



102ND GENERAL ASSEMBLY

State of Illinois

2021 and 2022

SB2422

Introduced 2/26/2021, by Sen. Napoleon Harris, III

SYNOPSIS AS INTRODUCED:

New Act

35 ILCS 5/201

35 ILCS 105/3-5

35 ILCS 110/3-5

35 ILCS 115/3-5

35 ILCS 120/2-5

35 ILCS 120/5m new

35 ILCS 200/184.10 new

220 ILCS 5/9-222

from Ch. 111 2/3, par. 9-222

220 ILCS 5/9-222.1B new

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

LRB102 11515 HLH 16849 b

FISCAL NOTE ACT
MAY APPLY

HOUSING
AFFORDABILITY
IMPACT NOTE ACT
MAY APPLY

1 AN ACT concerning revenue.

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

4 Section 1. Short title. This Act may be cited as the Big
5 Empties Site Act.

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

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

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

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

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

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

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

20 (35 ILCS 5/201)

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

23 Sec. 201. Tax imposed.

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

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

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

15 (2) In the case of an individual, trust or estate, for
16 taxable years beginning prior to July 1, 1989 and ending
17 after June 30, 1989, an amount equal to the sum of (i) 2
18 1/2% of the taxpayer's net income for the period prior to
19 July 1, 1989, as calculated under Section 202.3, and (ii)
20 3% of the taxpayer's net income for the period after June
21 30, 1989, as calculated under Section 202.3.

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

26 (4) In the case of an individual, trust, or estate,

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

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

11 (5.1) In the case of an individual, trust, or estate,
12 for taxable years beginning prior to January 1, 2015, and
13 ending after December 31, 2014, an amount equal to the sum
14 of (i) 5% of the taxpayer's net income for the period prior
15 to January 1, 2015, as calculated under Section 202.5, and
16 (ii) 3.75% of the taxpayer's net income for the period
17 after December 31, 2014, as calculated under Section
18 202.5.

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

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

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

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

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

11 (7) In the case of a corporation, for taxable years
12 beginning prior to July 1, 1989 and ending after June 30,
13 1989, an amount equal to the sum of (i) 4% of the
14 taxpayer's net income for the period prior to July 1,
15 1989, as calculated under Section 202.3, and (ii) 4.8% of
16 the taxpayer's net income for the period after June 30,
17 1989, as calculated under Section 202.3.

18 (8) In the case of a corporation, for taxable years
19 beginning after June 30, 1989, and ending prior to January
20 1, 2011, an amount equal to 4.8% of the taxpayer's net
21 income for the taxable year.

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

1 (ii) 7% of the taxpayer's net income for the period after
2 December 31, 2010, as calculated under Section 202.5.

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

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

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

18 (13) In the case of a corporation, for taxable years
19 beginning prior to July 1, 2017, and ending after June 30,
20 2017, an amount equal to the sum of (i) 5.25% of the
21 taxpayer's net income for the period prior to July 1,
22 2017, as calculated under Section 202.5, and (ii) 7% of
23 the taxpayer's net income for the period after June 30,
24 2017, as calculated under Section 202.5.

25 (14) In the case of a corporation, for taxable years
26 beginning on or after July 1, 2017, an amount equal to 7%

1 of the taxpayer's net income for the taxable year.

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

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

16 (1) the organization gaming license, organization
17 license, or racetrack property is transferred as a result
18 of any of the following:

19 (A) bankruptcy, a receivership, or a debt
20 adjustment initiated by or against the initial
21 licensee or the substantial owners of the initial
22 licensee;

23 (B) cancellation, revocation, or termination of
24 any such license by the Illinois Gaming Board or the
25 Illinois Racing Board;

26 (C) a determination by the Illinois Gaming Board

1 that transfer of the license is in the best interests
2 of Illinois gaming;

3 (D) the death of an owner of the equity interest in
4 a licensee;

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

8 (F) a transfer by a parent company to a wholly
9 owned subsidiary; or

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

13 (2) the controlling interest in the organization
14 gaming license, organization license, or racetrack
15 property is transferred in a transaction to lineal
16 descendants in which no gain or loss is recognized or as a
17 result of a transaction in accordance with Section 351 of
18 the Internal Revenue Code in which no gain or loss is
19 recognized; or

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

24 The transfer of an organization gaming license,
25 organization license, or racetrack property by a person other
26 than the initial licensee to receive the organization gaming

1 license is not subject to a surcharge. The Department shall
2 adopt rules necessary to implement and administer this
3 subsection.

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

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

1 additional amount equal to 1.5% of such taxpayer's net income
2 for the taxable year.

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

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

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

7 (B) the privilege tax imposed by Section 409 of
8 the Illinois Insurance Code, the fire insurance
9 company tax imposed by Section 12 of the Fire
10 Investigation Act, and the fire department taxes
11 imposed under Section 11-10-1 of the Illinois
12 Municipal Code,

13 equals 1.25% for taxable years ending prior to December
14 31, 2003, or 1.75% for taxable years ending on or after
15 December 31, 2003, of the net taxable premiums written for
16 the taxable year, as described by subsection (1) of
17 Section 409 of the Illinois Insurance Code. This paragraph
18 will in no event increase the rates imposed under
19 subsections (b) and (d).

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

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

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

6 (1) A taxpayer shall be allowed a credit equal to .5%
7 of the basis of qualified property placed in service
8 during the taxable year, provided such property is placed
9 in service on or after July 1, 1984. There shall be allowed
10 an additional credit equal to .5% of the basis of
11 qualified property placed in service during the taxable
12 year, provided such property is placed in service on or
13 after July 1, 1986, and the taxpayer's base employment
14 within Illinois has increased by 1% or more over the
15 preceding year as determined by the taxpayer's employment
16 records filed with the Illinois Department of Employment
17 Security. Taxpayers who are new to Illinois shall be
18 deemed to have met the 1% growth in base employment for the
19 first year in which they file employment records with the
20 Illinois Department of Employment Security. The provisions
21 added to this Section by Public Act 85-1200 (and restored
22 by Public Act 87-895) shall be construed as declaratory of
23 existing law and not as a new enactment. If, in any year,
24 the increase in base employment within Illinois over the
25 preceding year is less than 1%, the additional credit
26 shall be limited to that percentage times a fraction, the

