

SB2425



102ND GENERAL ASSEMBLY

State of Illinois

2021 and 2022

SB2425

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

SYNOPSIS AS INTRODUCED:

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

Amends the Use Tax Act and the Retailers' Occupation Tax Act. Provides that a school bus that is equipped with safety belts for passengers is exempt from the tax under those Acts. Provides that the Acts' automatic sunset provisions do not apply to the exemption. Effective immediately.

LRB102 11516 HLH 16850 b

FISCAL NOTE ACT
MAY APPLY

A BILL FOR

1 AN ACT concerning revenue.

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

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

6 (35 ILCS 105/3-5)

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

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

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

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

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

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

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

1 the car is subject to the Replacement Vehicle Tax.

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

15 (7) Farm chemicals.

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

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

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

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

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

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

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

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

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

26 (13) Proceeds of mandatory service charges separately

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 Section 3-90.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 Civil Administrative Code of Illinois.

2 For the purposes of this item (40):

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

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

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

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

10 (41) Beginning January 1, 2022, a school bus equipped with
11 safety belts for passengers. This paragraph is exempt from the
12 provisions of Section 3-90.

13 (Source: P.A. 100-22, eff. 7-6-17; 100-437, eff. 1-1-18;
14 100-594, eff. 6-29-18; 100-863, eff. 8-14-18; 100-1171, eff.
15 1-4-19; 101-9, eff. 6-5-19; 101-31, eff. 6-28-19; 101-81, eff.
16 7-12-19; 101-629, eff. 2-5-20.)

17 Section 10. The Retailers' Occupation Tax Act is amended
18 by changing Section 2-5 as follows:

19 (35 ILCS 120/2-5)

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

23 (1) Farm chemicals.

24 (2) Farm machinery and equipment, both new and used,

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

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

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

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

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

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

1 upon a graphic arts product. Beginning on July 1, 2017,
2 graphic arts machinery and equipment is included in the
3 manufacturing and assembling machinery and equipment
4 exemption under paragraph (14).

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

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

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

15 (8) Personal property sold to an Illinois county fair
16 association for use in conducting, operating, or promoting
17 the county fair.

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

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

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

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

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

3 (12) (Blank).

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

24 (13) Proceeds from sales to owners, lessors, or
25 shippers of tangible personal property that is utilized by
26 interstate carriers for hire for use as rolling stock

1 moving in interstate commerce and equipment operated by a
2 telecommunications provider, licensed as a common carrier
3 by the Federal Communications Commission, which is
4 permanently installed in or affixed to aircraft moving in
5 interstate commerce.

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

1 existing law as to the meaning and scope of this
2 exemption. Beginning on July 1, 2017, the exemption
3 provided by this paragraph (14) includes, but is not
4 limited to, graphic arts machinery and equipment, as
5 defined in paragraph (4) of this Section.

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

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

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

26 (18) Legal tender, currency, medallions, or gold or

1 silver coinage issued by the State of Illinois, the
2 government of the United States of America, or the
3 government of any foreign country, and bullion.

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

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

20 (21) Until July 1, 2023, coal and aggregate
21 exploration, mining, off-highway hauling, processing,
22 maintenance, and reclamation equipment, including
23 replacement parts and equipment, and including equipment
24 purchased for lease, but excluding motor vehicles required
25 to be registered under the Illinois Vehicle Code. The
26 changes made to this Section by Public Act 97-767 apply on

1 and after July 1, 2003, but no claim for credit or refund
2 is allowed on or after August 16, 2013 (the effective date
3 of Public Act 98-456) for such taxes paid during the
4 period beginning July 1, 2003 and ending on August 16,
5 2013 (the effective date of Public Act 98-456).

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

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

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

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

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

20 (25-5) The exemption under item (25) does not apply if
21 the state in which the motor vehicle will be titled does
22 not allow a reciprocal exemption for a motor vehicle sold
23 and delivered in that state to an Illinois resident but
24 titled in Illinois. The tax collected under this Act on
25 the sale of a motor vehicle in this State to a resident of
26 another state that does not allow a reciprocal exemption

1 shall be imposed at a rate equal to the state's rate of tax
2 on taxable property in the state in which the purchaser is
3 a resident, except that the tax shall not exceed the tax
4 that would otherwise be imposed under this Act. At the
5 time of the sale, the purchaser shall execute a statement,
6 signed under penalty of perjury, of his or her intent to
7 title the vehicle in the state in which the purchaser is a
8 resident within 30 days after the sale and of the fact of
9 the payment to the State of Illinois of tax in an amount
10 equivalent to the state's rate of tax on taxable property
11 in his or her state of residence and shall submit the
12 statement to the appropriate tax collection agency in his
13 or her state of residence. In addition, the retailer must
14 retain a signed copy of the statement in his or her
15 records. Nothing in this item shall be construed to
16 require the removal of the vehicle from this state
17 following the filing of an intent to title the vehicle in
18 the purchaser's state of residence if the purchaser titles
19 the vehicle in his or her state of residence within 30 days
20 after the date of sale. The tax collected under this Act in
21 accordance with this item (25-5) shall be proportionately
22 distributed as if the tax were collected at the 6.25%
23 general rate imposed under this Act.

