

HB3477



103RD GENERAL ASSEMBLY

State of Illinois

2023 and 2024

HB3477

Introduced 2/17/2023, by Rep. Dave Vella

SYNOPSIS AS INTRODUCED:

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

Amends the Use Tax Act, the Service Use Tax Act, the Service Occupation Tax Act, and the Retailers' Occupation Tax Act. Provides that certain food, drugs, and medical appliances that were taxed at the rate of 1% shall be exempt from the taxes under those Acts. Effective immediately.

LRB103 27010 HLH 53377 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 Sections
5 3-5 and 3-10 as follows:

6 (35 ILCS 105/3-5)

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

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

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

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

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

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

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

1 the car is subject to the Replacement Vehicle Tax.

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

15 (7) Farm chemicals.

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

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

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

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

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

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

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

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

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

26 (13) Proceeds of mandatory service charges separately

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 Section 3-90.

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

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

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

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

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

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

1 exemption under this paragraph (35) applies continuously from
2 January 1, 2010 through December 31, 2024; however, no claim
3 for credit or refund is allowed for taxes paid as a result of
4 the disallowance of this exemption on or after January 1, 2015
5 and prior to February 5, 2020 (the effective date of Public Act
6 101-629) ~~this amendatory Act of the 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 (41) Beginning July 1, 2022, breast pumps, breast pump
11 collection and storage supplies, and breast pump kits. This
12 item (41) is exempt from the provisions of Section 3-90. As
13 used in this item (41):

14 "Breast pump" means an electrically controlled or
15 manually controlled pump device designed or marketed to be
16 used to express milk from a human breast during lactation,
17 including the pump device and any battery, AC adapter, or
18 other power supply unit that is used to power the pump
19 device and is packaged and sold with the pump device at the
20 time of sale.

21 "Breast pump collection and storage supplies" means
22 items of tangible personal property designed or marketed
23 to be used in conjunction with a breast pump to collect
24 milk expressed from a human breast and to store collected
25 milk until it is ready for consumption.

26 "Breast pump collection and storage supplies"

1 includes, but is not limited to: breast shields and breast
2 shield connectors; breast pump tubes and tubing adapters;
3 breast pump valves and membranes; backflow protectors and
4 backflow protector adaptors; bottles and bottle caps
5 specific to the operation of the breast pump; and breast
6 milk storage bags.

7 "Breast pump collection and storage supplies" does not
8 include: (1) bottles and bottle caps not specific to the
9 operation of the breast pump; (2) breast pump travel bags
10 and other similar carrying accessories, including ice
11 packs, labels, and other similar products; (3) breast pump
12 cleaning supplies; (4) nursing bras, bra pads, breast
13 shells, and other similar products; and (5) creams,
14 ointments, and other similar products that relieve
15 breastfeeding-related symptoms or conditions of the
16 breasts or nipples, unless sold as part of a breast pump
17 kit that is pre-packaged by the breast pump manufacturer
18 or distributor.

19 "Breast pump kit" means a kit that: (1) contains no
20 more than a breast pump, breast pump collection and
21 storage supplies, a rechargeable battery for operating the
22 breast pump, a breastmilk cooler, bottle stands, ice
23 packs, and a breast pump carrying case; and (2) is
24 pre-packaged as a breast pump kit by the breast pump
25 manufacturer or distributor.

26 (42) ~~(41)~~ Tangible personal property sold by or on behalf

1 of the State Treasurer pursuant to the Revised Uniform
2 Unclaimed Property Act. This item (42) ~~(41)~~ is exempt from the
3 provisions of Section 3-90.

4 (43) Beginning on July 1, 2022, food for human consumption
5 that is to be consumed off the premises where it is sold, as
6 defined in Section 3-10, except excluding alcoholic beverages,
7 food consisting of or infused with adult use cannabis, soft
8 drinks, and food that has been prepared for immediate
9 consumption. This item (43) is exempt from the provisions of
10 Section 3-90.

11 (44) Beginning on July 1, 2023, the following items, as
12 defined in Section 3-10:

13 (A) prescription and nonprescription medicines, drugs,
14 and medical appliances;

15 (B) products classified as Class III medical devices
16 by the United States Food and Drug Administration that are
17 used for cancer treatment pursuant to a prescription, as
18 well as any accessories and components related to those
19 devices;

20 (C) modifications to a motor vehicle for the purpose
21 of rendering it usable by a person with a disability; and

22 (D) insulin, blood sugar testing materials, syringes,
23 and needles used by human diabetics.

