



102ND GENERAL ASSEMBLY

State of Illinois

2021 and 2022

SB2456

Introduced 2/26/2021, by Sen. Ram Villivalam

SYNOPSIS AS INTRODUCED:

35 ILCS 105/3-5
35 ILCS 105/3-10
35 ILCS 110/3-5
35 ILCS 110/3-10 from Ch. 120, par. 439.33-10
35 ILCS 115/3-5
35 ILCS 115/3-10 from Ch. 120, par. 439.103-10
35 ILCS 120/2-5
35 ILCS 120/2-10

Amends the Use Tax Act, the Service Use Tax Act, the Service Occupation Tax Act, and the Retailers' Occupation Tax Act. Provides that prescription medicines and medical devices are exempt from the taxes under those Acts. Effective July 1, 2021.

LRB102 16128 HLH 21504 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 Sections
5 3-5 and 3-10 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 July 1, 2021, prescription medicines and
11 medical devices (including, but not limited to, products
12 classified as Class III medical devices by the United States
13 Food and Drug Administration that are used for cancer
14 treatment pursuant to a prescription, as well as any
15 accessories and components related to those devices). This
16 item (41) is exempt from the provisions of Section 3-90.

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

21 (35 ILCS 105/3-10)

22 Sec. 3-10. Rate of tax. Unless otherwise provided in this
23 Section, the tax imposed by this Act is at the rate of 6.25% of
24 either the selling price or the fair market value, if any, of
25 the tangible personal property. In all cases where property

1 functionally used or consumed is the same as the property that
2 was purchased at retail, then the tax is imposed on the selling
3 price of the property. In all cases where property
4 functionally used or consumed is a by-product or waste product
5 that has been refined, manufactured, or produced from property
6 purchased at retail, then the tax is imposed on the lower of
7 the fair market value, if any, of the specific property so used
8 in this State or on the selling price of the property purchased
9 at retail. For purposes of this Section "fair market value"
10 means the price at which property would change hands between a
11 willing buyer and a willing seller, neither being under any
12 compulsion to buy or sell and both having reasonable knowledge
13 of the relevant facts. The fair market value shall be
14 established by Illinois sales by the taxpayer of the same
15 property as that functionally used or consumed, or if there
16 are no such sales by the taxpayer, then comparable sales or
17 purchases of property of like kind and character in Illinois.

18 Beginning on July 1, 2000 and through December 31, 2000,
19 with respect to motor fuel, as defined in Section 1.1 of the
20 Motor Fuel Tax Law, and gasohol, as defined in Section 3-40 of
21 the Use Tax Act, the tax is imposed at the rate of 1.25%.

22 Beginning on August 6, 2010 through August 15, 2010, with
23 respect to sales tax holiday items as defined in Section 3-6 of
24 this Act, the tax is imposed at the rate of 1.25%.

25 With respect to gasohol, the tax imposed by this Act
26 applies to (i) 70% of the proceeds of sales made on or after

1 January 1, 1990, and before July 1, 2003, (ii) 80% of the
2 proceeds of sales made on or after July 1, 2003 and on or
3 before July 1, 2017, and (iii) 100% of the proceeds of sales
4 made thereafter. If, at any time, however, the tax under this
5 Act on sales of gasohol is imposed at the rate of 1.25%, then
6 the tax imposed by this Act applies to 100% of the proceeds of
7 sales of gasohol made during that time.

8 With respect to majority blended ethanol fuel, the tax
9 imposed by this Act does not apply to the proceeds of sales
10 made on or after July 1, 2003 and on or before December 31,
11 2023 but applies to 100% of the proceeds of sales made
12 thereafter.

13 With respect to biodiesel blends with no less than 1% and
14 no more than 10% biodiesel, the tax imposed by this Act applies
15 to (i) 80% of the proceeds of sales made on or after July 1,
16 2003 and on or before December 31, 2018 and (ii) 100% of the
17 proceeds of sales made thereafter. If, at any time, however,
18 the tax under this Act on sales of biodiesel blends with no
19 less than 1% and no more than 10% biodiesel is imposed at the
20 rate of 1.25%, then the tax imposed by this Act applies to 100%
21 of the proceeds of sales of biodiesel blends with no less than
22 1% and no more than 10% biodiesel made during that time.

23 With respect to 100% biodiesel and biodiesel blends with
24 more than 10% but no more than 99% biodiesel, the tax imposed
25 by this Act does not apply to the proceeds of sales made on or
26 after July 1, 2003 and on or before December 31, 2023 but

1 applies to 100% of the proceeds of sales made thereafter.

2 With respect to food for human consumption that is to be
3 consumed off the premises where it is sold (other than
4 alcoholic beverages, food consisting of or infused with adult
5 use cannabis, soft drinks, and food that has been prepared for
6 immediate consumption) and ~~prescription and~~ nonprescription
7 medicines and ~~7~~ drugs, medical appliances that are not exempt
8 under item (41) of Section 3-5, ~~products classified as Class~~
9 ~~III medical devices by the United States Food and Drug~~
10 ~~Administration that are used for cancer treatment pursuant to~~
11 ~~a prescription, as well as any accessories and components~~
12 ~~related to those devices,~~ modifications to a motor vehicle for
13 the purpose of rendering it usable by a person with a
14 disability, and insulin, urine testing materials, syringes,
15 and needles used by diabetics, for human use, the tax is
16 imposed at the rate of 1%. For the purposes of this Section,
17 until September 1, 2009: the term "soft drinks" means any
18 complete, finished, ready-to-use, non-alcoholic drink, whether
19 carbonated or not, including but not limited to soda water,
20 cola, fruit juice, vegetable juice, carbonated water, and all
21 other preparations commonly known as soft drinks of whatever
22 kind or description that are contained in any closed or sealed
23 bottle, can, carton, or container, regardless of size; but
24 "soft drinks" does not include coffee, tea, non-carbonated
25 water, infant formula, milk or milk products as defined in the
26 Grade A Pasteurized Milk and Milk Products Act, or drinks

1 containing 50% or more natural fruit or vegetable juice.