1 numerator of which is .5% and the denominator of which is
2 1%, but shall not exceed .5%. The investment credit shall
3 not be allowed to the extent that it would reduce a
4 taxpayer's liability in any tax year below zero, nor may
5 any credit for qualified property be allowed for any year
6 other than the year in which the property was placed in
7 service in Illinois. For tax years ending on or after
8 December 31, 1987, and on or before December 31, 1988, the
9 credit shall be allowed for the tax year in which the
10 property is placed in service, or, if the amount of the
11 credit exceeds the tax liability for that year, whether it
12 exceeds the original liability or the liability as later
13 amended, such excess may be carried forward and applied to
14 the tax liability of the 5 taxable years following the
15 excess credit years if the taxpayer (i) makes investments
16 which cause the creation of a minimum of 2,000 full-time
17 equivalent jobs in Illinois, (ii) is located in an
18 enterprise zone established pursuant to the Illinois
19 Enterprise Zone Act and (iii) is certified by the
20 Department of Commerce and Community Affairs (now
21 Department of Commerce and Economic Opportunity) as
22 complying with the requirements specified in clause (i)
23 and (ii) by July 1, 1986. The Department of Commerce and
24 Community Affairs (now Department of Commerce and Economic
25 Opportunity) shall notify the Department of Revenue of all
26 such certifications immediately. For tax years ending

1 after December 31, 1988, the credit shall be allowed for
2 the tax year in which the property is placed in service,
3 or, if the amount of the credit exceeds the tax liability
4 for that year, whether it exceeds the original liability
5 or the liability as later amended, such excess may be
6 carried forward and applied to the tax liability of the 5
7 taxable years following the excess credit years. The
8 credit shall be applied to the earliest year for which
9 there is a liability. If there is credit from more than one
10 tax year that is available to offset a liability, earlier
11 credit shall be applied first.

12 (2) The term "qualified property" means property
13 which:

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

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

26 (C) is acquired by purchase as defined in Section

1 179(d) of the Internal Revenue Code;

2 (D) is used in Illinois by a taxpayer who is
3 primarily engaged in manufacturing, or in mining coal
4 or fluorite, or in retailing, or was placed in service
5 on or after July 1, 2006 in a River Edge Redevelopment
6 Zone established pursuant to the River Edge
7 Redevelopment Zone Act; and

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

12 (3) For purposes of this subsection (e),
13 "manufacturing" means the material staging and production
14 of tangible personal property by procedures commonly
15 regarded as manufacturing, processing, fabrication, or
16 assembling which changes some existing material into new
17 shapes, new qualities, or new combinations. For purposes
18 of this subsection (e) the term "mining" shall have the
19 same meaning as the term "mining" in Section 613(c) of the
20 Internal Revenue Code. For purposes of this subsection
21 (e), the term "retailing" means the sale of tangible
22 personal property for use or consumption and not for
23 resale, or services rendered in conjunction with the sale
24 of tangible personal property for use or consumption and
25 not for resale. For purposes of this subsection (e),
26 "tangible personal property" has the same meaning as when

1 that term is used in the Retailers' Occupation Tax Act,
2 and, for taxable years ending after December 31, 2008,
3 does not include the generation, transmission, or
4 distribution of electricity.

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

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

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

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

1 allowed. For the purposes of this paragraph (7), a
2 reduction of the basis of qualified property resulting
3 from a redetermination of the purchase price shall be
4 deemed a disposition of qualified property to the extent
5 of such reduction.

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

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

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

15 (f) Investment credit; Enterprise Zone; River Edge
16 Redevelopment Zone.

17 (1) A taxpayer shall be allowed a credit against the
18 tax imposed by subsections (a) and (b) of this Section for
19 investment in qualified property which is placed in
20 service in an Enterprise Zone created pursuant to the
21 Illinois Enterprise Zone Act or, for property placed in
22 service on or after July 1, 2006, a River Edge
23 Redevelopment Zone established pursuant to the River Edge
24 Redevelopment Zone Act. For partners, shareholders of
25 Subchapter S corporations, and owners of limited liability
26 companies, if the liability company is treated as a

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

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

26 (A) is tangible, whether new or used, including

1 buildings and structural components of buildings;

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

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

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

11 (E) has not been previously used in Illinois in
12 such a manner and by such a person as would qualify for
13 the credit provided by this subsection (f) or
14 subsection (e).

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

18 (4) If the basis of the property for federal income
19 tax depreciation purposes is increased after it has been
20 placed in service in the Enterprise Zone or River Edge
21 Redevelopment Zone by the taxpayer, the amount of such
22 increase shall be deemed property placed in service on the
23 date of such increase in basis.

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

26 (6) If during any taxable year, any property ceases to

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

18 (7) There shall be allowed an additional credit equal
19 to 0.5% of the basis of qualified property placed in
20 service during the taxable year in a River Edge
21 Redevelopment Zone, provided such property is placed in
22 service on or after July 1, 2006, and the taxpayer's base
23 employment within Illinois has increased by 1% or more
24 over the preceding year as determined by the taxpayer's
25 employment records filed with the Illinois Department of
26 Employment Security. Taxpayers who are new to Illinois

1 shall be deemed to have met the 1% growth in base
2 employment for the first year in which they file
3 employment records with the Illinois Department of
4 Employment Security. If, in any year, the increase in base
5 employment within Illinois over the preceding year is less
6 than 1%, the additional credit shall be limited to that
7 percentage times a fraction, the numerator of which is
8 0.5% and the denominator of which is 1%, but shall not
9 exceed 0.5%.

10 (8) For taxable years beginning on or after January 1,
11 2021, there shall be allowed an Enterprise Zone
12 construction jobs credit against the taxes imposed under
13 subsections (a) and (b) of this Section as provided in
14 Section 13 of the Illinois Enterprise Zone Act.

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

26 For partners, shareholders of Subchapter S

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

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

12 This paragraph (8) is exempt from the provisions of
13 Section 250.

14 (g) (Blank).

15 (h) Investment credit; High Impact Business.

16 (1) Subject to subsections (b) and (b-5) of Section
17 5.5 of the Illinois Enterprise Zone Act, a taxpayer shall
18 be allowed a credit against the tax imposed by subsections
19 (a) and (b) of this Section for investment in qualified
20 property which is placed in service by a Department of
21 Commerce and Economic Opportunity designated High Impact
22 Business. The credit shall be .5% of the basis for such
23 property. The credit shall not be available (i) until the
24 minimum investments in qualified property set forth in
25 subdivision (a)(3)(A) of Section 5.5 of the Illinois
26 Enterprise Zone Act have been satisfied or (ii) until the

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

1 from more than one tax year that is available to offset a
2 liability, the credit accruing first in time shall be
3 applied first.