24 This item (44) is exempt from the provisions of Section
25 3-90.

26 (Source: P.A. 101-9, eff. 6-5-19; 101-31, eff. 6-28-19;

1 101-81, eff. 7-12-19; 101-629, eff. 2-5-20; 102-16, eff.
2 6-17-21; 102-700, Article 70, Section 70-5, eff. 4-19-22;
3 102-700, Article 75, Section 75-5, eff. 4-19-22; 102-1026,
4 eff. 5-27-22; revised 8-1-22.)

5 (35 ILCS 105/3-10)

6 Sec. 3-10. Rate of tax. Unless otherwise provided in this
7 Section, the tax imposed by this Act is at the rate of 6.25% of
8 either the selling price or the fair market value, if any, of
9 the tangible personal property. In all cases where property
10 functionally used or consumed is the same as the property that
11 was purchased at retail, then the tax is imposed on the selling
12 price of the property. In all cases where property
13 functionally used or consumed is a by-product or waste product
14 that has been refined, manufactured, or produced from property
15 purchased at retail, then the tax is imposed on the lower of
16 the fair market value, if any, of the specific property so used
17 in this State or on the selling price of the property purchased
18 at retail. For purposes of this Section "fair market value"
19 means the price at which property would change hands between a
20 willing buyer and a willing seller, neither being under any
21 compulsion to buy or sell and both having reasonable knowledge
22 of the relevant facts. The fair market value shall be
23 established by Illinois sales by the taxpayer of the same
24 property as that functionally used or consumed, or if there
25 are no such sales by the taxpayer, then comparable sales or

1 purchases of property of like kind and character in Illinois.

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

6 Beginning on August 6, 2010 through August 15, 2010, and
7 beginning again on August 5, 2022 through August 14, 2022,
8 with respect to sales tax holiday items as defined in Section
9 3-6 of this Act, the tax is imposed at the rate of 1.25%.

10 With respect to gasohol, the tax imposed by this Act
11 applies to (i) 70% of the proceeds of sales made on or after
12 January 1, 1990, and before July 1, 2003, (ii) 80% of the
13 proceeds of sales made on or after July 1, 2003 and on or
14 before July 1, 2017, and (iii) 100% of the proceeds of sales
15 made thereafter. If, at any time, however, the tax under this
16 Act on sales of gasohol is imposed at the rate of 1.25%, then
17 the tax imposed by this Act applies to 100% of the proceeds of
18 sales of gasohol made during that time.

19 With respect to majority blended ethanol fuel, the tax
20 imposed by this Act does not apply to the proceeds of sales
21 made on or after July 1, 2003 and on or before December 31,
22 2023 but applies to 100% of the proceeds of sales made
23 thereafter.

24 With respect to biodiesel blends with no less than 1% and
25 no more than 10% biodiesel, the tax imposed by this Act applies
26 to (i) 80% of the proceeds of sales made on or after July 1,

1 2003 and on or before December 31, 2018 and (ii) 100% of the
2 proceeds of sales made after December 31, 2018 and before
3 January 1, 2024. On and after January 1, 2024 and on or before
4 December 31, 2030, the taxation of biodiesel, renewable
5 diesel, and biodiesel blends shall be as provided in Section
6 3-5.1. If, at any time, however, the tax under this Act on
7 sales of biodiesel blends with no less than 1% and no more than
8 10% biodiesel is imposed at the rate of 1.25%, then the tax
9 imposed by this Act applies to 100% of the proceeds of sales of
10 biodiesel blends with no less than 1% and no more than 10%
11 biodiesel made during that time.

12 With respect to biodiesel and biodiesel blends with more
13 than 10% but no more than 99% biodiesel, the tax imposed by
14 this Act does not apply to the proceeds of sales made on or
15 after July 1, 2003 and on or before December 31, 2023. On and
16 after January 1, 2024 and on or before December 31, 2030, the
17 taxation of biodiesel, renewable diesel, and biodiesel blends
18 shall be as provided in Section 3-5.1.