2 Notwithstanding any other provisions of this Act,
3 beginning September 1, 2009, "soft drinks" means non-alcoholic
4 beverages that contain natural or artificial sweeteners. "Soft
5 drinks" do not include beverages that contain milk or milk
6 products, soy, rice or similar milk substitutes, or greater
7 than 50% of vegetable or fruit juice by volume.

8 Until August 1, 2009, and notwithstanding any other
9 provisions of this Act, "food for human consumption that is to
10 be consumed off the premises where it is sold" includes all
11 food sold through a vending machine, except soft drinks and
12 food products that are dispensed hot from a vending machine,
13 regardless of the location of the vending machine. Beginning
14 August 1, 2009, and notwithstanding any other provisions of
15 this Act, "food for human consumption that is to be consumed
16 off the premises where it is sold" includes all food sold
17 through a vending machine, except soft drinks, candy, and food
18 products that are dispensed hot from a vending machine,
19 regardless of the location of the vending machine.

20 Notwithstanding any other provisions of this Act,
21 beginning September 1, 2009, "food for human consumption that
22 is to be consumed off the premises where it is sold" does not
23 include candy. For purposes of this Section, "candy" means a
24 preparation of sugar, honey, or other natural or artificial
25 sweeteners in combination with chocolate, fruits, nuts or
26 other ingredients or flavorings in the form of bars, drops, or

1 pieces. "Candy" does not include any preparation that contains
2 flour or requires refrigeration.

3 Notwithstanding any other provisions of this Act,
4 beginning September 1, 2009, "nonprescription medicines and
5 drugs" does not include grooming and hygiene products. For
6 purposes of this Section, "grooming and hygiene products"
7 includes, but is not limited to, soaps and cleaning solutions,
8 shampoo, toothpaste, mouthwash, antiperspirants, and sun tan
9 lotions and screens, unless those products are available by
10 prescription only, regardless of whether the products meet the
11 definition of "over-the-counter-drugs". For the purposes of
12 this paragraph, "over-the-counter-drug" means a drug for human
13 use that contains a label that identifies the product as a drug
14 as required by 21 C.F.R. § 201.66. The "over-the-counter-drug"
15 label includes:

- 16 (A) A "Drug Facts" panel; or
17 (B) A statement of the "active ingredient(s)" with a
18 list of those ingredients contained in the compound,
19 substance or preparation.

20 Beginning on the effective date of this amendatory Act of
21 the 98th General Assembly, "~~prescription and~~ nonprescription
22 medicines and drugs" includes medical cannabis purchased from
23 a registered dispensing organization under the Compassionate
24 Use of Medical Cannabis Program Act.

25 As used in this Section, "adult use cannabis" means
26 cannabis subject to tax under the Cannabis Cultivation

1 Privilege Tax Law and the Cannabis Purchaser Excise Tax Law
2 and does not include cannabis subject to tax under the
3 Compassionate Use of Medical Cannabis Program Act.

4 If the property that is purchased at retail from a
5 retailer is acquired outside Illinois and used outside
6 Illinois before being brought to Illinois for use here and is
7 taxable under this Act, the "selling price" on which the tax is
8 computed shall be reduced by an amount that represents a
9 reasonable allowance for depreciation for the period of prior
10 out-of-state use.

11 (Source: P.A. 100-22, eff. 7-6-17; 101-363, eff. 8-9-19;
12 101-593, eff. 12-4-19.)

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

15 (35 ILCS 110/3-5)

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

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

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

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

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

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

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

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

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

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

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

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

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

1 domestic stopovers.

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

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

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

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

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

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

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

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

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

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

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

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

1 is liable to pay that amount to the Department.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

6 For the purposes of this item (31):

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

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

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

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

14 (32) Beginning July 1, 2021, prescription medicines and
15 medical devices (including, but not limited to, products
16 classified as Class III medical devices by the United States
17 Food and Drug Administration that are used for cancer
18 treatment pursuant to a prescription, as well as any
19 accessories and components related to those devices). This
20 item (32) is exempt from the provisions of Section 3-75.

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

24 (35 ILCS 110/3-10) (from Ch. 120, par. 439.33-10)
25 Sec. 3-10. Rate of tax. Unless otherwise provided in this

1 Section, the tax imposed by this Act is at the rate of 6.25% of
2 the selling price of tangible personal property transferred as
3 an incident to the sale of service, but, for the purpose of
4 computing this tax, in no event shall the selling price be less
5 than the cost price of the property to the serviceman.

6 Beginning on July 1, 2000 and through December 31, 2000,
7 with respect to motor fuel, as defined in Section 1.1 of the
8 Motor Fuel Tax Law, and gasohol, as defined in Section 3-40 of
9 the Use Tax Act, the tax is imposed at the rate of 1.25%.

