26 Internal Revenue Code. The credit shall be .5% of the

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

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

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

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

26 (f);

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

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

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

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

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

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

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

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

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

1 percentage times a fraction, the numerator of which is
2 0.5% and the denominator of which is 1%, but shall not
3 exceed 0.5%.

4 (8) For taxable years beginning on or after January 1,
5 2021, there shall be allowed an Enterprise Zone
6 construction jobs credit against the taxes imposed under
7 subsections (a) and (b) of this Section as provided in
8 Section 13 of the Illinois Enterprise Zone Act.

9 The credit or credits may not reduce the taxpayer's
10 liability to less than zero. If the amount of the credit or
11 credits exceeds the taxpayer's liability, the excess may
12 be carried forward and applied against the taxpayer's
13 liability in succeeding calendar years in the same manner
14 provided under paragraph (4) of Section 211 of this Act.
15 The credit or credits shall be applied to the earliest
16 year for which there is a tax liability. If there are
17 credits from more than one taxable year that are available
18 to offset a liability, the earlier credit shall be applied
19 first.

20 For partners, shareholders of Subchapter S
21 corporations, and owners of limited liability companies,
22 if the liability company is treated as a partnership for
23 the purposes of federal and State income taxation, there
24 shall be allowed a credit under this Section to be
25 determined in accordance with the determination of income
26 and distributive share of income under Sections 702 and

1 704 and Subchapter S of the Internal Revenue Code.

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

6 This paragraph (8) is exempt from the provisions of
7 Section 250.

8 (g) (Blank).

9 (h) Investment credit; High Impact Business.

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

1 subsections (a) and (b) of this Section to below zero. The
2 credit applicable to such investments shall be taken in
3 the taxable year in which such investments have been
4 completed. The credit for additional investments beyond
5 the minimum investment by a designated high impact
6 business authorized under subdivision (a) (3) (A) of Section
7 5.5 of the Illinois Enterprise Zone Act shall be available
8 only in the taxable year in which the property is placed in
9 service and shall not be allowed to the extent that it
10 would reduce a taxpayer's liability for the tax imposed by
11 subsections (a) and (b) of this Section to below zero. For
12 tax years ending on or after December 31, 1987, the credit
13 shall be allowed for the tax year in which the property is
14 placed in service, or, if the amount of the credit exceeds
15 the tax liability for that year, whether it exceeds the
16 original liability or the liability as later amended, such
17 excess may be carried forward and applied to the tax
18 liability of the 5 taxable years following the excess
19 credit year. The credit shall be applied to the earliest
20 year for which there is a liability. If there is credit
21 from more than one tax year that is available to offset a
22 liability, the credit accruing first in time shall be
23 applied first.

24 Changes made in this subdivision (h) (1) by Public Act
25 88-670 restore changes made by Public Act 85-1182 and
26 reflect existing law.

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

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

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

9 (C) is acquired by purchase as defined in Section
10 179(d) of the Internal Revenue Code; and

11 (D) is not eligible for the Enterprise Zone
12 Investment Credit provided by subsection (f) of this
13 Section.

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

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

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

25 (6) If during any taxable year ending on or before
26 December 31, 1996, any property ceases to be qualified

1 property in the hands of the taxpayer within 48 months
2 after being placed in service, or the situs of any
3 qualified property is moved outside Illinois within 48
4 months after being placed in service, the tax imposed
5 under subsections (a) and (b) of this Section for such
6 taxable year shall be increased. Such increase shall be
7 determined by (i) recomputing the investment credit which
8 would have been allowed for the year in which credit for
9 such property was originally allowed by eliminating such
10 property from such computation, and (ii) subtracting such
11 recomputed credit from the amount of credit previously
12 allowed. For the purposes of this paragraph (6), a
13 reduction of the basis of qualified property resulting
14 from a redetermination of the purchase price shall be
15 deemed a disposition of qualified property to the extent
16 of such reduction.

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

1 (h-5) High Impact Business construction ~~constructions~~ jobs
2 credit. For taxable years beginning on or after January 1,
3 2021, there shall also be allowed a High Impact Business
4 construction jobs credit against the tax imposed under
5 subsections (a) and (b) of this Section as provided in
6 subsections (i) and (j) of Section 5.5 of the Illinois
7 Enterprise Zone Act.

8 The credit or credits may not reduce the taxpayer's
9 liability to less than zero. If the amount of the credit or
10 credits exceeds the taxpayer's liability, the excess may be
11 carried forward and applied against the taxpayer's liability
12 in succeeding calendar years in the manner provided under
13 paragraph (4) of Section 211 of this Act. The credit or credits
14 shall be applied to the earliest year for which there is a tax
15 liability. If there are credits from more than one taxable
16 year that are available to offset a liability, the earlier
17 credit shall be applied first.

18 For partners, shareholders of Subchapter S corporations,
19 and owners of limited liability companies, if the liability
20 company is treated as a partnership for the purposes of
21 federal and State income taxation, there shall be allowed a
22 credit under this Section to be determined in accordance with
23 the determination of income and distributive share of income
24 under Sections 702 and 704 and Subchapter S of the Internal
25 Revenue Code.

26 The total aggregate amount of credits awarded under the

1 Blue Collar Jobs Act (Article 20 of Public Act 101-9 ~~this~~
2 ~~amendatory Act of the 101st General Assembly~~) shall not exceed
3 \$20,000,000 in any State fiscal year.

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

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

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

1 subsection from more than one tax year that is available to
2 offset a liability the earliest credit arising under this
3 subsection shall be applied first.

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

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

1 companies, if the liability company is treated as a
2 partnership for purposes of federal and State income taxation,
3 there shall be allowed a credit under this subsection (j) to be
4 determined in accordance with the determination of income and
5 distributive share of income under Sections 702 and 704 and
6 subchapter S of the Internal Revenue Code.

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

17 (k) Research and development credit. For tax years ending
18 after July 1, 1990 and prior to December 31, 2003, and
19 beginning again for tax years ending on or after December 31,
20 2004, and ending prior to January 1, 2027, a taxpayer shall be
21 allowed a credit against the tax imposed by subsections (a)
22 and (b) of this Section for increasing research activities in
23 this State. The credit allowed against the tax imposed by
24 subsections (a) and (b) shall be equal to 6 1/2% of the
25 qualifying expenditures for increasing research activities in
26 this State. For partners, shareholders of subchapter S

1 corporations, and owners of limited liability companies, if
2 the liability company is treated as a partnership for purposes
3 of federal and State income taxation, there shall be allowed a
4 credit under this subsection to be determined in accordance
5 with the determination of income and distributive share of
6 income under Sections 702 and 704 and subchapter S of the
7 Internal Revenue Code.

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

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

1 ending prior to December 31, 2003 may be carried forward to any
2 year ending on or after December 31, 2003.