19 ~~Until July 1, 2022 and beginning again on July 1, 2023,~~
20 ~~with respect to food for human consumption that is to be~~
21 ~~consumed off the premises where it is sold (other than~~
22 ~~alcoholic beverages, food consisting of or infused with adult~~
23 ~~use cannabis, soft drinks, and food that has been prepared for~~
24 ~~immediate consumption), the tax is imposed at the rate of 1%.~~
25 ~~Beginning on July 1, 2022 and until July 1, 2023, with respect~~
26 ~~to food for human consumption that is to be consumed off the~~

1 ~~premises where it is sold (other than alcoholic beverages,~~
2 ~~food consisting of or infused with adult use cannabis, soft~~
3 ~~drinks, and food that has been prepared for immediate~~
4 ~~consumption), the tax is imposed at the rate of 0%.~~

5 Until July 1, 2023, with ~~With~~ respect to prescription and
6 nonprescription medicines, drugs, medical appliances, products
7 classified as Class III medical devices by the United States
8 Food and Drug Administration that are used for cancer
9 treatment pursuant to a prescription, as well as any
10 accessories and components related to those devices,
11 modifications to a motor vehicle for the purpose of rendering
12 it usable by a person with a disability, and insulin, blood
13 sugar testing materials, syringes, and needles used by human
14 diabetics, the tax is imposed at the rate of 1%. For the
15 purposes of this Section, until September 1, 2009: the term
16 "soft drinks" means any complete, finished, ready-to-use,
17 non-alcoholic drink, whether carbonated or not, including, but
18 not limited to, soda water, cola, fruit juice, vegetable
19 juice, carbonated water, and all other preparations commonly
20 known as soft drinks of whatever kind or description that are
21 contained in any closed or sealed bottle, can, carton, or
22 container, regardless of size; but "soft drinks" does not
23 include coffee, tea, non-carbonated water, infant formula,
24 milk or milk products as defined in the Grade A Pasteurized
25 Milk and Milk Products Act, or drinks containing 50% or more
26 natural fruit or vegetable juice.

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

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

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

1 flour or requires refrigeration.

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

15 (A) a ~~A~~ "Drug Facts" panel; or

16 (B) a ~~A~~ statement of the "active ingredient(s)" with a
17 list of those ingredients contained in the compound,
18 substance or preparation.

19 Beginning on January 1, 2014 (the effective date of Public
20 Act 98-122) ~~this amendatory Act of the 98th General Assembly,~~
21 "prescription and nonprescription medicines and drugs"
22 includes medical cannabis purchased from a registered
23 dispensing organization under the Compassionate Use of Medical
24 Cannabis Program Act.

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

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

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

11 (Source: P.A. 101-363, eff. 8-9-19; 101-593, eff. 12-4-19;
12 102-4, eff. 4-27-21; 102-700, Article 20, Section 20-5, eff.
13 4-19-22; 102-700, Article 60, Section 60-15, eff. 4-19-22;
14 102-700, Article 65, Section 65-5, eff. 4-19-22; revised
15 5-27-22.)

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

18 (35 ILCS 110/3-5)

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

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

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

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

7 (3) Personal property purchased by a 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 purchased from a teacher-sponsored
13 student organization affiliated with an elementary or
14 secondary school 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 3-75.

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 acquired as an incident to the purchase of a
18 service from a serviceman, to the extent that the proceeds of
19 the service charge are in fact turned over as tips or as a
20 substitute for tips to the employees who participate directly
21 in preparing, serving, hosting or cleaning up the food or
22 beverage function with respect to which the service charge is
23 imposed.

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

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

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

14 (12) Until July 1, 2028, coal and aggregate exploration,
15 mining, off-highway hauling, processing, maintenance, and
16 reclamation equipment, including replacement parts and
17 equipment, and including equipment purchased for lease, but
18 excluding motor vehicles required to be registered under the
19 Illinois Vehicle Code. The changes made to this Section by
20 Public Act 97-767 apply on and after July 1, 2003, but no claim
21 for credit or refund is allowed on or after August 16, 2013
22 (the effective date of Public Act 98-456) for such taxes paid
23 during the period beginning July 1, 2003 and ending on August
24 16, 2013 (the effective date of Public Act 98-456).