10 With respect to gasohol, as defined in the Use Tax Act, the
11 tax imposed by this Act applies to (i) 70% of the selling price
12 of property transferred as an incident to the sale of service
13 on or after January 1, 1990, and before July 1, 2003, (ii) 80%
14 of the selling price of property transferred as an incident to
15 the sale of service on or after July 1, 2003 and on or before
16 July 1, 2017, and (iii) 100% of the selling price thereafter.
17 If, at any time, however, the tax under this Act on sales of
18 gasohol, as defined in the Use Tax Act, is imposed at the rate
19 of 1.25%, then the tax imposed by this Act applies to 100% of
20 the proceeds of sales of gasohol made during that time.

21 With respect to majority blended ethanol fuel, as defined
22 in the Use Tax Act, the tax imposed by this Act does not apply
23 to the selling price of property transferred as an incident to
24 the sale of service on or after July 1, 2003 and on or before
25 December 31, 2023 but applies to 100% of the selling price
26 thereafter.

1 With respect to biodiesel blends, as defined in the Use
2 Tax Act, with no less than 1% and no more than 10% biodiesel,
3 the tax imposed by this Act applies to (i) 80% of the selling
4 price of property transferred as an incident to the sale of
5 service on or after July 1, 2003 and on or before December 31,
6 2018 and (ii) 100% of the proceeds of the selling price
7 thereafter. If, at any time, however, the tax under this Act on
8 sales of biodiesel blends, as defined in the Use Tax Act, with
9 no less than 1% and no more than 10% biodiesel is imposed at
10 the rate of 1.25%, then the tax imposed by this Act applies to
11 100% of the proceeds of sales of biodiesel blends with no less
12 than 1% and no more than 10% biodiesel made during that time.

13 With respect to 100% biodiesel, as defined in the Use Tax
14 Act, and biodiesel blends, as defined in the Use Tax Act, with
15 more than 10% but no more than 99% biodiesel, the tax imposed
16 by this Act does not apply to the proceeds of the selling price
17 of property transferred as an incident to the sale of service
18 on or after July 1, 2003 and on or before December 31, 2023 but
19 applies to 100% of the selling price thereafter.

20 At the election of any registered serviceman made for each
21 fiscal year, sales of service in which the aggregate annual
22 cost price of tangible personal property transferred as an
23 incident to the sales of service is less than 35%, or 75% in
24 the case of servicemen transferring prescription drugs or
25 servicemen engaged in graphic arts production, of the
26 aggregate annual total gross receipts from all sales of

1 service, the tax imposed by this Act shall be based on the
2 serviceman's cost price of the tangible personal property
3 transferred as an incident to the sale of those services.

4 The tax shall be imposed at the rate of 1% on food prepared
5 for immediate consumption and transferred incident to a sale
6 of service subject to this Act or the Service Occupation Tax
7 Act by an entity licensed under the Hospital Licensing Act,
8 the Nursing Home Care Act, the ID/DD Community Care Act, the
9 MC/DD Act, the Specialized Mental Health Rehabilitation Act of
10 2013, or the Child Care Act of 1969. The tax shall also be
11 imposed at the rate of 1% on food for human consumption that is
12 to be consumed off the premises where it is sold (other than
13 alcoholic beverages, food consisting of or infused with adult
14 use cannabis, soft drinks, and food that has been prepared for
15 immediate consumption and is not otherwise included in this
16 paragraph) and ~~prescription and~~ nonprescription medicines and
17 ~~r~~ drugs, medical appliances that are not exempt under item
18 (32) of Section 3-5, products classified as Class III medical
19 devices by the United States Food and Drug Administration that
20 are used for cancer treatment pursuant to a prescription, as
21 well as any accessories and components related to those
22 devices, modifications to a motor vehicle for the purpose of
23 rendering it usable by a person with a disability, and
24 insulin, urine testing materials, syringes, and needles used
25 by diabetics, for human use. For the purposes of this Section,
26 until September 1, 2009: the term "soft drinks" means any

1 complete, finished, ready-to-use, non-alcoholic drink, whether
2 carbonated or not, including but not limited to soda water,
3 cola, fruit juice, vegetable juice, carbonated water, and all
4 other preparations commonly known as soft drinks of whatever
5 kind or description that are contained in any closed or sealed
6 bottle, can, carton, or container, regardless of size; but
7 "soft drinks" does not include coffee, tea, non-carbonated
8 water, infant formula, milk or milk products as defined in the
9 Grade A Pasteurized Milk and Milk Products Act, or drinks
10 containing 50% or more natural fruit or vegetable juice.

11 Notwithstanding any other provisions of this Act,
12 beginning September 1, 2009, "soft drinks" means non-alcoholic
13 beverages that contain natural or artificial sweeteners. "Soft
14 drinks" do not include beverages that contain milk or milk
15 products, soy, rice or similar milk substitutes, or greater
16 than 50% of vegetable or fruit juice by volume.

17 Until August 1, 2009, and notwithstanding any other
18 provisions of this Act, "food for human consumption that is to
19 be consumed off the premises where it is sold" includes all
20 food sold through a vending machine, except soft drinks and
21 food products that are dispensed hot from a vending machine,
22 regardless of the location of the vending machine. Beginning
23 August 1, 2009, and notwithstanding any other provisions of
24 this Act, "food for human consumption that is to be consumed
25 off the premises where it is sold" includes all food sold
26 through a vending machine, except soft drinks, candy, and food

1 products that are dispensed hot from a vending machine,
2 regardless of the location of the vending machine.

3 Notwithstanding any other provisions of this Act,
4 beginning September 1, 2009, "food for human consumption that
5 is to be consumed off the premises where it is sold" does not
6 include candy. For purposes of this Section, "candy" means a
7 preparation of sugar, honey, or other natural or artificial
8 sweeteners in combination with chocolate, fruits, nuts or
9 other ingredients or flavorings in the form of bars, drops, or
10 pieces. "Candy" does not include any preparation that contains
11 flour or requires refrigeration.

