

# SB3065



## 102ND GENERAL ASSEMBLY

State of Illinois

2021 and 2022

SB3065

Introduced 1/11/2022, by Sen. Patrick J. Joyce

### SYNOPSIS AS INTRODUCED:

35 ILCS 105/3-5  
35 ILCS 110/3-5  
35 ILCS 115/3-5  
35 ILCS 120/2-5

Amends the Use Tax Act, the Service Use Tax Act, the Service Occupation Tax Act, and the Retailers' Occupation Tax Act. Provides that the credit for coal and aggregate exploration, mining, off-highway hauling, processing, maintenance, and reclamation equipment sunsets on July 1, 2028 (currently July 1, 2023). Effective immediately.

LRB102 22146 HLH 31275 b

A BILL FOR

1 AN ACT concerning revenue.

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

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

6 (35 ILCS 105/3-5)

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

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

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

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

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

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

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

1 the car is subject to the Replacement Vehicle Tax.

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

15 (7) Farm chemicals.

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

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

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

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

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

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

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

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

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

26 (13) Proceeds of mandatory service charges separately

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

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

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

23 (16) Until July 1, 2028 ~~July 1, 2023~~, coal and aggregate  
24 exploration, mining, off-highway hauling, processing,  
25 maintenance, and reclamation equipment, including replacement  
26 parts and equipment, and including equipment purchased for

1 lease, but excluding motor vehicles required to be registered  
2 under the Illinois Vehicle Code. The changes made to this  
3 Section by Public Act 97-767 apply on and after July 1, 2003,  
4 but no claim for credit or refund is allowed on or after August  
5 16, 2013 (the effective date of Public Act 98-456) for such  
6 taxes paid during the period beginning July 1, 2003 and ending  
7 on August 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 and through December 31,  
23 2026, menstrual pads, tampons, 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 (Source: P.A. 101-9, eff. 6-5-19; 101-31, eff. 6-28-19;  
11 101-81, eff. 7-12-19; 101-629, eff. 2-5-20; 102-16, eff.  
12 6-17-21.)

13 Section 10. The Service Use Tax Act is amended by changing  
14 Section 3-5 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, 2028 ~~July 1, 2023~~, coal and aggregate  
12 exploration, mining, off-highway hauling, processing,  
13 maintenance, and reclamation equipment, including replacement  
14 parts and equipment, and including equipment purchased for  
15 lease, but excluding motor vehicles required to be registered  
16 under the Illinois Vehicle Code. The changes made to this  
17 Section by Public Act 97-767 apply on and after July 1, 2003,  
18 but no claim for credit or refund is allowed on or after August  
19 16, 2013 (the effective date of Public Act 98-456) for such  
20 taxes paid during the period beginning July 1, 2003 and ending  
21 on August 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 and through December 31,  
8 2026, menstrual pads, tampons, 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 (Source: P.A. 101-31, eff. 6-28-19; 101-81, eff. 7-12-19;  
15 101-629, eff. 2-5-20; 102-16, eff. 6-17-21.)

16 Section 15. The Service Occupation Tax Act is amended by  
17 changing Section 3-5 as follows:

18 (35 ILCS 115/3-5)

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

21 (1) Personal property sold by a corporation, society,  
22 association, foundation, institution, or organization, other  
23 than a limited liability company, that is organized and  
24 operated as a not-for-profit service enterprise for the

1 benefit of persons 65 years of age or older if the personal  
2 property was not purchased by the enterprise for the purpose  
3 of resale by the enterprise.

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

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

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

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



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

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

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

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

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

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

24 (8) Until June 30, 2013, fuel and petroleum products sold  
25 to or used by an air common carrier, certified by the carrier  
26 to be used for consumption, shipment, or storage in the

1 conduct of its business as an air common carrier, for a flight  
2 destined for or returning from a location or locations outside  
3 the United States without regard to previous or subsequent  
4 domestic stopovers.