4 Changes made in this subdivision (h) (1) by Public Act
5 88-670 restore changes made by Public Act 85-1182 and
6 reflect existing law.

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 (h);

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

17 (D) is not eligible for the Enterprise Zone
18 Investment Credit provided by subsection (f) of this
19 Section.

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

23 (4) If the basis of the property for federal income
24 tax depreciation purposes is increased after it has been
25 placed in service in a federally designated Foreign Trade
26 Zone or Sub-Zone located in Illinois by the taxpayer, the

1 amount of such increase shall be deemed property placed in
2 service on the date of such increase in basis.

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

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

23 (7) Beginning with tax years ending after December 31,
24 1996, if a taxpayer qualifies for the credit under this
25 subsection (h) and thereby is granted a tax abatement and
26 the taxpayer relocates its entire facility in violation of

1 the explicit terms and length of the contract under
2 Section 18-183 of the Property Tax Code, the tax imposed
3 under subsections (a) and (b) of this Section shall be
4 increased for the taxable year in which the taxpayer
5 relocated its facility by an amount equal to the amount of
6 credit received by the taxpayer under this subsection (h).

7 (h-1) Investment credit; Big Empties Site. For taxable
8 years beginning on or after January 1, 2022, a taxpayer shall
9 be allowed a credit against the tax imposed by subsections (a)
10 and (b) of this Section for investment in qualified property
11 which is placed in service by a Department of Commerce and
12 Economic Opportunity designated Big Empties Site. The credit
13 shall be .5% of the basis for such property. As used in this
14 subsection (h-1), the terms "qualified property" and "placed
15 in service" have the same meanings as in subsection (h). This
16 subsection is exempt from the provisions of Section 250.

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

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

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

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

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

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

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

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

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

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

1 reduced amount of credit has been carried to a different
2 taxable year, an amended return shall be filed for such
3 taxable year to reduce the amount of credit claimed.

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

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

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

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

24 For purposes of this subsection, "qualifying expenditures"
25 means the qualifying expenditures as defined for the federal
26 credit for increasing research activities which would be

1 allowable under Section 41 of the Internal Revenue Code and
2 which are conducted in this State, "qualifying expenditures
3 for increasing research activities in this State" means the
4 excess of qualifying expenditures for the taxable year in
5 which incurred over qualifying expenditures for the base
6 period, "qualifying expenditures for the base period" means
7 the average of the qualifying expenditures for each year in
8 the base period, and "base period" means the 3 taxable years
9 immediately preceding the taxable year for which the
10 determination is being made.

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

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

1 following year in which a tax liability is incurred, except
2 that no credit can be carried forward to a year which is more
3 than 5 years after the year in which the expense for which the
4 credit is given was incurred.

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

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

17 (l) Environmental Remediation Tax Credit.

18 (i) For tax years ending after December 31, 1997 and
19 on or before December 31, 2001, a taxpayer shall be
20 allowed a credit against the tax imposed by subsections
21 (a) and (b) of this Section for certain amounts paid for
22 unreimbursed eligible remediation costs, as specified in
23 this subsection. For purposes of this Section,
24 "unreimbursed eligible remediation costs" means costs
25 approved by the Illinois Environmental Protection Agency
26 ("Agency") under Section 58.14 of the Environmental

1 Protection Act that were paid in performing environmental
2 remediation at a site 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. After the Pollution
13 Control Board rules are adopted pursuant to the Illinois
14 Administrative Procedure Act for the administration and
15 enforcement of Section 58.9 of the Environmental
16 Protection Act, determinations as to credit availability
17 for purposes of this Section shall be made consistent with
18 those rules. For purposes of this Section, "taxpayer"
19 includes a person whose tax attributes the taxpayer has
20 succeeded to under Section 381 of the Internal Revenue
21 Code and "related party" includes the persons disallowed a
22 deduction for losses by paragraphs (b), (c), and (f)(1) of
23 Section 267 of the Internal Revenue Code by virtue of
24 being a related taxpayer, as well as any of its partners.
25 The credit allowed against the tax imposed by subsections
26 (a) and (b) shall be equal to 25% of the unreimbursed

1 eligible remediation costs in excess of \$100,000 per site,
2 except that the \$100,000 threshold shall not apply to any
3 site contained in an enterprise zone as determined by the
4 Department of Commerce and Community Affairs (now
5 Department of Commerce and Economic Opportunity). The
6 total credit allowed shall not exceed \$40,000 per year
7 with a maximum total of \$150,000 per site. For partners
8 and shareholders of subchapter S corporations, there shall
9 be allowed a credit under this subsection to be determined
10 in accordance with the determination of income and
11 distributive share of income under Sections 702 and 704
12 and subchapter S of the Internal Revenue Code.

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

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

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

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

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

10 For purposes of this subsection:

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

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

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

1 attend any particular public or nonpublic school to qualify
2 for the credit under this Section.

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

6 (n) River Edge Redevelopment Zone site remediation tax
7 credit.

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

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

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

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

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

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

1 (1) the medical cannabis cultivation center
2 registration, medical cannabis dispensary registration, or
3 the property of a registration is transferred as a result
4 of any of the following:

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

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

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

17 (D) the death of an owner of the equity interest in
18 a registrant;

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

22 (F) a transfer by a parent company to a wholly
23 owned subsidiary; or

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

1 or

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

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

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

14 Sec. 201. Tax imposed.

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

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

25 (1) In the case of an individual, trust or estate, for

1 taxable years ending prior to July 1, 1989, an amount
2 equal to 2 1/2% of the taxpayer's net income for the
3 taxable year.

4 (2) In the case of an individual, trust or estate, for
5 taxable years beginning prior to July 1, 1989 and ending
6 after June 30, 1989, an amount equal to the sum of (i) 2
7 1/2% of the taxpayer's net income for the period prior to
8 July 1, 1989, as calculated under Section 202.3, and (ii)
9 3% of the taxpayer's net income for the period after June
10 30, 1989, as calculated under Section 202.3.