12 Notwithstanding any other provisions of this Act,
13 beginning September 1, 2009, "nonprescription medicines and
14 drugs" does not include grooming and hygiene products. For
15 purposes of this Section, "grooming and hygiene products"
16 includes, but is not limited to, soaps and cleaning solutions,
17 shampoo, toothpaste, mouthwash, antiperspirants, and sun tan
18 lotions and screens, unless those products are available by
19 prescription only, regardless of whether the products meet the
20 definition of "over-the-counter-drugs". For the purposes of
21 this paragraph, "over-the-counter-drug" means a drug for human
22 use that contains a label that identifies the product as a drug
23 as required by 21 C.F.R. § 201.66. The "over-the-counter-drug"
24 label includes:

25 (A) A "Drug Facts" panel; or

26 (B) A statement of the "active ingredient(s)" with a

1 list of those ingredients contained in the compound,
2 substance or preparation.

3 Beginning on January 1, 2014 (the effective date of Public
4 Act 98-122), "~~prescription and~~ nonprescription medicines and
5 drugs" includes medical cannabis purchased from a registered
6 dispensing organization under the Compassionate Use of Medical
7 Cannabis Program Act.

8 As used in this Section, "adult use cannabis" means
9 cannabis subject to tax under the Cannabis Cultivation
10 Privilege Tax Law and the Cannabis Purchaser Excise Tax Law
11 and does not include cannabis subject to tax under the
12 Compassionate Use of Medical Cannabis Program Act.

13 If the property that is acquired from a serviceman is
14 acquired outside Illinois and used outside Illinois before
15 being brought to Illinois for use here and is taxable under
16 this Act, the "selling price" on which the tax is computed
17 shall be reduced by an amount that represents a reasonable
18 allowance for depreciation for the period of prior
19 out-of-state use.

20 (Source: P.A. 100-22, eff. 7-6-17; 101-363, eff. 8-9-19;
21 101-593, eff. 12-4-19.)

22 Section 15. The Service Occupation Tax Act is amended by
23 changing Sections 3-5 and 3-10 as follows:

24 (35 ILCS 115/3-5)

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

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

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

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

1 by the Department.

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

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

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

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

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

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

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

1 crop data for the purpose of formulating animal diets and
2 agricultural chemicals. This item (7) is exempt from the
3 provisions of Section 3-55.

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

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

21 (9) Proceeds of mandatory service charges separately
22 stated on customers' bills for the purchase and consumption of
23 food and beverages, 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 directly
26 in preparing, serving, hosting or cleaning up the food or

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

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

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

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

1 during the period beginning July 1, 2003 and ending on August
2 16, 2013 (the effective date of Public Act 98-456).

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

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

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

1 January 1, 2008 (the effective date of Public Act 95-88) for
2 such taxes paid during the period beginning May 30, 2000 and
3 ending on January 1, 2008 (the effective date of Public Act
4 95-88).

5 (16) Computers and communications equipment utilized for
6 any hospital purpose and equipment used in the diagnosis,
7 analysis, or treatment of hospital patients sold to a lessor
8 who leases the equipment, under a lease of one year or longer
9 executed or in effect at the time of the purchase, to a
10 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.

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

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

1 number by the Department that assists victims of the disaster
2 who reside within the declared disaster area.

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

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

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

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

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

1 (23) Beginning January 1, 2000 and through December 31,
2 2001, new or used automatic vending machines that prepare and
3 serve hot food and beverages, including coffee, soup, and
4 other items, and replacement parts for these machines.
5 Beginning January 1, 2002 and through June 30, 2003, machines
6 and parts for machines used in commercial, coin-operated
7 amusement and vending business if a use or occupation tax is
8 paid on the gross receipts derived from the use of the
9 commercial, coin-operated amusement and vending machines. This
10 paragraph is exempt from the provisions of Section 3-55.

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

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

1 the Retailers' Occupation Tax Act. This paragraph is exempt
2 from the provisions of Section 3-55.

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

26 (27) Beginning January 1, 2008, tangible personal property

1 used in the construction or maintenance of a community water
2 supply, as defined under Section 3.145 of the Environmental
3 Protection Act, that is operated by a not-for-profit
4 corporation that holds a valid water supply permit issued
5 under Title IV of the Environmental Protection Act. This
6 paragraph is exempt from the provisions of Section 3-55.

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

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

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

1 allowed for taxes paid as a result of the disallowance of this
2 exemption on or after January 1, 2015 and prior to the
3 effective date of this amendatory Act of the 101st General
4 Assembly.

5 (30) Beginning January 1, 2017, menstrual pads, tampons,
6 and menstrual cups.

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

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

24 The Department of Commerce and Economic Opportunity shall
25 grant a certificate of exemption under this item (32) to
26 qualified data centers as defined by Section 605-1025 of the

1 Department of Commerce and Economic Opportunity Law of the
2 Civil Administrative Code of Illinois.

3 For the purposes of this item (32):

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

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

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

9 This item (32) is exempt from the provisions of Section
10 3-55.

11 (33) Beginning July 1, 2021, prescription medicines and
12 medical devices (including, but not limited to, products
13 classified as Class III medical devices by the United States
14 Food and Drug Administration that are used for cancer
15 treatment pursuant to a prescription, as well as any
16 accessories and components related to those devices). This
17 item (33) is exempt from the provisions of Section 3-55.