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

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

18 It is the intent of the General Assembly that the research
19 and development credit under this subsection (k) shall apply
20 continuously for all tax years ending on or after December 31,
21 2004 and ending prior to January 1, 2027, including, but not
22 limited to, the period beginning on January 1, 2016 and ending
23 on July 6, 2017 (the effective date of Public Act 100-22) ~~this~~
24 ~~amendatory Act of the 100th General Assembly~~. All actions
25 taken in reliance on the continuation of the credit under this
26 subsection (k) by any taxpayer are hereby validated.

1 (1) Environmental Remediation Tax Credit.

2 (i) For tax years ending after December 31, 1997 and
3 on or before December 31, 2001, a taxpayer shall be
4 allowed a credit against the tax imposed by subsections
5 (a) and (b) of this Section for certain amounts paid for
6 unreimbursed eligible remediation costs, as specified in
7 this subsection. For purposes of this Section,
8 "unreimbursed eligible remediation costs" means costs
9 approved by the Illinois Environmental Protection Agency
10 ("Agency") under Section 58.14 of the Environmental
11 Protection Act that were paid in performing environmental
12 remediation at a site for which a No Further Remediation
13 Letter was issued by the Agency and recorded under Section
14 58.10 of the Environmental Protection Act. The credit must
15 be claimed for the taxable year in which Agency approval
16 of the eligible remediation costs is granted. The credit
17 is not available to any taxpayer if the taxpayer or any
18 related party caused or contributed to, in any material
19 respect, a release of regulated substances on, in, or
20 under the site that was identified and addressed by the
21 remedial action pursuant to the Site Remediation Program
22 of the Environmental Protection Act. After the Pollution
23 Control Board rules are adopted pursuant to the Illinois
24 Administrative Procedure Act for the administration and
25 enforcement of Section 58.9 of the Environmental
26 Protection Act, determinations as to credit availability

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

23 (ii) A credit allowed under this subsection that is
24 unused in the year the credit is earned may be carried
25 forward to each of the 5 taxable years following the year
26 for which the credit is first earned until it is used. The

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

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

26 (m) Education expense credit. Beginning with tax years

1 ending after December 31, 1999, a taxpayer who is the
2 custodian of one or more qualifying pupils shall be allowed a
3 credit against the tax imposed by subsections (a) and (b) of
4 this Section for qualified education expenses incurred on
5 behalf of the qualifying pupils. The credit shall be equal to
6 25% of qualified education expenses, but in no event may the
7 total credit under this subsection claimed by a family that is
8 the custodian of qualifying pupils exceed (i) \$500 for tax
9 years ending prior to December 31, 2017, and (ii) \$750 for tax
10 years ending on or after December 31, 2017. In no event shall a
11 credit under this subsection reduce the taxpayer's liability
12 under this Act to less than zero. Notwithstanding any other
13 provision of law, for taxable years beginning on or after
14 January 1, 2017, no taxpayer may claim a credit under this
15 subsection (m) if the taxpayer's adjusted gross income for the
16 taxable year exceeds (i) \$500,000, in the case of spouses
17 filing a joint federal tax return or (ii) \$250,000, in the case
18 of all other taxpayers. This subsection is exempt from the
19 provisions of Section 250 of this Act.

20 For purposes of this subsection:

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

1 defined in this subsection.

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

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

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

16 (n) River Edge Redevelopment Zone site remediation tax
17 credit.

18 (i) For tax years ending on or after December 31,
19 2006, a taxpayer shall be allowed a credit against the tax
20 imposed by subsections (a) and (b) of this Section for
21 certain amounts paid for unreimbursed eligible remediation
22 costs, as specified in this subsection. For purposes of
23 this Section, "unreimbursed eligible remediation costs"
24 means costs approved by the Illinois Environmental
25 Protection Agency ("Agency") under Section 58.14a of the
26 Environmental Protection Act that were paid in performing

1 environmental remediation at a site within a River Edge
2 Redevelopment Zone for which a No Further Remediation
3 Letter was issued by the Agency and recorded under Section
4 58.10 of the Environmental Protection Act. The credit must
5 be claimed for the taxable year in which Agency approval
6 of the eligible remediation costs is granted. The credit
7 is not available to any taxpayer if the taxpayer or any
8 related party caused or contributed to, in any material
9 respect, a release of regulated substances on, in, or
10 under the site that was identified and addressed by the
11 remedial action pursuant to the Site Remediation Program
12 of the Environmental Protection Act. Determinations as to
13 credit availability for purposes of this Section shall be
14 made consistent with rules adopted by the Pollution
15 Control Board pursuant to the Illinois Administrative
16 Procedure Act for the administration and enforcement of
17 Section 58.9 of the Environmental Protection Act. For
18 purposes of this Section, "taxpayer" includes a person
19 whose tax attributes the taxpayer has succeeded to under
20 Section 381 of the Internal Revenue Code and "related
21 party" includes the persons disallowed a deduction for
22 losses by paragraphs (b), (c), and (f)(1) of Section 267
23 of the Internal Revenue Code by virtue of being a related
24 taxpayer, as well as any of its partners. The credit
25 allowed against the tax imposed by subsections (a) and (b)
26 shall be equal to 25% of the unreimbursed eligible

1 remediation costs in excess of \$100,000 per site.

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

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

1 (o) For each of taxable years during the Compassionate Use
2 of Medical Cannabis Program, a surcharge is imposed on all
3 taxpayers on income arising from the sale or exchange of
4 capital assets, depreciable business property, real property
5 used in the trade or business, and Section 197 intangibles of
6 an organization registrant under the Compassionate Use of
7 Medical Cannabis Program Act. The amount of the surcharge is
8 equal to the amount of federal income tax liability for the
9 taxable year attributable to those sales and exchanges. The
10 surcharge imposed does not apply if:

11 (1) the medical cannabis cultivation center
12 registration, medical cannabis dispensary registration, or
13 the property of a registration is transferred as a result
14 of any of the following:

15 (A) bankruptcy, a receivership, or a debt
16 adjustment initiated by or against the initial
17 registration or the substantial owners of the initial
18 registration;

19 (B) cancellation, revocation, or termination of
20 any registration by the Illinois Department of Public
21 Health;

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

1 (D) the death of an owner of the equity interest in
2 a registrant;

3 (E) the acquisition of a controlling interest in
4 the stock or substantially all of the assets of a
5 publicly traded company;

6 (F) a transfer by a parent company to a wholly
7 owned subsidiary; or

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

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

19 (p) A taxpayer shall be allowed an annual credit against
20 the tax imposed by subsections (a) and (b) of this Section of
21 an amount equal to 15% of the cost of equipment and materials
22 incorporated into or used in the business of providing
23 broadband services in a county in the State with a population
24 of fewer than 40,000 people or a township in the State with a
25 population density of less than 50 households per square mile
26 in a county with a population of less than 300,000 people

1 during that year. For partners, shareholders of Subchapter S
2 corporations, and owners of limited liability companies, if
3 the liability company is treated as a partnership for purposes
4 of federal and State income taxation, there shall be allowed a
5 credit under this subsection (f) to be determined in
6 accordance with the determination of income and distributive
7 share of income under Sections 702 and 704 and Subchapter S of
8 the Internal Revenue Code. Such annual credits shall be
9 allowed commencing with the taxable year in which such
10 property is placed in service and continue for 9 consecutive
11 years thereafter. The aggregate credit established by the
12 subsection taken in any one tax year shall not reduce
13 taxpayer's tax liability under subsections (a) and (b) of this
14 Subsection by more than 50%; provided, however, that any tax
15 credit claimed under this subsection but not used in any
16 taxable year may be carried forward for 10 consecutive years
17 from the close of the tax year in which the credits were
18 earned. The maximum aggregate amount of credits that may be
19 claimed under this subsection shall not exceed the original
20 investment made by the taxpayer in the qualifying equipment.