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

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

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

26 (5.1) In the case of an individual, trust, or estate,

1 for taxable years beginning prior to January 1, 2015, and
2 ending after December 31, 2014, an amount equal to the sum
3 of (i) 5% of the taxpayer's net income for the period prior
4 to January 1, 2015, as calculated under Section 202.5, and
5 (ii) 3.75% of the taxpayer's net income for the period
6 after December 31, 2014, as calculated under Section
7 202.5.

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

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

19 (5.4) In the case of an individual, trust, or estate,
20 for taxable years beginning on or after July 1, 2017 ~~and~~
21 ~~beginning prior to January 1, 2021~~, an amount equal to
22 4.95% of the taxpayer's net income for the taxable year.

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

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

4 (7) In the case of a corporation, for taxable years
5 beginning prior to July 1, 1989 and ending after June 30,
6 1989, an amount equal to the sum of (i) 4% of the
7 taxpayer's net income for the period prior to July 1,
8 1989, as calculated under Section 202.3, and (ii) 4.8% of
9 the taxpayer's net income for the period after June 30,
10 1989, as calculated under Section 202.3.

11 (8) In the case of a corporation, for taxable years
12 beginning after June 30, 1989, and ending prior to January
13 1, 2011, an amount equal to 4.8% of the taxpayer's net
14 income for the taxable year.

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

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

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

1 beginning prior to January 1, 2015, and ending after
2 December 31, 2014, an amount equal to the sum of (i) 7% of
3 the taxpayer's net income for the period prior to January
4 1, 2015, as calculated under Section 202.5, and (ii) 5.25%
5 of the taxpayer's net income for the period after December
6 31, 2014, as calculated under Section 202.5.

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

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

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

22 ~~(15) In the case of a corporation, for taxable years~~
23 ~~beginning on or after January 1, 2021, an amount equal to~~
24 ~~7.99% of the taxpayer's net income for the taxable year.~~

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

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

13 (1) the organization gaming license, organization
14 license, or racetrack property is transferred as a result
15 of any of the following:

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

20 (B) cancellation, revocation, or termination of
21 any such license by the Illinois Gaming Board or the
22 Illinois Racing Board;

23 (C) a determination by the Illinois Gaming Board
24 that transfer of the license is in the best interests
25 of Illinois gaming;

26 (D) the death of an owner of the equity interest in

1 a licensee;

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

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

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

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

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

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

1 (c) Personal Property Tax Replacement Income Tax.
2 Beginning on July 1, 1979 and thereafter, in addition to such
3 income tax, there is also hereby imposed the Personal Property
4 Tax Replacement Income Tax measured by net income on every
5 corporation (including Subchapter S corporations), partnership
6 and trust, for each taxable year ending after June 30, 1979.
7 Such taxes are imposed on the privilege of earning or
8 receiving income in or as a resident of this State. The
9 Personal Property Tax Replacement Income Tax shall be in
10 addition to the income tax imposed by subsections (a) and (b)
11 of this Section and 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 (d) Additional Personal Property Tax Replacement Income
15 Tax Rates. The personal property tax replacement income tax
16 imposed by this subsection and subsection (c) of this Section
17 in the case of a corporation, other than a Subchapter S
18 corporation and except as adjusted by subsection (d-1), shall
19 be an additional amount equal to 2.85% of such taxpayer's net
20 income for the taxable year, except that beginning on January
21 1, 1981, and thereafter, the rate of 2.85% specified in this
22 subsection shall be reduced to 2.5%, and in the case of a
23 partnership, trust or a Subchapter S corporation shall be an
24 additional amount equal to 1.5% of such taxpayer's net income
25 for the taxable year.

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

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

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

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

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

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

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

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

26 (e) Investment credit. A taxpayer shall be allowed a

1 credit against the Personal Property Tax Replacement Income
2 Tax for investment in qualified property.

3 (1) A taxpayer shall be allowed a credit equal to .5%
4 of the basis of qualified property placed in service
5 during the taxable year, provided such property is placed
6 in service on or after July 1, 1984. There shall be allowed
7 an additional credit equal to .5% of the basis of
8 qualified property placed in service during the taxable
9 year, provided such property is placed in service on or
10 after July 1, 1986, and the taxpayer's base employment
11 within Illinois has increased by 1% or more over the
12 preceding year as determined by the taxpayer's employment
13 records filed with the Illinois Department of Employment
14 Security. Taxpayers who are new to Illinois shall be
15 deemed to have met the 1% growth in base employment for the
16 first year in which they file employment records with the
17 Illinois Department of Employment Security. The provisions
18 added to this Section by Public Act 85-1200 (and restored
19 by Public Act 87-895) shall be construed as declaratory of
20 existing law and not as a new enactment. If, in any year,
21 the increase in base employment within Illinois over the
22 preceding year is less than 1%, the additional credit
23 shall be limited to that percentage times a fraction, the
24 numerator of which is .5% and the denominator of which is
25 1%, but shall not exceed .5%. The investment credit shall
26 not be allowed to the extent that it would reduce a

1 taxpayer's liability in any tax year below zero, nor may
2 any credit for qualified property be allowed for any year
3 other than the year in which the property was placed in
4 service in Illinois. For tax years ending on or after
5 December 31, 1987, and on or before December 31, 1988, the
6 credit shall be allowed for the tax year in which the
7 property is placed in service, or, if the amount of the
8 credit exceeds the tax liability for that year, whether it
9 exceeds the original liability or the liability as later
10 amended, such excess may be carried forward and applied to
11 the tax liability of the 5 taxable years following the
12 excess credit years if the taxpayer (i) makes investments
13 which cause the creation of a minimum of 2,000 full-time
14 equivalent jobs in Illinois, (ii) is located in an
15 enterprise zone established pursuant to the Illinois
16 Enterprise Zone Act and (iii) is certified by the
17 Department of Commerce and Community Affairs (now
18 Department of Commerce and Economic Opportunity) as
19 complying with the requirements specified in clause (i)
20 and (ii) by July 1, 1986. The Department of Commerce and
21 Community Affairs (now Department of Commerce and Economic
22 Opportunity) shall notify the Department of Revenue of all
23 such certifications immediately. For tax years ending
24 after December 31, 1988, the credit shall be allowed for
25 the tax year in which the property is placed in service,
26 or, if the amount of the credit exceeds the tax liability

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

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

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

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 (e);

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

25 (D) is used in Illinois by a taxpayer who is
26 primarily engaged in manufacturing, or in mining coal

1 or fluorite, or in retailing, or was placed in service
2 on or after July 1, 2006 in a River Edge Redevelopment
3 Zone established pursuant to the River Edge
4 Redevelopment Zone Act; and

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

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

1 distribution of electricity.