24 (25-7) Beginning on July 1, 2007, no tax is imposed
25 under this Act on the sale of an aircraft, as defined in
26 Section 3 of the Illinois Aeronautics Act, if all of the

1 following conditions are met:

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

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

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

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

23 "Based in this State" means hangared, stored, or
24 otherwise used, excluding post-sale customizations as
25 defined in this Section, for 10 or more days in each
26 12-month period immediately following the date of the sale

1 of the aircraft.

2 "Registered in this State" means an aircraft
3 registered with the Department of Transportation,
4 Aeronautics Division, or titled or registered with the
5 Federal Aviation Administration to an address located in
6 this State.

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

9 (26) Semen used for artificial insemination of
10 livestock for direct agricultural production.

11 (27) Horses, or interests in horses, registered with
12 and meeting the requirements of any of the Arabian Horse
13 Club Registry of America, Appaloosa Horse Club, American
14 Quarter Horse Association, United States Trotting
15 Association, or Jockey Club, as appropriate, used for
16 purposes of breeding or racing for prizes. This item (27)
17 is exempt from the provisions of Section 2-70, and the
18 exemption provided for under this item (27) applies for
19 all periods beginning May 30, 1995, but no claim for
20 credit or refund is allowed on or after January 1, 2008
21 (the effective date of Public Act 95-88) for such taxes
22 paid during the period beginning May 30, 2000 and ending
23 on January 1, 2008 (the effective date of Public Act
24 95-88).

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

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

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

13 (30) 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 donated for disaster relief to be used in a State or
17 federally declared disaster area in Illinois or bordering
18 Illinois by a manufacturer or retailer that is registered
19 in this State to a corporation, society, association,
20 foundation, or institution that has been issued a sales
21 tax exemption identification number by the Department that
22 assists victims of the disaster who reside within the
23 declared disaster area.

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

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

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

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

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

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

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

1 coffee, soup, and other items, and replacement parts for
2 these machines. Beginning January 1, 2002 and through June
3 30, 2003, machines and parts for machines used in
4 commercial, coin-operated amusement and vending business
5 if a use or occupation tax is paid on the gross receipts
6 derived from the use of the commercial, coin-operated
7 amusement and vending machines. This paragraph is exempt
8 from the provisions of Section 2-70.

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

23 (36) Beginning August 2, 2001, computers and
24 communications equipment utilized for any hospital purpose
25 and equipment used in the diagnosis, analysis, or
26 treatment of hospital patients sold to a lessor who leases

1 the equipment, under a lease of one year or longer
2 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
5 of this Act. This paragraph is exempt from the provisions
6 of Section 2-70.

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

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

1 accordance with the Illinois Administrative Procedure Act,
2 issue a permit to any taxpayer in good standing with the
3 Department who is eligible for the exemption under this
4 paragraph (38). The permit issued under this paragraph
5 (38) 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
9 maintain all necessary books and records to substantiate
10 the use and consumption of all such tangible personal
11 property outside of the State of Illinois.

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

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

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

1 disallowance of this exemption on or after January 1, 2015
2 and prior to the effective date of this amendatory Act of
3 the 101st General Assembly.

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

19 (42) Beginning January 1, 2017, menstrual pads,
20 tampons, and menstrual cups.

21 (43) Merchandise that is subject to the Rental
22 Purchase Agreement Occupation and Use Tax. The purchaser
23 must certify that the item is purchased to be rented
24 subject to a rental purchase agreement, as defined in the
25 Rental Purchase Agreement Act, and provide proof of
26 registration under the Rental Purchase Agreement

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

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

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

24 For the purposes of this item (44):

25 "Data center" means a building or a series of
26 buildings rehabilitated or constructed to house

1 working servers in one physical location or multiple
2 sites within the State of Illinois.

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

1 document the exemption allowed under this Section, the
2 retailer must obtain from the purchaser a copy of the
3 certificate of eligibility issued by the Department of
4 Commerce and Economic Opportunity.

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

7 (45) Beginning January 1, 2022, a school bus equipped
8 with safety belts for passengers. This paragraph is exempt
9 from the provisions of Section 2-70.

10 (Source: P.A. 100-22, eff. 7-6-17; 100-321, eff. 8-24-17;
11 100-437, eff. 1-1-18; 100-594, eff. 6-29-18; 100-863, eff.
12 8-14-18; 100-1171, eff. 1-4-19; 101-31, eff. 6-28-19; 101-81,
13 eff. 7-12-19; 101-629, eff. 2-5-20.)

14 Section 99. Effective date. This Act takes effect upon
15 becoming law.