21 For purposes this subsection: (i) "broadband service"
22 means a service provided by wireline or wireless means capable
23 of delivering high-speed internet access at speeds of at least
24 25 megabits per second of download speed and 3 megabits per
25 second of upload speed; and (ii) "equipment, and materials
26 incorporated into or used in the business of providing

1 broadband services", means all equipment and materials
2 machinery, software, or other tangible personal property
3 deployed in Illinois on or after January 1, 2022 that is used
4 in whole or in part in producing, broadcasting, distributing,
5 sending, receiving, storing, transmitting, retransmitting,
6 amplifying, switching, or routing broadband services,
7 including the monitoring, testing, maintaining, enabling, or
8 facilitating of such equipment, machinery, software, or other
9 infrastructure. Such property includes, but is not limited to,
10 wires, cables including fiber optic cables, antennas, poles,
11 switches, routers, amplifiers, rectifiers, repeaters,
12 receivers, multiplexers, duplexers, transmitters, power
13 equipment, backup power equipment, diagnostic equipment,
14 storage devices, modems, and other general central office
15 equipment, such as channel cards, frames, and cabinets.

16 The credit under this subsection (p) does not apply for
17 property placed in service after December 31, 2026.

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 25 megabits per second of download
4 speed and 3 megabits 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, 2025, equipment and material
23 deployed after January 1, 2021 in a county in the State with a
24 population of fewer than 40,000 people or a township in the
25 State with a population density of less than 50 households per
26 square mile in a county with a population of less than 300,000

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

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

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

23 (35 ILCS 110/2) (from Ch. 120, par. 439.32)

24 Sec. 2. Definitions. In this Act:

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 25 megabits per second of download
4 speed and 3 megabits 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, but does not include the sale or
8 use for demonstration by him of that property in any form as
9 tangible personal property in the regular course of business.

10 "Use" does not mean the interim use of tangible personal
11 property nor the physical incorporation of tangible personal
12 property, as an ingredient or constituent, into other tangible
13 personal property, (a) which is sold in the regular course of
14 business or (b) which the person incorporating such ingredient
15 or constituent therein has undertaken at the time of such
16 purchase to cause to be transported in interstate commerce to
17 destinations outside the State of Illinois.

18 "Purchased from a serviceman" means the acquisition of the
19 ownership of, or title to, tangible personal property through
20 a sale of service.

21 "Purchaser" means any person who, through a sale of
22 service, acquires the ownership of, or title to, any tangible
23 personal property.

24 "Cost price" means the consideration paid by the
25 serviceman for a purchase valued in money, whether paid in
26 money or otherwise, including cash, credits and services, and

1 shall be determined without any deduction on account of the
2 supplier's cost of the property sold or on account of any other
3 expense incurred by the supplier. When a serviceman contracts
4 out part or all of the services required in his sale of
5 service, it shall be presumed that the cost price to the
6 serviceman of the property transferred to him or her by his or
7 her subcontractor is equal to 50% of the subcontractor's
8 charges to the serviceman in the absence of proof of the
9 consideration paid by the subcontractor for the purchase of
10 such property.

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

21 "Department" means the Department of Revenue.

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

1 "Sale of service" means any transaction except:

2 (1) a retail sale of tangible personal property
3 taxable under the Retailers' Occupation Tax Act or under
4 the Use Tax Act.

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

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

22 (4) (blank).

23 (4a) a sale or transfer of tangible personal property
24 as an incident to the rendering of service for owners,
25 lessors, or shippers of tangible personal property which
26 is utilized by interstate carriers for hire for use as

1 rolling stock moving in interstate commerce so long as so
2 used by interstate carriers for hire, and equipment
3 operated by a telecommunications provider, licensed as a
4 common carrier by the Federal Communications Commission,
5 which is permanently installed in or affixed to aircraft
6 moving in interstate commerce.

7 (4a-5) on and after July 1, 2003 and through June 30,
8 2004, a sale or transfer of a motor vehicle of the second
9 division with a gross vehicle weight in excess of 8,000
10 pounds as an incident to the rendering of service if that
11 motor vehicle is subject to the commercial distribution
12 fee imposed under Section 3-815.1 of the Illinois Vehicle
13 Code. Beginning on July 1, 2004 and through June 30, 2005,
14 the use in this State of motor vehicles of the second
15 division: (i) with a gross vehicle weight rating in excess
16 of 8,000 pounds; (ii) that are subject to the commercial
17 distribution fee imposed under Section 3-815.1 of the
18 Illinois Vehicle Code; and (iii) that are primarily used
19 for commercial purposes. Through June 30, 2005, this
20 exemption applies to repair and replacement parts added
21 after the initial purchase of such a motor vehicle if that
22 motor vehicle is used in a manner that would qualify for
23 the rolling stock exemption otherwise provided for in this
24 Act. For purposes of this paragraph, "used for commercial
25 purposes" means the transportation of persons or property
26 in furtherance of any commercial or industrial enterprise

1 whether for-hire or not.

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

1 scope of this exemption. The exemption under this
2 paragraph (5) is exempt from the provisions of Section
3 3-75.

4 (5a) the repairing, reconditioning or remodeling, for
5 a common carrier by rail, of tangible personal property
6 which belongs to such carrier for hire, and as to which
7 such carrier receives the physical possession of the
8 repaired, reconditioned or remodeled item of tangible
9 personal property in Illinois, and which such carrier
10 transports, or shares with another common carrier in the
11 transportation of such property, out of Illinois on a
12 standard uniform bill of lading showing the person who
13 repaired, reconditioned or remodeled the property to a
14 destination outside Illinois, for use outside Illinois.

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

1 outside Illinois.

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

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

1 (i) has paid or will pay Use Tax on his or her cost price
2 of any tangible personal property transferred to the
3 primary serviceman and (ii) certifies that fact in writing
4 to the primary serviceman.