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

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

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

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

1 deemed a disposition of qualified property to the extent
2 of such reduction.

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

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

24 For taxable years ending on or after December 31,
25 2000, a partner that qualifies its partnership for a
26 subtraction under subparagraph (I) of paragraph (2) of

1 subsection (d) of Section 203 or a shareholder that
2 qualifies a Subchapter S corporation for a subtraction
3 under subparagraph (S) of paragraph (2) of subsection (b)
4 of Section 203 shall be allowed a credit under this
5 subsection (e) equal to its share of the credit earned
6 under this subsection (e) during the taxable year by the
7 partnership or Subchapter S corporation, determined in
8 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. This
11 paragraph is exempt from the provisions of Section 250.

12 (f) Investment credit; Enterprise Zone; River Edge
13 Redevelopment Zone.

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

1 determination of income and distributive share of income
2 under Sections 702 and 704 and Subchapter S of the
3 Internal Revenue Code. The credit shall be .5% of the
4 basis for such property. The credit shall be available
5 only in the taxable year in which the property is placed in
6 service in the Enterprise Zone or River Edge Redevelopment
7 Zone and shall not be allowed to the extent that it would
8 reduce a taxpayer's liability for the tax imposed by
9 subsections (a) and (b) of this Section to below zero. For
10 tax years ending on or after December 31, 1985, the credit
11 shall be allowed for the tax year in which the property is
12 placed in service, or, if the amount of the credit exceeds
13 the tax liability for that year, whether it exceeds the
14 original liability or the liability as later amended, such
15 excess may be carried forward and applied to the tax
16 liability of the 5 taxable years following the excess
17 credit year. The credit shall be applied to the earliest
18 year for which there is a liability. If there is credit
19 from more than one tax year that is available to offset a
20 liability, the credit accruing first in time shall be
21 applied first.

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

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

25 (B) is depreciable pursuant to Section 167 of the
26 Internal Revenue Code, except that "3-year property"

1 as defined in Section 168(c)(2)(A) of that Code is not
2 eligible for the credit provided by this subsection
3 (f);

4 (C) is acquired by purchase as defined in Section
5 179(d) of the Internal Revenue Code;

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

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

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

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

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

23 (6) 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 the Enterprise

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

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

1 Employment Security. If, in any year, the increase in base
2 employment within Illinois over the preceding year is less
3 than 1%, the additional credit shall be limited to that
4 percentage times a fraction, the numerator of which is
5 0.5% and the denominator of which is 1%, but shall not
6 exceed 0.5%.

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

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

23 For partners, shareholders of Subchapter S
24 corporations, and owners of limited liability companies,
25 if the liability company is treated as a partnership for
26 the purposes of federal and State income taxation, there

1 shall be allowed a credit under this Section to be
2 determined in accordance with the determination of income
3 and distributive share of income under Sections 702 and
4 704 and Subchapter S of the Internal Revenue Code.

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

9 This paragraph (8) is exempt from the provisions of
10 Section 250.

11 (g) (Blank).

12 (h) Investment credit; High Impact Business.

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

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

1 Changes made in this subdivision (h) (1) by Public Act
2 88-670 restore changes made by Public Act 85-1182 and
3 reflect existing law.

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

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

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

12 (C) is acquired by purchase as defined in Section
13 179(d) of the Internal Revenue Code; and

14 (D) is not eligible for the Enterprise Zone
15 Investment Credit provided by subsection (f) of this
16 Section.

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

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

26 (5) The term "placed in service" shall have the same

1 meaning as under Section 46 of the Internal Revenue Code.

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

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

1 increased for the taxable year in which the taxpayer
2 relocated its facility by an amount equal to the amount of
3 credit received by the taxpayer under this subsection (h).

4 (h-1) Investment credit; Big Empties Site. For taxable
5 years beginning on or after January 1, 2022, a taxpayer shall
6 be allowed a credit against the tax imposed by subsections (a)
7 and (b) of this Section for investment in qualified property
8 which is placed in service by a Department of Commerce and
9 Economic Opportunity designated Big Empties Site. The credit
10 shall be .5% of the basis for such property. As used in this
11 subsection (h-1), the terms "qualified property" and "placed
12 in service" have the same meanings as in subsection (h). This
13 subsection is exempt from the provisions of Section 250.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 credit is given was incurred.

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

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

14 (l) Environmental Remediation Tax Credit.

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

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

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

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

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

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

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

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

7 For purposes of this subsection:

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

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

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

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

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

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

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

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

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

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

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

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

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

1 of any of the following:

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

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

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

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

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

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

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

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

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

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

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

11 (35 ILCS 105/3-5)

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

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

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

24 (3) Personal property purchased by a not-for-profit arts

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

15 (4) Personal property purchased by a governmental body, by
16 a corporation, society, association, foundation, or
17 institution organized and operated exclusively for charitable,
18 religious, or educational purposes, or by a not-for-profit
19 corporation, society, association, foundation, institution, or
20 organization that has no compensated officers or employees and
21 that is organized and operated primarily for the recreation of
22 persons 55 years of age or older. A limited liability company
23 may qualify for the exemption under this paragraph only if the
24 limited liability company is organized and operated
25 exclusively for educational purposes. On and after July 1,
26 1987, however, no entity otherwise eligible for this exemption

1 shall make tax-free purchases unless it has an active
2 exemption identification number issued by the Department.

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

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

19 (7) Farm chemicals.

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

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

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

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

23 Farm machinery and equipment shall include precision
24 farming equipment that is installed or purchased to be
25 installed on farm machinery and equipment including, but not
26 limited to, tractors, harvesters, sprayers, planters, seeders,

1 or spreaders. Precision farming equipment includes, but is not
2 limited to, soil testing sensors, computers, monitors,
3 software, global positioning and mapping systems, and other
4 such equipment.