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

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

14 (15) Computers and communications equipment utilized for
15 any hospital purpose and equipment used in the diagnosis,
16 analysis, or treatment of hospital patients purchased by a
17 lessor who leases the equipment, under a lease of one year or
18 longer executed or in effect at the time the lessor would
19 otherwise be subject to the tax imposed by this Act, to a
20 hospital that has been issued an active tax exemption
21 identification number by the Department under Section 1g of
22 the Retailers' Occupation Tax Act. If the equipment is leased
23 in a manner that does not qualify for this exemption or is used
24 in any other non-exempt manner, the lessor shall be liable for
25 the tax imposed under this Act or the Use Tax Act, as the case
26 may be, based on the fair market value of the property at the

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

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

1 from the lessee, the lessee shall have a legal right to claim a
2 refund of that amount from the lessor. If, however, that
3 amount is not refunded to the lessee for any reason, the lessor
4 is liable to pay that amount to the Department.

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

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

1 disaster.

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

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

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

1 benefit of a public or private elementary or secondary school,
2 a group of those schools, or one or more school districts if
3 the events are sponsored by an entity recognized by the school
4 district that consists primarily of volunteers and includes
5 parents and teachers of the school children. This paragraph
6 does not apply to fundraising events (i) for the benefit of
7 private home instruction or (ii) for which the fundraising
8 entity purchases the personal property sold at the events from
9 another individual or entity that sold the property for the
10 purpose of resale by the fundraising entity and that profits
11 from the sale to the fundraising entity. This paragraph is
12 exempt from the provisions of Section 3-75.

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

23 (23) Beginning August 23, 2001 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 nonprescription 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 (24) Beginning on August 2, 2001 (the effective date of
11 Public Act 92-227), computers and communications equipment
12 utilized for any hospital purpose and equipment used in the
13 diagnosis, analysis, or treatment of hospital patients
14 purchased by a lessor who leases the equipment, under a lease
15 of one year or longer executed or in effect at the time the
16 lessor would otherwise be subject to the tax imposed by this
17 Act, to a 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 nonexempt 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 nonqualifying 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. This paragraph is exempt from the provisions of
8 Section 3-75.

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

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

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

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

1 exemption applies only to the use of qualifying tangible
2 personal property transferred incident to the modification,
3 refurbishment, completion, replacement, repair, or maintenance
4 of aircraft by persons who (i) hold an Air Agency Certificate
5 and are empowered to operate an approved repair station by the
6 Federal Aviation Administration, (ii) have a Class IV Rating,
7 and (iii) conduct operations in accordance with Part 145 of
8 the Federal Aviation Regulations. The exemption does not
9 include aircraft operated by a commercial air carrier
10 providing scheduled passenger air service pursuant to
11 authority issued under Part 121 or Part 129 of the Federal
12 Aviation Regulations. The changes made to this paragraph (27)
13 by Public Act 98-534 are declarative of existing law. It is the
14 intent of the General Assembly that the exemption under this
15 paragraph (27) 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 and
19 prior to February 5, 2020 (the effective date of Public Act
20 101-629) ~~this amendatory Act of the 101st General Assembly.~~

21 (28) Tangible personal property purchased by 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, but
25 only if the legal title to the municipal convention hall is
26 transferred to the municipality without any further

1 consideration by or on behalf of the municipality at the time
2 of the completion of the municipal convention hall or upon the
3 retirement or redemption of any bonds or other debt
4 instruments issued by the public-facilities corporation in
5 connection with the development of the municipal convention
6 hall. This exemption includes existing public-facilities
7 corporations as provided in Section 11-65-25 of the Illinois
8 Municipal Code. This paragraph is exempt from the provisions
9 of Section 3-75.

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

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

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

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

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

10 For the purposes of this item (31):

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

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

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

16 This item (31) is exempt from the provisions of Section
17 3-75.

18 (32) Beginning July 1, 2022, breast pumps, breast pump
19 collection and storage supplies, and breast pump kits. This
20 item (32) is exempt from the provisions of Section 3-75. As
21 used in this item (32):

22 "Breast pump" means an electrically controlled or
23 manually controlled pump device designed or marketed to be
24 used to express milk from a human breast during lactation,
25 including the pump device and any battery, AC adapter, or
26 other power supply unit that is used to power the pump

1 device and is packaged and sold with the pump device at the
2 time of sale.

3 "Breast pump collection and storage supplies" means
4 items of tangible personal property designed or marketed
5 to be used in conjunction with a breast pump to collect
6 milk expressed from a human breast and to store collected
7 milk until it is ready for consumption.