5 Tangible personal property transferred incident to the
6 completion of a maintenance agreement is exempt from the tax
7 imposed pursuant to this Act.

8 Exemption (5) also includes machinery and equipment used
9 in the general maintenance or repair of such exempt machinery
10 and equipment or for in-house manufacture of exempt machinery
11 and equipment. On and after July 1, 2017, exemption (5) also
12 includes graphic arts machinery and equipment, as defined in
13 paragraph (5) of Section 3-5. The machinery and equipment
14 exemption does not include machinery and equipment used in (i)
15 the generation of electricity for wholesale or retail sale;
16 (ii) the generation or treatment of natural or artificial gas
17 for 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. For the purposes of
23 exemption (5), each of these terms shall have the following
24 meanings: (1) "manufacturing process" shall mean the
25 production of any article of tangible personal property,
26 whether such article is a finished product or an article for

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

1 integrated manufacturing or assembly process; including
2 computers used primarily in a manufacturer's computer assisted
3 design, computer assisted manufacturing (CAD/CAM) system; or
4 any subunit or assembly comprising a component of any
5 machinery or auxiliary, adjunct or attachment parts of
6 machinery, such as tools, dies, jigs, fixtures, patterns and
7 molds; or any parts which require periodic replacement in the
8 course of normal operation; but shall not include hand tools.

9 Equipment includes chemicals or chemicals acting as catalysts
10 but only if the chemicals or chemicals acting as catalysts
11 effect a direct and immediate change upon a product being
12 manufactured or assembled for wholesale or retail sale or
13 lease. The purchaser of such machinery and equipment who has
14 an active resale registration number shall furnish such number
15 to the seller at the time of purchase. The purchaser of such
16 machinery and equipment and tools without an active resale
17 registration number shall prepare a certificate of exemption
18 stating facts establishing the exemption, which certificate
19 shall be available to the Department for inspection or audit.

20 The Department shall prescribe the form of the certificate.

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 (5) 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 (3) of this Section shall make tax-free
10 purchases unless it has an active exemption identification
11 number issued by the Department.

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

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

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

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

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

26 (1) having or maintaining within this State, directly

1 or by a subsidiary, an office, distribution house, sales
2 house, warehouse or other place of business, or any agent
3 or other representative operating within this State under
4 the authority of the serviceman or its subsidiary,
5 irrespective of whether such place of business or agent or
6 other representative is located here permanently or
7 temporarily, or whether such serviceman or subsidiary is
8 licensed to do business in this State;

9 (1.1) having a contract with a person located in this
10 State under which the person, for a commission or other
11 consideration based on the sale of service by the
12 serviceman, directly or indirectly refers potential
13 customers to the serviceman by providing to the potential
14 customers a promotional code or other mechanism that
15 allows the serviceman to track purchases referred by such
16 persons. Examples of mechanisms that allow the serviceman
17 to track purchases referred by such persons include but
18 are not limited to the use of a link on the person's
19 Internet website, promotional codes distributed through
20 the person's hand-delivered or mailed material, and
21 promotional codes distributed by the person through radio
22 or other broadcast media. The provisions of this paragraph
23 (1.1) shall apply only if the cumulative gross receipts
24 from sales of service by the serviceman to customers who
25 are referred to the serviceman by all persons in this
26 State under such contracts exceed \$10,000 during the

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

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

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

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

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

26 (2) soliciting orders for tangible personal property

1 by means of a telecommunication or television shopping
2 system (which utilizes toll free numbers) which is
3 intended by the retailer to be broadcast by cable
4 television or other means of broadcasting, to consumers
5 located in this State;

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

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

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

21 (6) having a franchisee or licensee operating under
22 its trade name if the franchisee or licensee is required
23 to collect the tax under this Section;

24 (7) pursuant to a contract with a cable television
25 operator located in this State, soliciting orders for
26 tangible personal property by means of advertising which

1 is transmitted or distributed over a cable television
2 system in this State;

3 (8) engaging in activities in Illinois, which
4 activities in the state in which the supply business
5 engaging in such activities is located would constitute
6 maintaining a place of business in that state; or

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

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

12 (B) the serviceman enters into 200 or more
13 separate transactions for sales of service to
14 purchasers in Illinois.

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

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

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

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

26 (Source: P.A. 100-22, eff. 7-6-17; 100-321, eff. 8-24-17;

1 100-587, eff. 6-4-18; 100-863, eff. 8-14-18; 101-9, Article
2 10, Section 10-15, eff. 6-5-19; 101-9, Article 25, Section
3 25-10, eff. 6-5-19; 101-604, eff. 12-13-19.)

4 (35 ILCS 110/3-5)

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

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

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

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

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

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

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

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

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

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

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

1 Farm machinery and equipment also includes computers,
2 sensors, software, and related equipment used primarily in the
3 computer-assisted operation of production agriculture
4 facilities, equipment, and activities such as, but not limited
5 to, the collection, monitoring, and correlation of animal and
6 crop data for the purpose of formulating animal diets and
7 agricultural chemicals. This item (7) is exempt from the
8 provisions of Section 3-75.

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

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

26 (9) Proceeds of mandatory service charges separately

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

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

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

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

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

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

12 (14) Horses, or interests in horses, registered with and
13 meeting the requirements of any of the Arabian Horse Club
14 Registry of America, Appaloosa Horse Club, American Quarter
15 Horse Association, United States Trotting Association, or
16 Jockey Club, as appropriate, used for purposes of breeding or
17 racing for prizes. This item (14) is exempt from the
18 provisions of Section 3-75, and the exemption provided for
19 under this item (14) applies for all periods beginning May 30,
20 1995, but no claim for credit or refund is allowed on or after
21 January 1, 2008 (the effective date of Public Act 95-88) for
22 such taxes paid during the period beginning May 30, 2000 and
23 ending on January 1, 2008 (the effective date of Public Act
24 95-88).

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

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

22 (16) Personal property purchased by a lessor who leases
23 the property, under a lease of one year or longer executed or
24 in effect at the time the lessor would otherwise be subject to
25 the tax imposed by this Act, to a governmental body that has
26 been issued an active tax exemption identification number by

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

16 (17) 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 (18) 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 (19) Beginning July 1, 1999, game or game birds purchased
14 at a "game breeding and hunting preserve area" as that term is
15 used in the Wildlife Code. This paragraph is exempt from the
16 provisions of Section 3-75.

17 (20) 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 (21) 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 3-75.

24 (22) 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 3-75.