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

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

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

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

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

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

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

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

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

18 (18) Manufacturing and assembling machinery and equipment
19 used primarily in the process of manufacturing or assembling
20 tangible personal property for wholesale or retail sale or
21 lease, whether that sale or lease is made directly by the
22 manufacturer or by some other person, whether the materials
23 used in the process are owned by the manufacturer or some other
24 person, or whether that sale or lease is made apart from or as
25 an incident to the seller's engaging in the service occupation
26 of producing machines, tools, dies, jigs, patterns, gauges, or

1 other similar items of no commercial value on special order
2 for a particular purchaser. The exemption provided by this
3 paragraph (18) includes production related tangible personal
4 property, as defined in Section 3-50, purchased on or after
5 July 1, 2019. The exemption provided by this paragraph (18)
6 does not include machinery and equipment used in (i) the
7 generation of electricity for wholesale or retail sale; (ii)
8 the generation or treatment of natural or artificial gas for
9 wholesale or retail sale that is delivered to customers
10 through pipes, pipelines, or mains; or (iii) the treatment of
11 water for wholesale or retail sale that is delivered to
12 customers through pipes, pipelines, or mains. The provisions
13 of Public Act 98-583 are declaratory of existing law as to the
14 meaning and scope of this exemption. Beginning on July 1,
15 2017, the exemption provided by this paragraph (18) includes,
16 but is not limited to, graphic arts machinery and equipment,
17 as defined in paragraph (6) of this Section.

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

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

25 (21) 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 (21) is exempt from the
5 provisions of Section 3-90, and the exemption provided for
6 under this item (21) 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 for such taxes paid during the period
9 beginning May 30, 2000 and ending on January 1, 2008.

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

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

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

1 Department.

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

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

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

1 used in the Wildlife Code. This paragraph is exempt from the
2 provisions of Section 3-90.

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

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

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

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

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

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

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

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

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

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

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

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

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

3 (35) 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 use of qualifying tangible
19 personal property by persons who modify, refurbish, complete,
20 repair, replace, or maintain aircraft and who (i) hold an Air
21 Agency Certificate and are empowered to operate an approved
22 repair station by the Federal Aviation Administration, (ii)
23 have a Class IV Rating, and (iii) conduct operations in
24 accordance with Part 145 of the Federal Aviation Regulations.
25 The exemption does not include aircraft operated by a
26 commercial air carrier providing scheduled passenger air

1 service pursuant to authority issued under Part 121 or Part
2 129 of the Federal Aviation Regulations. The changes made to
3 this paragraph (35) by Public Act 98-534 are declarative of
4 existing law. It is the intent of the General Assembly that the
5 exemption under this paragraph (35) applies continuously from
6 January 1, 2010 through December 31, 2024; however, no claim
7 for credit or refund is allowed for taxes paid as a result of
8 the disallowance of this exemption on or after January 1, 2015
9 and prior to the effective date of this amendatory Act of the
10 101st General Assembly.

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

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

1 and menstrual cups.

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

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

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

1 (41) On and after January 1, 2022, any software purchased
2 to lease, upgrade, supplement, or replace computer equipment
3 or enabling software purchased or leased in the initial
4 investment made at a Big Empties Site designated under the Big
5 Empties Site Act. This paragraph is exempt from the provisions
6 of Section 3-90.

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

12 For the purposes of this item (40):

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

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

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

18 This item (40) is exempt from the provisions of Section
19 3-90.

20 (Source: P.A. 100-22, eff. 7-6-17; 100-437, eff. 1-1-18;
21 100-594, eff. 6-29-18; 100-863, eff. 8-14-18; 100-1171, eff.
22 1-4-19; 101-9, eff. 6-5-19; 101-31, eff. 6-28-19; 101-81, eff.
23 7-12-19; 101-629, eff. 2-5-20.)

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

1 (35 ILCS 110/3-5)

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

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

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

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

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

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

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

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

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

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

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

24 Farm machinery and equipment also includes computers,
25 sensors, software, and related equipment used primarily in the
26 computer-assisted operation of production agriculture

1 facilities, equipment, and activities such as, but not limited
2 to, the collection, monitoring, and correlation of animal and
3 crop data for the purpose of formulating animal diets and
4 agricultural chemicals. This item (7) is exempt from the
5 provisions of Section 3-75.

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

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

23 (9) Proceeds of mandatory service charges separately
24 stated on customers' bills for the purchase and consumption of
25 food and beverages acquired as an incident to the purchase of a
26 service from a serviceman, to the extent that the proceeds of

1 the service charge are in fact turned over as tips or as a
2 substitute for tips to the employees who participate directly
3 in preparing, serving, hosting or cleaning up the food or
4 beverage function with respect to which the service charge is
5 imposed.

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

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

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

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

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

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

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

1 otherwise be subject to the tax imposed by this Act, to a
2 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 non-exempt 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 non-qualifying 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.

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

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

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

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

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

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

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

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

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

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

1 amusement and vending business if a use or occupation tax is
2 paid on the gross receipts derived from the use of the
3 commercial, coin-operated amusement and vending machines. This
4 paragraph is exempt from the provisions of Section 3-75.

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

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
22 purchased by a lessor who leases the equipment, under a lease
23 of one year or longer executed or in effect at the time the
24 lessor would otherwise be subject to the tax imposed by this
25 Act, to a hospital that has been issued an active tax exemption
26 identification number by the Department under Section 1g of

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

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

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

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

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

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

1 prior to the effective date of this amendatory Act of the 101st
2 General Assembly.

3 (28) Tangible personal property purchased by a
4 public-facilities corporation, as described in Section
5 11-65-10 of the Illinois Municipal Code, for purposes of
6 constructing or furnishing a municipal convention hall, but
7 only if the legal title to the municipal convention hall is
8 transferred to the municipality without any further
9 consideration by or on behalf of the municipality at the time
10 of the completion of the municipal convention hall or upon the
11 retirement or redemption of any bonds or other debt
12 instruments issued by the public-facilities corporation in
13 connection with the development of the municipal convention
14 hall. This exemption includes existing public-facilities
15 corporations as provided in Section 11-65-25 of the Illinois
16 Municipal Code. This paragraph is exempt from the provisions
17 of Section 3-75.

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

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

24 (31) Qualified tangible personal property used in the
25 construction or operation of a data center that has been
26 granted a certificate of exemption by the Department of

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

12 (32) On and after January 1, 2022, any software purchased
13 to lease, upgrade, supplement, or replace computer equipment
14 or enabling software purchased or leased in the initial
15 investment made at a Big Empties Site designated under the Big
16 Empties Site Act. This paragraph is exempt from the provisions
17 of Section 3-75.