8 "Breast pump collection and storage supplies"
9 includes, but is not limited to: breast shields and breast
10 shield connectors; breast pump tubes and tubing adapters;
11 breast pump valves and membranes; backflow protectors and
12 backflow protector adaptors; bottles and bottle caps
13 specific to the operation of the breast pump; and breast
14 milk storage bags.

15 "Breast pump collection and storage supplies" does not
16 include: (1) bottles and bottle caps not specific to the
17 operation of the breast pump; (2) breast pump travel bags
18 and other similar carrying accessories, including ice
19 packs, labels, and other similar products; (3) breast pump
20 cleaning supplies; (4) nursing bras, bra pads, breast
21 shells, and other similar products; and (5) creams,
22 ointments, and other similar products that relieve
23 breastfeeding-related symptoms or conditions of the
24 breasts or nipples, unless sold as part of a breast pump
25 kit that is pre-packaged by the breast pump manufacturer
26 or distributor.

1 "Breast pump kit" means a kit that: (1) contains no
2 more than a breast pump, breast pump collection and
3 storage supplies, a rechargeable battery for operating the
4 breast pump, a breastmilk cooler, bottle stands, ice
5 packs, and a breast pump carrying case; and (2) is
6 pre-packaged as a breast pump kit by the breast pump
7 manufacturer or distributor.

8 (33) ~~(32)~~ Tangible personal property sold by or on behalf
9 of the State Treasurer pursuant to the Revised Uniform
10 Unclaimed Property Act. This item (33) ~~(32)~~ is exempt from the
11 provisions of Section 3-75.

12 (34) Beginning on July 1, 2022, food prepared for
13 immediate consumption and transferred incident to a sale of
14 service subject to this Act or the Service Occupation Tax Act
15 by an entity licensed under the Hospital Licensing Act, the
16 Nursing Home Care Act, the Assisted Living and Shared Housing
17 Act, the ID/DD Community Care Act, the MC/DD Act, the
18 Specialized Mental Health Rehabilitation Act of 2013, or the
19 Child Care Act of 1969, or an entity that holds a permit issued
20 pursuant to the Life Care Facilities Act, as defined in
21 Section 3-10. This item (34) is exempt from the provisions of
22 Section 3-75.

23 (35) Beginning on July 1, 2022, food for human consumption
24 that is to be consumed off the premises where it is sold, as
25 defined in Section 3-10, except excluding alcoholic beverages,
26 food consisting of or infused with adult use cannabis, soft

1 drinks, and food that has been prepared for immediate
2 consumption. This item (35) is exempt from the provisions of
3 Section 3-75.

4 (36) Beginning on July 1, 2023, the following items, as
5 defined in Section 3-10:

6 (A) prescription and nonprescription medicines, drugs,
7 and medical appliances;

8 (B) products classified as Class III medical devices
9 by the United States Food and Drug Administration that are
10 used for cancer treatment pursuant to a prescription, as
11 well as any accessories and components related to those
12 devices;

13 (C) modifications to a motor vehicle for the purpose
14 of rendering it usable by a person with a disability; and

15 (D) insulin, blood sugar testing materials, syringes,
16 and needles used by human diabetics.

17 This item (36) is exempt from the provisions of Section
18 3-75.

19 (Source: P.A. 101-31, eff. 6-28-19; 101-81, eff. 7-12-19;
20 101-629, eff. 2-5-20; 102-16, eff. 6-17-21; 102-700, Article
21 70, Section 70-10, eff. 4-19-22; 102-700, Article 75, Section
22 75-10, eff. 4-19-22; 102-1026, eff. 5-27-22; revised 8-3-22.)

23 (35 ILCS 110/3-10) (from Ch. 120, par. 439.33-10)

24 Sec. 3-10. Rate of tax. Unless otherwise provided in this
25 Section, the tax imposed by this Act is at the rate of 6.25% of

1 the selling price of tangible personal property transferred as
2 an incident to the sale of service, but, for the purpose of
3 computing this tax, in no event shall the selling price be less
4 than the cost price of the property to the serviceman.