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

21 (35 ILCS 115/3-10) (from Ch. 120, par. 439.103-10)

22 Sec. 3-10. Rate of tax. Unless otherwise provided in this
23 Section, the tax imposed by this Act is at the rate of 6.25% of
24 the "selling price", as defined in Section 2 of the Service Use
25 Tax Act, of the tangible personal property. For the purpose of

1 computing this tax, in no event shall the "selling price" be
2 less than the cost price to the serviceman of the tangible
3 personal property transferred. The selling price of each item
4 of tangible personal property transferred as an incident of a
5 sale of service may be shown as a distinct and separate item on
6 the serviceman's billing to the service customer. If the
7 selling price is not so shown, the selling price of the
8 tangible personal property is deemed to be 50% of the
9 serviceman's entire billing to the service customer. When,
10 however, a serviceman contracts to design, develop, and
11 produce special order machinery or equipment, the tax imposed
12 by this Act shall be based on the serviceman's cost price of
13 the tangible personal property transferred incident to the
14 completion of the contract.

15 Beginning on July 1, 2000 and through December 31, 2000,
16 with respect to motor fuel, as defined in Section 1.1 of the
17 Motor Fuel Tax Law, and gasohol, as defined in Section 3-40 of
18 the Use Tax Act, the tax is imposed at the rate of 1.25%.

19 With respect to gasohol, as defined in the Use Tax Act, the
20 tax imposed by this Act shall apply to (i) 70% of the cost
21 price of property transferred as an incident to the sale of
22 service on or after January 1, 1990, and before July 1, 2003,
23 (ii) 80% of the selling price of property transferred as an
24 incident to the sale of service on or after July 1, 2003 and on
25 or before July 1, 2017, and (iii) 100% of the cost price
26 thereafter. If, at any time, however, the tax under this Act on

1 sales of gasohol, as defined in the Use Tax Act, is imposed at
2 the rate of 1.25%, then the tax imposed by this Act applies to
3 100% of the proceeds of sales of gasohol made during that time.

4 With respect to majority blended ethanol fuel, as defined
5 in the Use Tax Act, the tax imposed by this Act does not apply
6 to the selling price of property transferred as an incident to
7 the sale of service on or after July 1, 2003 and on or before
8 December 31, 2023 but applies to 100% of the selling price
9 thereafter.

10 With respect to biodiesel blends, as defined in the Use
11 Tax Act, with no less than 1% and no more than 10% biodiesel,
12 the tax imposed by this Act applies to (i) 80% of the selling
13 price of property transferred as an incident to the sale of
14 service on or after July 1, 2003 and on or before December 31,
15 2018 and (ii) 100% of the proceeds of the selling price
16 thereafter. If, at any time, however, the tax under this Act on
17 sales of biodiesel blends, as defined in the Use Tax Act, with
18 no less than 1% and no more than 10% biodiesel is imposed at
19 the rate of 1.25%, then the tax imposed by this Act applies to
20 100% of the proceeds of sales of biodiesel blends with no less
21 than 1% and no more than 10% biodiesel made during that time.

22 With respect to 100% biodiesel, as defined in the Use Tax
23 Act, and biodiesel blends, as defined in the Use Tax Act, with
24 more than 10% but no more than 99% biodiesel material, the tax
25 imposed by this Act does not apply to the proceeds of the
26 selling price of property transferred as an incident to the

1 sale of service on or after July 1, 2003 and on or before
2 December 31, 2023 but applies to 100% of the selling price
3 thereafter.

4 At the election of any registered serviceman made for each
5 fiscal year, sales of service in which the aggregate annual
6 cost price of tangible personal property transferred as an
7 incident to the sales of service is less than 35%, or 75% in
8 the case of servicemen transferring prescription drugs or
9 servicemen engaged in graphic arts production, of the
10 aggregate annual total gross receipts from all sales of
11 service, the tax imposed by this Act shall be based on the
12 serviceman's cost price of the tangible personal property
13 transferred incident to the sale of those services.

14 The tax shall be imposed at the rate of 1% on food prepared
15 for immediate consumption and transferred incident to a sale
16 of service subject to this Act or the Service Occupation Tax
17 Act by an entity licensed under the Hospital Licensing Act,
18 the Nursing Home Care Act, the ID/DD Community Care Act, the
19 MC/DD Act, the Specialized Mental Health Rehabilitation Act of
20 2013, or the Child Care Act of 1969. The tax shall also be
21 imposed at the rate of 1% on food for human consumption that is
22 to be consumed off the premises where it is sold (other than
23 alcoholic beverages, food consisting of or infused with adult
24 use cannabis, soft drinks, and food that has been prepared for
25 immediate consumption and is not otherwise included in this
26 paragraph) and ~~prescription and~~ nonprescription medicines and

1 ~~7~~ drugs, medical appliances that are not exempt under item
2 (33) of Section 3-5, products classified as Class III medical
3 devices by the United States Food and Drug Administration that
4 are used for cancer treatment pursuant to a prescription, as
5 well as any accessories and components related to those
6 devices, modifications to a motor vehicle for the purpose of
7 rendering it usable by a person with a disability, and
8 insulin, urine testing materials, syringes, and needles used
9 by diabetics, for human use. For the purposes of this Section,
10 until September 1, 2009: the term "soft drinks" means any
11 complete, finished, ready-to-use, non-alcoholic drink, whether
12 carbonated or not, including but not limited to soda water,
13 cola, fruit juice, vegetable juice, carbonated water, and all
14 other preparations commonly known as soft drinks of whatever
15 kind or description that are contained in any closed or sealed
16 can, carton, or container, regardless of size; but "soft
17 drinks" does not include coffee, tea, non-carbonated water,
18 infant formula, milk or milk products as defined in the Grade A
19 Pasteurized Milk and Milk Products Act, or drinks containing
20 50% or more natural fruit or vegetable juice.