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

21 (24) Beginning on August 2, 2001 (the effective date of
22 Public Act 92-227), computers and communications equipment
23 utilized for any hospital purpose and equipment used in the
24 diagnosis, analysis, or treatment of hospital patients
25 purchased by a lessor who leases the equipment, under a lease
26 of one year or longer executed or in effect at the time the

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

20 (25) Beginning on August 2, 2001 (the effective date of
21 Public Act 92-227), personal property purchased by a lessor
22 who leases the property, under a lease of one year or longer
23 executed or in effect at the time the lessor would otherwise be
24 subject to the tax imposed by this Act, to a governmental body
25 that has been issued an active tax exemption identification
26 number by the Department under Section 1g of the Retailers'

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

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

23 (27) Beginning January 1, 2010 and continuing through
24 December 31, 2024, materials, parts, equipment, components,
25 and furnishings incorporated into or upon an aircraft as part
26 of the modification, refurbishment, completion, replacement,

1 repair, or maintenance of the aircraft. This exemption
2 includes consumable supplies used in the modification,
3 refurbishment, completion, replacement, repair, and
4 maintenance of aircraft, but excludes any materials, parts,
5 equipment, components, and consumable supplies used in the
6 modification, replacement, repair, and maintenance of aircraft
7 engines or power plants, whether such engines or power plants
8 are installed or uninstalled upon any such aircraft.
9 "Consumable supplies" include, but are not limited to,
10 adhesive, tape, sandpaper, general purpose lubricants,
11 cleaning solution, latex gloves, and protective films. This
12 exemption applies only to the use of qualifying tangible
13 personal property transferred incident to the modification,
14 refurbishment, completion, replacement, repair, or maintenance
15 of aircraft by persons who (i) hold an Air Agency Certificate
16 and are empowered to operate an approved repair station by the
17 Federal Aviation Administration, (ii) have a Class IV Rating,
18 and (iii) conduct operations in accordance with Part 145 of
19 the Federal Aviation Regulations. The exemption does not
20 include aircraft operated by a commercial air carrier
21 providing scheduled passenger air service pursuant to
22 authority issued under Part 121 or Part 129 of the Federal
23 Aviation Regulations. The changes made to this paragraph (27)
24 by Public Act 98-534 are declarative of existing law. It is the
25 intent of the General Assembly that the exemption under this
26 paragraph (27) applies continuously from January 1, 2010

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

6 (28) Tangible personal property purchased by a
7 public-facilities corporation, as described in Section
8 11-65-10 of the Illinois Municipal Code, for purposes of
9 constructing or furnishing a municipal convention hall, but
10 only if the legal title to the municipal convention hall is
11 transferred to the municipality without any further
12 consideration by or on behalf of the municipality at the time
13 of the completion of the municipal convention hall or upon the
14 retirement or redemption of any bonds or other debt
15 instruments issued by the public-facilities corporation in
16 connection with the development of the municipal convention
17 hall. This exemption includes existing public-facilities
18 corporations as provided in Section 11-65-25 of the Illinois
19 Municipal Code. This paragraph is exempt from the provisions
20 of Section 3-75.

21 (29) Beginning January 1, 2017, menstrual pads, tampons,
22 and menstrual cups.

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

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

15 The Department of Commerce and Economic Opportunity shall
16 grant a certificate of exemption under this item (31) to
17 qualified data centers as defined by Section 605-1025 of the
18 Department of Commerce and Economic Opportunity Law of the
19 Civil Administrative Code of Illinois.

20 For the purposes of this item (31):

21 "Data center" means a building or a series of
22 buildings rehabilitated or constructed to house working
23 servers in one physical location or multiple sites within
24 the State of Illinois.

25 "Qualified tangible personal property" means:
26 electrical systems and equipment; climate control and

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

26 This item (31) is exempt from the provisions of Section

1 3-75.

2 (32) Until December 31, 2025, equipment and material
3 deployed on or after January 1, 2021 in a county in the State
4 with a population of fewer than 40,000 people or a township in
5 the State with a population density of less than 50 households
6 per square mile in a county with a population of less than
7 300,000 people that is incorporated into or used in the
8 business of providing broadband services, including all
9 equipment and material, machinery, software, or other tangible
10 personal property that is used in whole or in part in
11 producing, broadcasting, distributing, sending, receiving,
12 storing, transmitting, retransmitting, amplifying, switching,
13 or routing broadband services, including the monitoring,
14 testing, maintaining, enabling, or facilitating of such
15 equipment, machinery, software, or other infrastructure. Such
16 property includes, but is not limited to, wires, cables
17 including fiber optic cables, antennas, poles, switches,
18 routers, amplifiers, rectifiers, repeaters, receivers,
19 multiplexers, duplexers, transmitters, power equipment, backup
20 power equipment, diagnostic equipment, storage devices,
21 modems, and other general central office equipment, such as
22 channel cards, frames, and cabinets.

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

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

3 (35 ILCS 115/2) (from Ch. 120, par. 439.102)

4 Sec. 2. 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 25 megabits per second of download
8 speed and 3 megabits per second of upload speed.

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

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

25 "Department" means the Department of Revenue.

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

6 "Sale of Service" means any transaction except:

7 (a) A retail sale of tangible personal property taxable
8 under the Retailers' Occupation Tax Act or under the Use Tax
9 Act.

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

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

26 (d) (Blank).

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

10 (d-1.1) On and after July 1, 2003 and through June 30,
11 2004, a sale or transfer of a motor vehicle of the second
12 division with a gross vehicle weight in excess of 8,000 pounds
13 as an incident to the rendering of service if that motor
14 vehicle is subject to the commercial distribution fee imposed
15 under Section 3-815.1 of the Illinois Vehicle Code. Beginning
16 on July 1, 2004 and through June 30, 2005, the use in this
17 State of motor vehicles of the second division: (i) with a
18 gross vehicle weight rating in excess of 8,000 pounds; (ii)
19 that are subject to the commercial distribution fee imposed
20 under Section 3-815.1 of the Illinois Vehicle Code; and (iii)
21 that are primarily used for commercial purposes. Through June
22 30, 2005, this exemption applies to repair and replacement
23 parts added after the initial purchase of such a motor vehicle
24 if that motor vehicle is used in a manner that would qualify
25 for the rolling stock exemption otherwise provided for in this
26 Act. For purposes of this paragraph, "used for commercial

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

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

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

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

8 (e) A sale or transfer of machinery and equipment used
9 primarily in the process of the manufacturing or assembling,
10 either in an existing, an expanded or a new manufacturing
11 facility, of tangible personal property for wholesale or
12 retail sale or lease, whether such sale or lease is made
13 directly by the manufacturer or by some other person, whether
14 the materials used in the process are owned by the
15 manufacturer or some other person, or whether such sale or
16 lease is made apart from or as an incident to the seller's
17 engaging in a service occupation and the applicable tax is a
18 Service Occupation Tax or Service Use Tax, rather than
19 Retailers' Occupation Tax or Use Tax. The exemption provided
20 by this paragraph (e) includes production related tangible
21 personal property, as defined in Section 3-50 of the Use Tax
22 Act, purchased on or after July 1, 2019. The exemption
23 provided by this paragraph (e) does not include machinery and
24 equipment used in (i) the generation of electricity for
25 wholesale or retail sale; (ii) the generation or treatment of
26 natural or artificial gas for wholesale or retail sale that is

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

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

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

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

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

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

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

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

25 Except as provided in Section 2d of this Act, the rolling
26 stock exemption applies to rolling stock used by an interstate

1 carrier for hire, even just between points in Illinois, if
2 such rolling stock transports, for hire, persons whose
3 journeys or property whose shipments originate or terminate
4 outside Illinois.