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

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

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

26 With respect to biodiesel blends, as defined in the Use

1 Tax Act, with no less than 1% and no more than 10% biodiesel,
2 the tax imposed by this Act applies to (i) 80% of the selling
3 price of property transferred as an incident to the sale of
4 service on or after July 1, 2003 and on or before December 31,
5 2018 and (ii) 100% of the proceeds of the selling price after
6 December 31, 2018 and before January 1, 2024. On and after
7 January 1, 2024 and on or before December 31, 2030, the
8 taxation of biodiesel, renewable diesel, and biodiesel blends
9 shall be as provided in Section 3-5.1 of the Use Tax Act. If,
10 at any time, however, the tax under this Act on sales of
11 biodiesel blends, as defined in the Use Tax Act, with no less
12 than 1% and no more than 10% biodiesel is imposed at the rate
13 of 1.25%, then the tax imposed by this Act applies to 100% of
14 the proceeds of sales of biodiesel blends with no less than 1%
15 and no more than 10% biodiesel made during that time.

16 With respect to biodiesel, as defined in the Use Tax Act,
17 and biodiesel blends, as defined in the Use Tax Act, with more
18 than 10% but no more than 99% biodiesel, the tax imposed by
19 this Act does not apply to the proceeds of the selling price of
20 property transferred as an incident to the sale of service on
21 or after July 1, 2003 and on or before December 31, 2023. On
22 and after January 1, 2024 and on or before December 31, 2030,
23 the taxation of biodiesel, renewable diesel, and biodiesel
24 blends shall be as provided in Section 3-5.1 of the Use Tax
25 Act.

26 At the election of any registered serviceman made for each

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

10 Until July 1, 2022 ~~and beginning again on July 1, 2023~~, the
11 tax shall be imposed at the rate of 1% on food prepared for
12 immediate consumption and transferred incident to a sale of
13 service subject to this Act or the Service Occupation Tax Act
14 by an entity licensed under the Hospital Licensing Act, the
15 Nursing Home Care Act, the Assisted Living and Shared Housing
16 Act, the ID/DD Community Care Act, the MC/DD Act, the
17 Specialized Mental Health Rehabilitation Act of 2013, or the
18 Child Care Act of 1969, or an entity that holds a permit issued
19 pursuant to the Life Care Facilities Act. Until July 1, 2022
20 ~~and beginning again on July 1, 2023~~, the tax shall also be
21 imposed at the rate of 1% on food for human consumption that is
22 to be consumed off the premises where it is sold (other than
23 alcoholic beverages, food consisting of or infused with adult
24 use cannabis, soft drinks, and food that has been prepared for
25 immediate consumption and is not otherwise included in this
26 paragraph).

1 ~~Beginning on July 1, 2022 and until July 1, 2023, the tax~~
2 ~~shall be imposed at the rate of 0% on food prepared for~~
3 ~~immediate consumption and transferred incident to a sale of~~
4 ~~service subject to this Act or the Service Occupation Tax Act~~
5 ~~by an entity licensed under the Hospital Licensing Act, the~~
6 ~~Nursing Home Care Act, the Assisted Living and Shared Housing~~
7 ~~Act, the ID/DD Community Care Act, the MC/DD Act, the~~
8 ~~Specialized Mental Health Rehabilitation Act of 2013, or the~~
9 ~~Child Care Act of 1969, or an entity that holds a permit issued~~
10 ~~pursuant to the Life Care Facilities Act. Beginning on July 1,~~
11 ~~2022 and until July 1, 2023, the tax shall also be imposed at~~
12 ~~the rate of 0% on food for human consumption that is to be~~
13 ~~consumed off the premises where it is sold (other than~~
14 ~~alcoholic beverages, food consisting of or infused with adult~~
15 ~~use cannabis, soft drinks, and food that has been prepared for~~
16 ~~immediate consumption and is not otherwise included in this~~
17 ~~paragraph).~~

18 Until July 1, 2023, the The tax shall also be imposed at
19 the rate of 1% on prescription and nonprescription medicines,
20 drugs, medical appliances, products classified as Class III
21 medical devices by the United States Food and Drug
22 Administration that are used for cancer treatment pursuant to
23 a prescription, as well as any accessories and components
24 related to those devices, modifications to a motor vehicle for
25 the purpose of rendering it usable by a person with a
26 disability, and insulin, blood sugar testing materials,

1 syringes, and needles used by human diabetics. For the
2 purposes of this Section, until September 1, 2009: the term
3 "soft drinks" means any complete, finished, ready-to-use,
4 non-alcoholic drink, whether carbonated or not, including, but
5 not limited to, soda water, cola, fruit juice, vegetable
6 juice, carbonated water, and all other preparations commonly
7 known as soft drinks of whatever kind or description that are
8 contained in any closed or sealed bottle, can, carton, or
9 container, regardless of size; but "soft drinks" does not
10 include coffee, tea, non-carbonated water, infant formula,
11 milk or milk products as defined in the Grade A Pasteurized
12 Milk and Milk Products Act, or drinks containing 50% or more
13 natural fruit or vegetable juice.