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

23 For the purposes of this item (31):

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

1 the State of Illinois.

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

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

3 This item (31) is exempt from the provisions of Section
4 3-75.

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

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

10 (35 ILCS 115/3-5)

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

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

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

23 (3) Personal property purchased by any not-for-profit arts
24 or cultural organization that establishes, by proof required

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

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

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

1 July 1, 2017, graphic arts machinery and equipment is included
2 in the manufacturing and assembling machinery and equipment
3 exemption under Section 2 of this Act.

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

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

26 Farm machinery and equipment shall include precision

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

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

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

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

1 engaged in foreign trade or is engaged in trade between the
2 United States and any of its possessions and (ii) transports
3 at least one individual or package for hire from the city of
4 origination to the city of final destination on the same
5 aircraft, without regard to a change in the flight number of
6 that aircraft.

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

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

25 (11) Photoprocessing machinery and equipment, including
26 repair and replacement parts, both new and used, including

1 that manufactured on special order, certified by the purchaser
2 to be used primarily for photoprocessing, and including
3 photoprocessing machinery and equipment purchased for lease.

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

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

1 Specialized Mental Health Rehabilitation Act of 2013.

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

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

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

25 (17) Personal property sold to a lessor who leases the
26 property, under a lease of one year or longer executed or in

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

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

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

1 disaster.

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

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

25 (22) Beginning January 1, 2000, personal property,
26 including food, purchased through fundraising events for the

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

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

23 (24) Beginning on August 2, 2001 (the effective date of
24 Public Act 92-227), computers and communications equipment
25 utilized for any hospital purpose and equipment used in the
26 diagnosis, analysis, or treatment of hospital patients sold to

1 a lessor who leases the equipment, under a lease of one year or
2 longer executed or in effect at the time of the purchase, to a
3 hospital that has been issued an active tax exemption
4 identification number by the Department under Section 1g of
5 the Retailers' Occupation Tax Act. This paragraph is exempt
6 from the provisions of Section 3-55.

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

15 (26) Beginning on January 1, 2002 and through June 30,
16 2016, tangible personal property purchased from an Illinois
17 retailer by a taxpayer engaged in centralized purchasing
18 activities in Illinois who will, upon receipt of the property
19 in Illinois, temporarily store the property in Illinois (i)
20 for the purpose of subsequently transporting it outside this
21 State for use or consumption thereafter solely outside this
22 State or (ii) for the purpose of being processed, fabricated,
23 or manufactured into, attached to, or incorporated into other
24 tangible personal property to be transported outside this
25 State and thereafter used or consumed solely outside this
26 State. The Director of Revenue shall, pursuant to rules

1 adopted in accordance with the Illinois Administrative
2 Procedure Act, issue a permit to any taxpayer in good standing
3 with the Department who is eligible for the exemption under
4 this paragraph (26). The permit issued under this paragraph
5 (26) shall authorize the holder, to the extent and in the
6 manner specified in the rules adopted under this Act, to
7 purchase tangible personal property from a retailer exempt
8 from the taxes imposed by this Act. Taxpayers shall maintain
9 all necessary books and records to substantiate the use and
10 consumption of all such tangible personal property outside of
11 the State of Illinois.

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

19 (28) Tangible personal property sold to 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 3-55.

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

1 empowered to operate an approved repair station by the Federal
2 Aviation Administration, (ii) have a Class IV Rating, and
3 (iii) conduct operations in accordance with Part 145 of the
4 Federal Aviation Regulations. The exemption does not include
5 aircraft operated by a commercial air carrier providing
6 scheduled passenger air service pursuant to authority issued
7 under Part 121 or Part 129 of the Federal Aviation
8 Regulations. The changes made to this paragraph (29) by Public
9 Act 98-534 are declarative of existing law. It is the intent of
10 the General Assembly that the exemption under this paragraph
11 (29) applies continuously from January 1, 2010 through
12 December 31, 2024; however, no claim for credit or refund is
13 allowed for taxes paid as a result of the disallowance of this
14 exemption on or after January 1, 2015 and prior to the
15 effective date of this amendatory Act of the 101st General
16 Assembly.

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

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

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

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

10 (33) On and after January 1, 2022, any software purchased
11 to lease, upgrade, supplement, or replace computer equipment
12 or enabling software purchased or leased in the initial
13 investment made at a Big Empties Site designated under the Big
14 Empties Site Act. This paragraph is exempt from the provisions
15 of Section 3-55.

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

21 For the purposes of this item (32):

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

26 "Qualified tangible personal property" means:

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

1 This item (32) is exempt from the provisions of Section
2 3-55.

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

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

8 (35 ILCS 120/2-5)

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

12 (1) Farm chemicals.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

18 (12) (Blank).

19 (12-5) On and after July 1, 2003 and through June 30,
20 2004, motor vehicles of the second division with a gross
21 vehicle weight in excess of 8,000 pounds that are subject
22 to the commercial distribution fee imposed under Section
23 3-815.1 of the Illinois Vehicle Code. Beginning on July 1,
24 2004 and through June 30, 2005, the use in this State of
25 motor vehicles of the second division: (i) with a gross
26 vehicle weight rating in excess of 8,000 pounds; (ii) that

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 previous or subsequent domestic stopovers.

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

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

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

22 (25) Except as provided in item (25-5) of this
23 Section, a motor vehicle sold in this State to a
24 nonresident even though the motor vehicle is delivered to
25 the nonresident in this State, if the motor vehicle is not
26 to be titled in this State, and if a drive-away permit is

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

9 (25-5) The exemption under item (25) does not apply if
10 the state in which the motor vehicle will be titled does
11 not allow a reciprocal exemption for a motor vehicle sold
12 and delivered in that state to an Illinois resident but
13 titled in Illinois. The tax collected under this Act on
14 the sale of a motor vehicle in this State to a resident of
15 another state that does not allow a reciprocal exemption
16 shall be imposed at a rate equal to the state's rate of tax
17 on taxable property in the state in which the purchaser is
18 a resident, except that the tax shall not exceed the tax
19 that would otherwise be imposed under this Act. At the
20 time of the sale, the purchaser shall execute a statement,
21 signed under penalty of perjury, of his or her intent to
22 title the vehicle in the state in which the purchaser is a
23 resident within 30 days after the sale and of the fact of
24 the payment to the State of Illinois of tax in an amount
25 equivalent to the state's rate of tax on taxable property
26 in his or her state of residence and shall submit the

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

13 (25-7) Beginning on July 1, 2007, no tax is imposed
14 under this Act on the sale of an aircraft, as defined in
15 Section 3 of the Illinois Aeronautics Act, if all of the
16 following conditions are met:

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

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

26 (3) the seller retains in his or her books and

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

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

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

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

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

24 (26) Semen used for artificial insemination of
25 livestock for direct agricultural production.