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

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

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

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

26 "Supplier" means any person who makes sales of tangible

1 personal property to servicemen for the purpose of resale as
2 an incident to a sale of service.

3 (Source: P.A. 100-22, eff. 7-6-17; 100-321, eff. 8-24-17;
4 100-863, eff. 8-14-18; 101-9, eff. 6-5-19; 101-604, eff.
5 12-13-19.)

6 (35 ILCS 115/3-5)

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

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

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

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

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

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

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

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

1 located in Illinois.

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

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

1 software, global positioning and mapping systems, and other
2 such equipment.

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

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

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

1 that aircraft.

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

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

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

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

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

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

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

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

1 Registry of America, Appaloosa Horse Club, American Quarter
2 Horse Association, United States Trotting Association, or
3 Jockey Club, as appropriate, used for purposes of breeding or
4 racing for prizes. This item (15) is exempt from the
5 provisions of Section 3-55, and the exemption provided for
6 under this item (15) applies for all periods beginning May 30,
7 1995, but no claim for credit or refund is allowed on or after
8 January 1, 2008 (the effective date of Public Act 95-88) for
9 such taxes paid during the period beginning May 30, 2000 and
10 ending on January 1, 2008 (the effective date of Public Act
11 95-88).

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

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

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

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

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

1 (21) A motor vehicle, as that term is defined in Section
2 1-146 of the Illinois Vehicle Code, that is donated to a
3 corporation, limited liability company, society, association,
4 foundation, or institution that is determined by the
5 Department to be organized and operated exclusively for
6 educational purposes. For purposes of this exemption, "a
7 corporation, limited liability company, society, association,
8 foundation, or institution organized and operated exclusively
9 for educational purposes" means all tax-supported public
10 schools, private schools that offer systematic instruction in
11 useful branches of learning by methods common to public
12 schools and that compare favorably in their scope and
13 intensity with the course of study presented in tax-supported
14 schools, and vocational or technical schools or institutes
15 organized and operated exclusively to provide a course of
16 study of not less than 6 weeks duration and designed to prepare
17 individuals to follow a trade or to pursue a manual,
18 technical, mechanical, industrial, business, or commercial
19 occupation.

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

1 does not apply to fundraising events (i) for the benefit of
2 private home instruction or (ii) for which the fundraising
3 entity purchases the personal property sold at the events from
4 another individual or entity that sold the property for the
5 purpose of resale by the fundraising entity and that profits
6 from the sale to the fundraising entity. This paragraph is
7 exempt from the provisions of Section 3-55.

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

18 (24) Beginning on August 2, 2001 (the effective date of
19 Public Act 92-227), computers and communications equipment
20 utilized for any hospital purpose and equipment used in the
21 diagnosis, analysis, or treatment of hospital patients sold to
22 a lessor who leases the equipment, under a lease of one year or
23 longer executed or in effect at the time of the purchase, to a
24 hospital that has been issued an active tax exemption
25 identification number by the Department under Section 1g of
26 the Retailers' Occupation Tax Act. This paragraph is exempt

1 from the provisions of Section 3-55.

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

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

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

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

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

1 Municipal Code. This paragraph is exempt from the provisions
2 of Section 3-55.

3 (29) Beginning January 1, 2010 and continuing through
4 December 31, 2024, materials, parts, equipment, components,
5 and furnishings incorporated into or upon an aircraft as part
6 of the modification, refurbishment, completion, replacement,
7 repair, or maintenance of the aircraft. This exemption
8 includes consumable supplies used in the modification,
9 refurbishment, completion, replacement, repair, and
10 maintenance of aircraft, but excludes any materials, parts,
11 equipment, components, and consumable supplies used in the
12 modification, replacement, repair, and maintenance of aircraft
13 engines or power plants, whether such engines or power plants
14 are installed or uninstalled upon any such aircraft.
15 "Consumable supplies" include, but are not limited to,
16 adhesive, tape, sandpaper, general purpose lubricants,
17 cleaning solution, latex gloves, and protective films. This
18 exemption applies only to the transfer of qualifying tangible
19 personal property incident to the modification, refurbishment,
20 completion, replacement, repair, or maintenance of an aircraft
21 by persons who (i) hold an Air Agency Certificate and are
22 empowered to operate an approved repair station by the Federal
23 Aviation Administration, (ii) have a Class IV Rating, and
24 (iii) conduct operations in accordance with Part 145 of the
25 Federal Aviation Regulations. The exemption does not include
26 aircraft operated by a commercial air carrier providing

1 scheduled passenger air service pursuant to authority issued
2 under Part 121 or Part 129 of the Federal Aviation
3 Regulations. The changes made to this paragraph (29) by Public
4 Act 98-534 are declarative of existing law. It is the intent of
5 the General Assembly that the exemption under this paragraph
6 (29) applies continuously from January 1, 2010 through
7 December 31, 2024; however, no claim for credit or refund is
8 allowed for taxes paid as a result of the disallowance of this
9 exemption on or after January 1, 2015 and prior to the
10 effective date of this amendatory Act of the 101st General
11 Assembly.

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

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

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

1 subsequent purchases of computer equipment or enabling
2 software purchased or leased to upgrade, supplement, or
3 replace computer equipment or enabling software purchased or
4 leased in the original investment that would have qualified.

5 The Department of Commerce and Economic Opportunity shall
6 grant a certificate of exemption under this item (32) to
7 qualified data centers as defined by Section 605-1025 of the
8 Department of Commerce and Economic Opportunity Law of the
9 Civil Administrative Code of Illinois.

10 For the purposes of this item (32):

11 "Data center" means a building or a series of
12 buildings rehabilitated or constructed to house working
13 servers in one physical location or multiple sites within
14 the State of Illinois.