21 Notwithstanding any other provisions of this Act,
22 beginning September 1, 2009, "soft drinks" means non-alcoholic
23 beverages that contain natural or artificial sweeteners. "Soft
24 drinks" do not include beverages that contain milk or milk
25 products, soy, rice or similar milk substitutes, or greater
26 than 50% of vegetable or fruit juice by volume.

1 Until August 1, 2009, and notwithstanding any other
2 provisions of this Act, "food for human consumption that is to
3 be consumed off the premises where it is sold" includes all
4 food sold through a vending machine, except soft drinks and
5 food products that are dispensed hot from a vending machine,
6 regardless of the location of the vending machine. Beginning
7 August 1, 2009, and notwithstanding any other provisions of
8 this Act, "food for human consumption that is to be consumed
9 off the premises where it is sold" includes all food sold
10 through a vending machine, except soft drinks, candy, and food
11 products that are dispensed hot from a vending machine,
12 regardless of the location of the vending machine.

13 Notwithstanding any other provisions of this Act,
14 beginning September 1, 2009, "food for human consumption that
15 is to be consumed off the premises where it is sold" does not
16 include candy. For purposes of this Section, "candy" means a
17 preparation of sugar, honey, or other natural or artificial
18 sweeteners in combination with chocolate, fruits, nuts or
19 other ingredients or flavorings in the form of bars, drops, or
20 pieces. "Candy" does not include any preparation that contains
21 flour or requires refrigeration.

22 Notwithstanding any other provisions of this Act,
23 beginning September 1, 2009, "nonprescription medicines and
24 drugs" does not include grooming and hygiene products. For
25 purposes of this Section, "grooming and hygiene products"
26 includes, but is not limited to, soaps and cleaning solutions,

1 shampoo, toothpaste, mouthwash, antiperspirants, and sun tan
2 lotions and screens, unless those products are available by
3 prescription only, regardless of whether the products meet the
4 definition of "over-the-counter-drugs". For the purposes of
5 this paragraph, "over-the-counter-drug" means a drug for human
6 use that contains a label that identifies the product as a drug
7 as required by 21 C.F.R. § 201.66. The "over-the-counter-drug"
8 label includes:

9 (A) A "Drug Facts" panel; or

10 (B) A statement of the "active ingredient(s)" with a
11 list of those ingredients contained in the compound,
12 substance or preparation.

13 Beginning on January 1, 2014 (the effective date of Public
14 Act 98-122), ~~"prescription and~~ nonprescription medicines and
15 drugs" includes medical cannabis purchased from a registered
16 dispensing organization under the Compassionate Use of Medical
17 Cannabis Program Act.

18 As used in this Section, "adult use cannabis" means
19 cannabis subject to tax under the Cannabis Cultivation
20 Privilege Tax Law and the Cannabis Purchaser Excise Tax Law
21 and does not include cannabis subject to tax under the
22 Compassionate Use of Medical Cannabis Program Act.

23 (Source: P.A. 100-22, eff. 7-6-17; 101-363, eff. 8-9-19;
24 101-593, eff. 12-4-19.)

25 Section 20. The Retailers' Occupation Tax Act is amended

1 by changing Sections 2-5 and 2-10 as follows:

2 (35 ILCS 120/2-5)

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

6 (1) Farm chemicals.

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

1 licensed, if the selling price of the tender is separately
2 stated.

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

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

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

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

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

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

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

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

23 (8) Personal property sold to an Illinois county fair
24 association for use in conducting, operating, or promoting
25 the county fair.

26 (9) Personal property sold to a not-for-profit arts or

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

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

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

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

11 (12) (Blank).

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

1 otherwise provided for in this Act. For purposes of this
2 paragraph, "used for commercial purposes" means the
3 transportation of persons or property in furtherance of
4 any commercial or industrial enterprise whether for-hire
5 or not.

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

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

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

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

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

26 (17) Tangible personal property sold to a common

1 carrier by rail or motor that receives the physical
2 possession of the property in Illinois and that transports
3 the property, or shares with another common carrier in the
4 transportation of the property, out of Illinois on a
5 standard uniform bill of lading showing the seller of the
6 property as the shipper or consignor of the property to a
7 destination outside Illinois, for use outside Illinois.

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

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

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

1 purchased for lease.

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

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

21 Beginning July 1, 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 that (i) is engaged in foreign trade or is engaged
26 in trade between the United States and any of its

1 possessions and (ii) transports at least one individual or
2 package for hire from the city of origination to the city
3 of final destination on the same aircraft, without regard
4 to a change in the flight number of that aircraft.

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

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

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

1 titled in this State.

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

1 the vehicle in his or her state of residence within 30 days
2 after the date of sale. The tax collected under this Act in
3 accordance with this item (25-5) shall be proportionately
4 distributed as if the tax were collected at the 6.25%
5 general rate imposed under this Act.

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

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

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

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

1 the primary physical location of the aircraft, and
2 other information that the Department may reasonably
3 require.

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

5 "Based in this State" means hangared, stored, or
6 otherwise used, excluding post-sale customizations as
7 defined in this Section, for 10 or more days in each
8 12-month period immediately following the date of the sale
9 of the aircraft.

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

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

17 (26) Semen used for artificial insemination of
18 livestock for direct agricultural production.