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

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

23 (10) Until July 1, 2003, oil field exploration, drilling,  
24 and production equipment, including (i) rigs and parts of  
25 rigs, rotary rigs, cable tool rigs, and workover rigs, (ii)  
26 pipe and tubular goods, including casing and drill strings,

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

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

12 (12) Until July 1, 2028 ~~July 1, 2023~~, coal and aggregate  
13 exploration, mining, off-highway hauling, processing,  
14 maintenance, and reclamation equipment, including replacement  
15 parts and equipment, and including equipment purchased for  
16 lease, but excluding motor vehicles required to be registered  
17 under the Illinois Vehicle Code. The changes made to this  
18 Section by Public Act 97-767 apply on and after July 1, 2003,  
19 but no claim for credit or refund is allowed on or after August  
20 16, 2013 (the effective date of Public Act 98-456) for such  
21 taxes paid during the period beginning July 1, 2003 and ending  
22 on August 16, 2013 (the effective date of Public Act 98-456).

23 (13) Beginning January 1, 1992 and through June 30, 2016,  
24 food for human consumption that is to be consumed off the  
25 premises where it is sold (other than alcoholic beverages,  
26 soft drinks and food that has been prepared for immediate

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

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

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

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

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

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

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

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

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

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

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

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

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

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



1 amusement and vending business if a use or occupation tax is  
2 paid on the gross receipts derived from the use of the  
3 commercial, coin-operated amusement and vending machines. This  
4 paragraph is exempt from the provisions of Section 3-55.

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

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

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

1 in Illinois, temporarily store the property in Illinois (i)  
2 for the purpose of subsequently transporting it outside this  
3 State for use or consumption thereafter solely outside this  
4 State or (ii) for the purpose of being processed, fabricated,  
5 or manufactured into, attached to, or incorporated into other  
6 tangible personal property to be transported outside this  
7 State and thereafter used or consumed solely outside this  
8 State. The Director of Revenue shall, pursuant to rules  
9 adopted in accordance with the Illinois Administrative  
10 Procedure Act, issue a permit to any taxpayer in good standing  
11 with the Department who is eligible for the exemption under  
12 this paragraph (26). The permit issued under this paragraph  
13 (26) 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 maintain  
17 all necessary books and records to substantiate the use and  
18 consumption of all such tangible personal property outside of  
19 the State of Illinois.

20 (27) Beginning January 1, 2008, tangible personal property  
21 used in the construction or maintenance of a community water  
22 supply, as defined under Section 3.145 of the Environmental  
23 Protection Act, that is operated by a not-for-profit  
24 corporation that holds a valid water supply permit issued  
25 under Title IV of the Environmental Protection Act. This  
26 paragraph is exempt from the provisions of Section 3-55.

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

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

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

25 (30) Beginning January 1, 2017 and through December 31,  
26 2026, menstrual pads, tampons, and menstrual cups.

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

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

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

23           For the purposes of this item (32):

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

1 the State of Illinois.

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

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

3 This item (32) is exempt from the provisions of Section  
4 3-55.

5 (Source: P.A. 101-31, eff. 6-28-19; 101-81, eff. 7-12-19;  
6 101-629, eff. 2-5-20; 102-16, eff. 6-17-21.)

7 Section 20. The Retailers' Occupation Tax Act is amended  
8 by changing Section 2-5 as follows:

9 (35 ILCS 120/2-5)

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

13 (1) Farm chemicals.

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

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

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

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



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

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

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

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

1 secondary school located in Illinois.

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

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

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

23 (10) Personal property sold by a corporation, society,  
24 association, foundation, institution, or organization,  
25 other than a limited liability company, that is organized  
26 and operated as a not-for-profit service enterprise for

1 the benefit of persons 65 years of age or older if the  
2 personal property was not purchased by the enterprise for  
3 the purpose of resale by the enterprise.

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

19 (12) (Blank).