15 "Qualified tangible personal property" means:
16 electrical systems and equipment; climate control and
17 chilling equipment and systems; mechanical systems and
18 equipment; monitoring and secure systems; emergency
19 generators; hardware; computers; servers; data storage
20 devices; network connectivity equipment; racks; cabinets;
21 telecommunications cabling infrastructure; raised floor
22 systems; peripheral components or systems; software;
23 mechanical, electrical, or plumbing systems; battery
24 systems; cooling systems and towers; temperature control
25 systems; other cabling; and other data center
26 infrastructure equipment and systems necessary to operate

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

16 This item (32) is exempt from the provisions of Section
17 3-55.

18 (33) Until December 31, 2025, equipment and material
19 deployed on or after January 1, 2021 in a county in the State
20 with a population of fewer than 40,000 people or a township in
21 the State with a population density of less than 50 households
22 per square mile in a county with a population of less than
23 300,000 people that is incorporated into or used in the
24 business of providing broadband services, including all
25 equipment and material, machinery, software, or other tangible
26 personal property that is used in whole or in part in

1 producing, broadcasting, distributing, sending, receiving,
2 storing, transmitting, retransmitting, amplifying, switching,
3 or routing broadband services, including the monitoring,
4 testing, maintaining, enabling, or facilitating of such
5 equipment, machinery, software, or other infrastructure. Such
6 property includes, but is not limited to, wires, cables
7 including fiber optic cables, antennas, poles, switches,
8 routers, amplifiers, rectifiers, repeaters, receivers,
9 multiplexers, duplexers, transmitters, power equipment, backup
10 power equipment, diagnostic equipment, storage devices,
11 modems, and other general central office equipment, such as
12 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 25. The Retailers' Occupation Tax Act is amended
17 by changing Sections 1 and 2-5 as follows:

18 (35 ILCS 120/1) (from Ch. 120, par. 440)

19 Sec. 1. Definitions. As used 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 25 megabits per second of download
23 speed and 3 megabits per second of upload speed.

24 "Sale at retail" means any transfer of the ownership of or

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

16 "Sale at retail" shall be construed to include any
17 transfer of the ownership of or title to tangible personal
18 property to a purchaser, for use or consumption by any other
19 person to whom such purchaser may transfer the tangible
20 personal property without a valuable consideration, and to
21 include any transfer, whether made for or without a valuable
22 consideration, for resale in any form as tangible personal
23 property unless made in compliance with Section 2c of this
24 Act.

25 Sales of tangible personal property, which property, to
26 the extent not first subjected to a use for which it was

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

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

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

1 ordinary course of business.

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

6 A person whose activities are organized and conducted
7 primarily as a not-for-profit service enterprise, and who
8 engages in selling tangible personal property at retail
9 (whether to the public or merely to members and their guests)
10 is engaged in the business of selling tangible personal
11 property at retail with respect to such transactions,
12 excepting only a person organized and operated exclusively for
13 charitable, religious or educational purposes either (1), to
14 the extent of sales by such person to its members, students,
15 patients or inmates of tangible personal property to be used
16 primarily for the purposes of such person, or (2), to the
17 extent of sales by such person of tangible personal property
18 which is not sold or offered for sale by persons organized for
19 profit. The selling of school books and school supplies by
20 schools at retail to students is not "primarily for the
21 purposes of" the school which does such selling. The
22 provisions of this paragraph shall not apply to nor subject to
23 taxation occasional dinners, socials or similar activities of
24 a person organized and operated exclusively for charitable,
25 religious or educational purposes, whether or not such
26 activities are open to the public.

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

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

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

18 "Selling price" or the "amount of sale" means the
19 consideration for a sale valued in money whether received in
20 money or otherwise, including cash, credits, property, other
21 than as hereinafter provided, and services, but, prior to
22 January 1, 2020, not including the value of or credit given for
23 traded-in tangible personal property where the item that is
24 traded-in is of like kind and character as that which is being
25 sold; beginning January 1, 2020, "selling price" includes the
26 portion of the value of or credit given for traded-in motor

1 vehicles of the First Division as defined in Section 1-146 of
2 the Illinois Vehicle Code of like kind and character as that
3 which is being sold that exceeds \$10,000. "Selling price"
4 shall be determined without any deduction on account of the
5 cost of the property sold, the cost of materials used, labor or
6 service cost or any other expense whatsoever, but does not
7 include charges that are added to prices by sellers on account
8 of the seller's tax liability under this Act, or on account of
9 the seller's duty to collect, from the purchaser, the tax that
10 is imposed by the Use Tax Act, or, except as otherwise provided
11 with respect to any cigarette tax imposed by a home rule unit,
12 on account of the seller's tax liability under any local
13 occupation tax administered by the Department, or, except as
14 otherwise provided with respect to any cigarette tax imposed
15 by a home rule unit on account of the seller's duty to collect,
16 from the purchasers, the tax that is imposed under any local
17 use tax administered by the Department. Effective December 1,
18 1985, "selling price" shall include charges that are added to
19 prices by sellers on account of the seller's tax liability
20 under the Cigarette Tax Act, on account of the sellers' duty to
21 collect, from the purchaser, the tax imposed under the
22 Cigarette Use Tax Act, and on account of the seller's duty to
23 collect, from the purchaser, any cigarette tax imposed by a
24 home rule unit.

25 Notwithstanding any law to the contrary, for any motor
26 vehicle, as defined in Section 1-146 of the Vehicle Code, that

1 is sold on or after January 1, 2015 for the purpose of leasing
2 the vehicle for a defined period that is longer than one year
3 and (1) is a motor vehicle of the second division that: (A) is
4 a self-contained motor vehicle designed or permanently
5 converted to provide living quarters for recreational,
6 camping, or travel use, with direct walk through access to the
7 living quarters from the driver's seat; (B) is of the van
8 configuration designed for the transportation of not less than
9 7 nor more than 16 passengers; or (C) has a gross vehicle
10 weight rating of 8,000 pounds or less or (2) is a motor vehicle
11 of the first division, "selling price" or "amount of sale"
12 means the consideration received by the lessor pursuant to the
13 lease contract, including amounts due at lease signing and all
14 monthly or other regular payments charged over the term of the
15 lease. Also included in the selling price is any amount
16 received by the lessor from the lessee for the leased vehicle
17 that is not calculated at the time the lease is executed,
18 including, but not limited to, excess mileage charges and
19 charges for excess wear and tear. For sales that occur in
20 Illinois, with respect to any amount received by the lessor
21 from the lessee for the leased vehicle that is not calculated
22 at the time the lease is executed, the lessor who purchased the
23 motor vehicle does not incur the tax imposed by the Use Tax Act
24 on those amounts, and the retailer who makes the retail sale of
25 the motor vehicle to the lessor is not required to collect the
26 tax imposed by the Use Tax Act or to pay the tax imposed by

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

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

26 The phrase "like kind and character" shall be liberally

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

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

17 "Department" means the Department of Revenue.

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

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

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

1 installation, and maintenance of voice, data, video, security,
2 and all telecommunication systems do not constitute engaging
3 in a business of selling tangible personal property at retail
4 within the meaning of this Act if they are sold at one
5 specified contract price.

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

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

24 "Bulk vending machine" means a vending machine, containing
25 unsorted confections, nuts, toys, or other items designed
26 primarily to be used or played with by children which, when a

1 coin or coins of a denomination not larger than \$0.50 are
2 inserted, are dispensed in equal portions, at random and
3 without selection by the customer.