26 (27) Horses, or interests in horses, registered with

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

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

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

1 of this Act.

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

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

26 (32) Beginning July 1, 1999, game or game birds sold

1 at a "game breeding and hunting preserve area" as that
2 term is used in the Wildlife Code. This paragraph is
3 exempt from the provisions of Section 2-70.

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

24 (34) Beginning January 1, 2000, personal property,
25 including food, purchased through fundraising events for
26 the benefit of a public or private elementary or secondary

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

13 (35) Beginning January 1, 2000 and through December
14 31, 2001, new or used automatic vending machines that
15 prepare and serve hot food and beverages, including
16 coffee, soup, and other items, and replacement parts for
17 these machines. Beginning January 1, 2002 and through June
18 30, 2003, machines and parts for machines used in
19 commercial, coin-operated amusement and vending business
20 if a use or occupation tax is paid on the gross receipts
21 derived from the use of the commercial, coin-operated
22 amusement and vending machines. This paragraph is exempt
23 from the provisions of Section 2-70.

24 (35-5) Beginning August 23, 2001 and through June 30,
25 2016, food for human consumption that is to be consumed
26 off the premises where it is sold (other than alcoholic

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

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

22 (37) Beginning August 2, 2001, personal property sold
23 to a lessor who leases the property, under a lease of one
24 year or longer executed or in effect at the time of the
25 purchase, to a governmental body that has been issued an
26 active tax exemption identification number by the

1 Department under Section 1g of this Act. This paragraph is
2 exempt from the provisions of Section 2-70.

3 (38) Beginning on January 1, 2002 and through June 30,
4 2016, tangible personal property purchased from an
5 Illinois retailer by a taxpayer engaged in centralized
6 purchasing activities in Illinois who will, upon receipt
7 of the property in Illinois, temporarily store the
8 property in Illinois (i) for the purpose of subsequently
9 transporting it outside this State for use or consumption
10 thereafter solely outside this State or (ii) for the
11 purpose of being processed, fabricated, or manufactured
12 into, attached to, or incorporated into other tangible
13 personal property to be transported outside this State and
14 thereafter used or consumed solely outside this State. The
15 Director of Revenue shall, pursuant to rules adopted in
16 accordance with the Illinois Administrative Procedure Act,
17 issue a permit to any taxpayer in good standing with the
18 Department who is eligible for the exemption under this
19 paragraph (38). The permit issued under this paragraph
20 (38) shall authorize the holder, to the extent and in the
21 manner specified in the rules adopted under this Act, to
22 purchase tangible personal property from a retailer exempt
23 from the taxes imposed by this Act. Taxpayers shall
24 maintain all necessary books and records to substantiate
25 the use and consumption of all such tangible personal
26 property outside of the State of Illinois.

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

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

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

19 (41) Tangible personal property sold to 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,
23 but only if the legal title to the municipal convention
24 hall is transferred to the municipality without any
25 further consideration by or on behalf of the municipality
26 at the time of the completion of the municipal convention

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

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

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

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

1 of the 101st General Assembly been in effect, may apply
2 for and obtain an exemption for subsequent purchases of
3 computer equipment or enabling software purchased or
4 leased to upgrade, supplement, or replace computer
5 equipment or enabling software purchased or leased in the
6 original investment that would have qualified.

7 (45) On and after January 1, 2022, any software
8 purchased to lease, upgrade, supplement, or replace
9 computer equipment or enabling software purchased or
10 leased in the initial investment made at a Big Empties
11 Site designated under the Big Empties Site Act. This
12 paragraph is exempt from the provisions of Section 2-70.

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

19 For the purposes of this item (44):

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

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

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

26 This item (44) is exempt from the provisions of

1 Section 2-70.

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

6 (35 ILCS 120/5m new)

7 Sec. 5m. Building materials exemption; Big Empties Site.
8 Beginning January 1, 2022, each retailer who makes a sale of
9 building materials that will be incorporated into a Big
10 Empties site, as designated by the Department of Commerce and
11 Economic Opportunity, may deduct receipts from such sales when
12 calculating any State or local use and occupation taxes. Upon
13 request from the owner of the Big Empties Site, the Department
14 shall issue a High Impact Business Building Materials
15 Exemption Certificate for each construction contractor or
16 other entity identified by the designated High Impact
17 Business. The retailer must obtain from the purchaser the
18 purchaser's exemption certificate number issued by the
19 Department. A construction contractor or other entity shall
20 not make tax-free purchases unless it has an active Exemption
21 Certificate issued by the Department at the time of purchase.
22 This Section is exempt from the provisions of Section 2-70.

23 Section 925. The Property Tax Code is amended by adding
24 Section 184.10 as follows:

1 (35 ILCS 200/184.10 new)

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

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

11 (220 ILCS 5/9-222) (from Ch. 111 2/3, par. 9-222)

12 Sec. 9-222. Whenever a tax is imposed upon a public
13 utility engaged in the business of distributing, supplying,
14 furnishing, or selling gas for use or consumption pursuant to
15 Section 2 of the Gas Revenue Tax Act, or whenever a tax is
16 required to be collected by a delivering supplier pursuant to
17 Section 2-7 of the Electricity Excise Tax Act, or whenever a
18 tax is imposed upon a public utility pursuant to Section 2-202
19 of this Act, such utility may charge its customers, other than
20 customers who are high impact businesses under Section 5.5 of
21 the Illinois Enterprise Zone Act, owners of certified big
22 empties sites, or certified business enterprises under Section
23 9-222.1 of this Act, to the extent of such exemption and during

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

1 by this Section.

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

3 (220 ILCS 5/9-222.1B new)

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

15 Section 999. Effective date. This Act takes effect upon
16 becoming law.