19 (27) Horses, or interests in horses, registered with
20 and meeting the requirements of any of the Arabian Horse
21 Club Registry of America, Appaloosa Horse Club, American
22 Quarter Horse Association, United States Trotting
23 Association, or Jockey Club, as appropriate, used for
24 purposes of breeding or racing for prizes. This item (27)
25 is exempt from the provisions of Section 2-70, and the
26 exemption provided for under this item (27) applies for

1 all periods beginning May 30, 1995, but no claim for
2 credit or refund is allowed on or after January 1, 2008
3 (the effective date of Public Act 95-88) for such taxes
4 paid during the period beginning May 30, 2000 and ending
5 on January 1, 2008 (the effective date of Public Act
6 95-88).

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

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

21 (30) Beginning with taxable years ending on or after
22 December 31, 1995 and ending with taxable years ending on
23 or before December 31, 2004, personal property that is
24 donated for disaster relief to be used in a State or
25 federally declared disaster area in Illinois or bordering
26 Illinois by a manufacturer or retailer that is registered

1 in this State to a corporation, society, association,
2 foundation, or institution that has been issued a sales
3 tax exemption identification number by the Department that
4 assists victims of the disaster who reside within the
5 declared disaster area.

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

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

23 (33) A motor vehicle, as that term is defined in
24 Section 1-146 of the Illinois Vehicle Code, that is
25 donated to a corporation, limited liability company,
26 society, association, foundation, or institution that is

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

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

1 purchases the personal property sold at the events from
2 another individual or entity that sold the property for
3 the purpose of resale by the fundraising entity and that
4 profits from the sale to the fundraising entity. This
5 paragraph is exempt from the provisions of Section 2-70.

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

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

1 long-term care facility, as defined in the Nursing Home
2 Care Act, or a licensed facility as defined in the ID/DD
3 Community Care Act, the MC/DD Act, or the Specialized
4 Mental Health Rehabilitation Act of 2013.

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

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

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

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

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

1 provisions of Section 2-70.

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

1 passenger air service pursuant to authority issued under
2 Part 121 or Part 129 of the Federal Aviation Regulations.
3 The changes made to this paragraph (40) by Public Act
4 98-534 are declarative of existing law. It is the intent
5 of the General Assembly that the exemption under this
6 paragraph (40) applies continuously from January 1, 2010
7 through December 31, 2024; however, no claim for credit or
8 refund is allowed for taxes paid as a result of the
9 disallowance of this exemption on or after January 1, 2015
10 and prior to the effective date of this amendatory Act of
11 the 101st General Assembly.

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

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

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

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

26 The Department of Commerce and Economic Opportunity

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

6 For the purposes of this item (44):

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

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

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

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

15 (45) Beginning July 1, 2021, prescription medicines
16 and medical devices (including, but not limited to,
17 products classified as Class III medical devices by the
18 United States Food and Drug Administration that are used
19 for cancer treatment pursuant to a prescription, as well
20 as any accessories and components related to those
21 devices). This item (45) is exempt from the provisions of
22 Section 2-70.

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

1 (35 ILCS 120/2-10)

2 Sec. 2-10. Rate of tax. Unless otherwise provided in this
3 Section, the tax imposed by this Act is at the rate of 6.25% of
4 gross receipts from sales of tangible personal property made
5 in the course of business.

6 Beginning on July 1, 2000 and through December 31, 2000,
7 with respect to motor fuel, as defined in Section 1.1 of the
8 Motor Fuel Tax Law, and gasohol, as defined in Section 3-40 of
9 the Use Tax Act, the tax is imposed at the rate of 1.25%.

10 Beginning on August 6, 2010 through August 15, 2010, with
11 respect to sales tax holiday items as defined in Section 2-8 of
12 this Act, the tax is imposed at the rate of 1.25%.

13 Within 14 days after the effective date of this amendatory
14 Act of the 91st General Assembly, each retailer of motor fuel
15 and gasohol shall cause the following notice to be posted in a
16 prominently visible place on each retail dispensing device
17 that is used to dispense motor fuel or gasohol in the State of
18 Illinois: "As of July 1, 2000, the State of Illinois has
19 eliminated the State's share of sales tax on motor fuel and
20 gasohol through December 31, 2000. The price on this pump
21 should reflect the elimination of the tax." The notice shall
22 be printed in bold print on a sign that is no smaller than 4
23 inches by 8 inches. The sign shall be clearly visible to
24 customers. Any retailer who fails to post or maintain a
25 required sign through December 31, 2000 is guilty of a petty

1 offense for which the fine shall be \$500 per day per each
2 retail premises where a violation occurs.

3 With respect to gasohol, as defined in the Use Tax Act, the
4 tax imposed by this Act applies to (i) 70% of the proceeds of
5 sales made on or after January 1, 1990, and before July 1,
6 2003, (ii) 80% of the proceeds of sales made on or after July
7 1, 2003 and on or before July 1, 2017, and (iii) 100% of the
8 proceeds of sales made thereafter. If, at any time, however,
9 the tax under this Act on sales of gasohol, as defined in the
10 Use Tax Act, is imposed at the rate of 1.25%, then the tax
11 imposed by this Act applies to 100% of the proceeds of sales of
12 gasohol made during that time.

13 With respect to majority blended ethanol fuel, as defined
14 in the Use Tax Act, the tax imposed by this Act does not apply
15 to the proceeds of sales made on or after July 1, 2003 and on
16 or before December 31, 2023 but applies to 100% of the proceeds
17 of sales made thereafter.