4 "Remote retailer" means a retailer that does not maintain
5 within this State, directly or by a subsidiary, an office,
6 distribution house, sales house, warehouse or other place of
7 business, or any agent or other representative operating
8 within this State under the authority of the retailer or its
9 subsidiary, irrespective of whether such place of business or
10 agent is located here permanently or temporarily or whether
11 such retailer or subsidiary is licensed to do business in this
12 State.

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

16 "Marketplace facilitator" means a person who, pursuant to
17 an agreement with an unrelated third-party marketplace seller,
18 directly or indirectly through one or more affiliates
19 facilitates a retail sale by an unrelated third party
20 marketplace seller by:

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

24 (2) either directly or indirectly, through agreements
25 or arrangements with third parties, collecting payment
26 from the customer and transmitting that payment to the

1 marketplace seller regardless of whether the marketplace
2 facilitator receives compensation or other consideration
3 in exchange for its services.

4 A person who provides advertising services, including
5 listing products for sale, is not considered a marketplace
6 facilitator, so long as the advertising service platform or
7 forum does not engage, directly or indirectly through one or
8 more affiliated persons, in the activities described in
9 paragraph (2) of this definition of "marketplace facilitator".

10 "Marketplace seller" means a person that makes sales
11 through a marketplace operated by an unrelated third party
12 marketplace facilitator.

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

14 (35 ILCS 120/2-5)

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

18 (1) Farm chemicals.

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

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

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

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

1 limited to, the collection, monitoring, and correlation of
2 animal and crop data for the purpose of formulating animal
3 diets and agricultural chemicals. This item (2) is exempt
4 from the provisions of Section 2-70.

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

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

25 (5) A motor vehicle that is used for automobile
26 renting, as defined in the Automobile Renting Occupation

1 and Use Tax Act. This paragraph is exempt from the
2 provisions of Section 2-70.

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

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

9 (8) Personal property sold to an Illinois county fair
10 association for use in conducting, operating, or promoting
11 the county fair.

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

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

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

23 (12) (Blank).

24 (12-5) On and after July 1, 2003 and through June 30,
25 2004, motor vehicles of the second division with a gross
26 vehicle weight in excess of 8,000 pounds that are subject

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

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

26 (14) Machinery and equipment that will be used by the

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

26 (15) Proceeds of mandatory service charges separately

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

8 (16) Tangible personal property sold to a purchaser if
9 the purchaser is exempt from use tax by operation of
10 federal law. This paragraph is exempt from the provisions
11 of Section 2-70.

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

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

24 (19) Until July 1, 2003, oil field exploration,
25 drilling, and production equipment, including (i) rigs and
26 parts of rigs, rotary rigs, cable tool rigs, and workover

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

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

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

26 (22) Until June 30, 2013, fuel and petroleum products

1 sold to or used by an air carrier, certified by the carrier
2 to be used for consumption, shipment, or storage in the
3 conduct of its business as an air common carrier, for a
4 flight destined for or returning from a location or
5 locations outside the United States without regard to
6 previous or subsequent domestic stopovers.

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

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

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

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

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

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

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

22 (1) the aircraft leaves this State within 15 days
23 after the later of either the issuance of the final
24 billing for the sale of the aircraft, or the
25 authorized approval for return to service, completion
26 of the maintenance record entry, and completion of the

1 test flight and ground test for inspection, as
2 required by 14 C.F.R. 91.407;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 technical, mechanical, industrial, business, or commercial
2 occupation.

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

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

1 amusement and vending machines. This paragraph is exempt
2 from the provisions of Section 2-70.

3 (35-5) Beginning August 23, 2001 and through June 30,
4 2016, food for human consumption that is to be consumed
5 off the premises where it is sold (other than alcoholic
6 beverages, soft drinks, and food that has been prepared
7 for immediate consumption) and prescription and
8 nonprescription medicines, drugs, medical appliances, and
9 insulin, urine testing materials, syringes, and needles
10 used by diabetics, for human use, when purchased for use
11 by a person receiving medical assistance under Article V
12 of the Illinois Public Aid Code who resides in a licensed
13 long-term care facility, as defined in the Nursing Home
14 Care Act, or a licensed facility as defined in the ID/DD
15 Community Care Act, the MC/DD Act, or the Specialized
16 Mental Health Rehabilitation Act of 2013.

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

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

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

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

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

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

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

24 (41) Tangible personal property sold to a
25 public-facilities corporation, as described in Section
26 11-65-10 of the Illinois Municipal Code, for purposes of

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

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

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

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

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

12 The Department of Commerce and Economic Opportunity
13 shall grant a certificate of exemption under this item
14 (44) to qualified data centers as defined by Section
15 605-1025 of the Department of Commerce and Economic
16 Opportunity Law of the Civil Administrative Code of
17 Illinois.

18 For the purposes of this item (44):

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

23 "Qualified tangible personal property" means:
24 electrical systems and equipment; climate control and
25 chilling equipment and systems; mechanical systems and
26 equipment; monitoring and secure systems; emergency

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

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

1 (45) Until December 31, 2025, equipment and material
2 deployed on or after January 1, 2021 in a county in the State
3 with a population of fewer than 40,000 people or a township in
4 the State with a population density of less than 50 households
5 per square mile in a county with a population of less than
6 300,000 people that is incorporated into or used in the
7 business of providing broadband services, including all
8 equipment and material, machinery, software, or other tangible
9 personal property that is used in whole or in part in
10 producing, broadcasting, distributing, sending, receiving,
11 storing, transmitting, retransmitting, amplifying, switching,
12 or routing broadband services, including the monitoring,
13 testing, maintaining, enabling, or facilitating of such
14 equipment, machinery, software, or other infrastructure. Such
15 property includes, but is not limited to, wires, cables
16 including fiber optic cables, antennas, poles, switches,
17 routers, amplifiers, rectifiers, repeaters, receivers,
18 multiplexers, duplexers, transmitters, power equipment, backup
19 power equipment, diagnostic equipment, storage devices,
20 modems, and other general central office equipment, such as
21 channel cards, frames, and cabinets.

22 (Source: P.A. 100-22, eff. 7-6-17; 100-321, eff. 8-24-17;
23 100-437, eff. 1-1-18; 100-594, eff. 6-29-18; 100-863, eff.
24 8-14-18; 100-1171, eff. 1-4-19; 101-31, eff. 6-28-19; 101-81,
25 eff. 7-12-19; 101-629, eff. 2-5-20.)

1 Section 95. No acceleration or delay. Where this Act makes
2 changes in a statute that is represented in this Act by text
3 that is not yet or no longer in effect (for example, a Section
4 represented by multiple versions), the use of that text does
5 not accelerate or delay the taking effect of (i) the changes
6 made by this Act or (ii) provisions derived from any other
7 Public Act.

8 Section 99. Effective date. This Act takes effect upon
9 becoming law.