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

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

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

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

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

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

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

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

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

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

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

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

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

10 (21) Until July 1, 2028 ~~July 1, 2023~~, coal and  
11 aggregate exploration, mining, off-highway hauling,  
12 processing, maintenance, and reclamation equipment,  
13 including replacement parts and equipment, and including  
14 equipment purchased for lease, but excluding motor  
15 vehicles required to be registered under the Illinois  
16 Vehicle Code. The changes made to this Section by Public  
17 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  
20 paid during the period beginning July 1, 2003 and ending  
21 on August 16, 2013 (the effective date of Public Act  
22 98-456).

23 (22) Until June 30, 2013, fuel and petroleum products  
24 sold to or used by an air carrier, certified by the carrier  
25 to be used for consumption, shipment, or storage in the  
26 conduct of its business as an air common carrier, for a

1 flight destined for or returning from a location or  
2 locations outside the United States without regard to  
3 previous or subsequent domestic stopovers.

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

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

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

24 (25) Except as provided in item (25-5) of this  
25 Section, a motor vehicle sold in this State to a  
26 nonresident even though the motor vehicle is delivered to



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

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

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

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

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

26 (2) the aircraft is not based or registered in

1 this State after the sale of the aircraft; and

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

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

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

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

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

26 (26) Semen used for artificial insemination of

1 livestock for direct agricultural production.

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

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

24 (29) Personal property sold to a lessor who leases the  
25 property, under a lease of one year or longer executed or  
26 in effect at the time of the purchase, to a governmental

1 body that has been issued an active tax exemption  
2 identification number by the Department under Section 1g  
3 of this Act.

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

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

1 declared disaster area within 6 months after the disaster.

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

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

26 (34) Beginning January 1, 2000, personal property,

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

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

26 (35-5) Beginning August 23, 2001 and through June 30,

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

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

24           (37) Beginning August 2, 2001, personal property sold  
25          to a lessor who leases the property, under a lease of one  
26          year or longer executed or in effect at the time of the



1 purchase, to a governmental body that has been issued an  
2 active tax exemption identification number by the  
3 Department under Section 1g of this Act. This paragraph is  
4 exempt from the provisions of Section 2-70.

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

1 the use and consumption of all such tangible personal  
2 property outside of the State of Illinois.

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

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

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

21               (41) Tangible personal property sold to a  
22               public-facilities corporation, as described in Section  
23               11-65-10 of the Illinois Municipal Code, for purposes of  
24               constructing or furnishing a municipal convention hall,  
25               but only if the legal title to the municipal convention  
26               hall is transferred to the municipality without any

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

10 (42) Beginning January 1, 2017 and through December  
11 31, 2026, menstrual pads, tampons, and menstrual cups.

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

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

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

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

15 For the purposes of this item (44):

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

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

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

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

24 (45) Beginning January 1, 2020 and through December  
25 31, 2020, sales of tangible personal property made by a  
26 marketplace seller over a marketplace for which tax is due

1 under this Act but for which use tax has been collected and  
2 remitted to the Department by a marketplace facilitator  
3 under Section 2d of the Use Tax Act are exempt from tax  
4 under this Act. A marketplace seller claiming this  
5 exemption shall maintain books and records demonstrating  
6 that the use tax on such sales has been collected and  
7 remitted by a marketplace facilitator. Marketplace sellers  
8 that have properly remitted tax under this Act on such  
9 sales may file a claim for credit as provided in Section 6  
10 of this Act. No claim is allowed, however, for such taxes  
11 for which a credit or refund has been issued to the  
12 marketplace facilitator under the Use Tax Act, or for  
13 which the marketplace facilitator has filed a claim for  
14 credit or refund under the Use Tax Act.

15 (Source: P.A. 101-31, eff. 6-28-19; 101-81, eff. 7-12-19;  
16 101-629, eff. 2-5-20; 102-16, eff. 6-17-21; 102-634, eff.  
17 8-27-21; revised 11-9-21.)

18 Section 99. Effective date. This Act takes effect upon  
19 becoming law.