18 With respect to biodiesel blends, as defined in the Use
19 Tax Act, with no less than 1% and no more than 10% biodiesel,
20 the tax imposed by this Act applies to (i) 80% of the proceeds
21 of sales made on or after July 1, 2003 and on or before
22 December 31, 2018 and (ii) 100% of the proceeds of sales made
23 thereafter. If, at any time, however, the tax under this Act on
24 sales of biodiesel blends, as defined in the Use Tax Act, with
25 no less than 1% and no more than 10% biodiesel is imposed at
26 the rate of 1.25%, then the tax imposed by this Act applies to

1 100% of the proceeds of sales of biodiesel blends with no less
2 than 1% and no more than 10% biodiesel made during that time.

3 With respect to 100% biodiesel, as defined in the Use Tax
4 Act, and biodiesel blends, as defined in the Use Tax Act, with
5 more than 10% but no more than 99% biodiesel, the tax imposed
6 by this Act does not apply to the proceeds of sales made on or
7 after July 1, 2003 and on or before December 31, 2023 but
8 applies to 100% of the proceeds of sales made thereafter.

9 With respect to food for human consumption that is to be
10 consumed off the premises where it is sold (other than
11 alcoholic beverages, food consisting of or infused with adult
12 use cannabis, soft drinks, and food that has been prepared for
13 immediate consumption) and ~~prescription and~~ nonprescription
14 medicines and ~~7~~ drugs, medical appliances, ~~products classified~~
15 ~~as Class III medical devices by the United States Food and Drug~~
16 ~~Administration that are used for cancer treatment pursuant to~~
17 ~~a prescription, as well as any accessories and components~~
18 ~~related to those devices,~~ modifications to a motor vehicle for
19 the purpose of rendering it usable by a person with a
20 disability, and insulin, urine testing materials, syringes,
21 and needles used by diabetics, for human use, the tax is
22 imposed at the rate of 1%. For the purposes of this Section,
23 until September 1, 2009: the term "soft drinks" means any
24 complete, finished, ready-to-use, non-alcoholic drink, whether
25 carbonated or not, including but not limited to soda water,
26 cola, fruit juice, vegetable juice, carbonated water, and all

1 other preparations commonly known as soft drinks of whatever
2 kind or description that are contained in any closed or sealed
3 bottle, can, carton, or container, regardless of size; but
4 "soft drinks" does not include coffee, tea, non-carbonated
5 water, infant formula, milk or milk products as defined in the
6 Grade A Pasteurized Milk and Milk Products Act, or drinks
7 containing 50% or more natural fruit or vegetable juice.

8 Notwithstanding any other provisions of this Act,
9 beginning September 1, 2009, "soft drinks" means non-alcoholic
10 beverages that contain natural or artificial sweeteners. "Soft
11 drinks" do not include beverages that contain milk or milk
12 products, soy, rice or similar milk substitutes, or greater
13 than 50% of vegetable or fruit juice by volume.

14 Until August 1, 2009, and notwithstanding any other
15 provisions of this Act, "food for human consumption that is to
16 be consumed off the premises where it is sold" includes all
17 food sold through a vending machine, except soft drinks and
18 food products that are dispensed hot from a vending machine,
19 regardless of the location of the vending machine. Beginning
20 August 1, 2009, and notwithstanding any other provisions of
21 this Act, "food for human consumption that is to be consumed
22 off the premises where it is sold" includes all food sold
23 through a vending machine, except soft drinks, candy, and food
24 products that are dispensed hot from a vending machine,
25 regardless of the location of the vending machine.

26 Notwithstanding any other provisions of this Act,

1 beginning September 1, 2009, "food for human consumption that
2 is to be consumed off the premises where it is sold" does not
3 include candy. For purposes of this Section, "candy" means a
4 preparation of sugar, honey, or other natural or artificial
5 sweeteners in combination with chocolate, fruits, nuts or
6 other ingredients or flavorings in the form of bars, drops, or
7 pieces. "Candy" does not include any preparation that contains
8 flour or requires refrigeration.

9 Notwithstanding any other provisions of this Act,
10 beginning September 1, 2009, "nonprescription medicines and
11 drugs" does not include grooming and hygiene products. For
12 purposes of this Section, "grooming and hygiene products"
13 includes, but is not limited to, soaps and cleaning solutions,
14 shampoo, toothpaste, mouthwash, antiperspirants, and sun tan
15 lotions and screens, unless those products are available by
16 prescription only, regardless of whether the products meet the
17 definition of "over-the-counter-drugs". For the purposes of
18 this paragraph, "over-the-counter-drug" means a drug for human
19 use that contains a label that identifies the product as a drug
20 as required by 21 C.F.R. § 201.66. The "over-the-counter-drug"
21 label includes:

22 (A) A "Drug Facts" panel; or

23 (B) A statement of the "active ingredient(s)" with a
24 list of those ingredients contained in the compound,
25 substance or preparation.

26 Beginning on the effective date of this amendatory Act of

1 the 98th General Assembly, "~~prescription and~~ nonprescription
2 medicines and drugs" includes medical cannabis purchased from
3 a registered dispensing organization under the Compassionate
4 Use of Medical Cannabis Program Act.

5 As used in this Section, "adult use cannabis" means
6 cannabis subject to tax under the Cannabis Cultivation
7 Privilege Tax Law and the Cannabis Purchaser Excise Tax Law
8 and does not include cannabis subject to tax under the
9 Compassionate Use of Medical Cannabis Program Act.

10 (Source: P.A. 100-22, eff. 7-6-17; 101-363, eff. 8-9-19;
11 101-593, eff. 12-4-19.)

12 Section 99. Effective date. This Act takes effect July 1,
13 2021.