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

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

1 this Act, "food for human consumption that is to be consumed
2 off the premises where it is sold" includes all food sold
3 through a vending machine, except soft drinks, candy, and food
4 products that are dispensed hot from a vending machine,
5 regardless of the location of the vending machine.

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

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

1 "over-the-counter-drug" label includes:

2 (A) a ~~A~~ "Drug Facts" panel; or

3 (B) a ~~A~~ statement of the "active ingredient(s)" with a
4 list of those ingredients contained in the compound,
5 substance or preparation.

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

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

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

23 (Source: P.A. 101-363, eff. 8-9-19; 101-593, eff. 12-4-19;
24 102-4, eff. 4-27-21; 102-16, eff. 6-17-21; 102-700, Article
25 20, Section 20-10, eff. 4-19-22; 102-700, Article 60, Section
26 60-20, eff. 4-19-22; revised 6-1-22.)

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

3 (35 ILCS 115/3-5)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

26 (9) Proceeds of mandatory service charges separately

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

8 (10) 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 (11) 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 (12) Until July 1, 2028, coal and aggregate exploration,
24 mining, off-highway hauling, processing, maintenance, and
25 reclamation equipment, including replacement parts and
26 equipment, and including equipment purchased for lease, but

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

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

21 (14) Semen used for artificial insemination of livestock
22 for direct agricultural production.

23 (15) Horses, or interests in horses, registered with and
24 meeting the requirements of any of the Arabian Horse Club
25 Registry of America, Appaloosa Horse Club, American Quarter
26 Horse Association, United States Trotting Association, or

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

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

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

24 (18) 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 (19) 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 (20) Beginning July 1, 1999, game or game birds sold at a
22 "game breeding and hunting preserve area" as that term is used
23 in the Wildlife Code. This paragraph is exempt from the
24 provisions of Section 3-55.

25 (21) 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 (22) 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 3-55.

6 (23) 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 3-55.

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

26 (25) Beginning on August 2, 2001 (the effective date of

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

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

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

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

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

1 (29) Beginning January 1, 2010 and continuing through
2 December 31, 2024, materials, parts, equipment, components,
3 and furnishings incorporated into or upon an aircraft as part
4 of the modification, refurbishment, completion, replacement,
5 repair, or maintenance of the aircraft. This exemption
6 includes consumable supplies used in the modification,
7 refurbishment, completion, replacement, repair, and
8 maintenance of aircraft, but excludes any materials, parts,
9 equipment, components, and consumable supplies used in the
10 modification, replacement, repair, and maintenance of aircraft
11 engines or power plants, whether such engines or power plants
12 are installed or uninstalled upon any such aircraft.
13 "Consumable supplies" include, but are not limited to,
14 adhesive, tape, sandpaper, general purpose lubricants,
15 cleaning solution, latex gloves, and protective films. This
16 exemption applies only to the transfer of qualifying tangible
17 personal property incident to the modification, refurbishment,
18 completion, replacement, repair, or maintenance of an aircraft
19 by persons who (i) hold an Air Agency Certificate and are
20 empowered to operate an approved repair station by the Federal
21 Aviation Administration, (ii) have a Class IV Rating, and
22 (iii) conduct operations in accordance with Part 145 of the
23 Federal Aviation Regulations. The exemption does not include
24 aircraft operated by a commercial air carrier providing
25 scheduled passenger air service pursuant to authority issued
26 under Part 121 or Part 129 of the Federal Aviation

1 Regulations. The changes made to this paragraph (29) by Public
2 Act 98-534 are declarative of existing law. It is the intent of
3 the General Assembly that the exemption under this paragraph
4 (29) applies continuously from January 1, 2010 through
5 December 31, 2024; however, no claim for credit or refund is
6 allowed for taxes paid as a result of the disallowance of this
7 exemption on or after January 1, 2015 and prior to February 5,
8 2020 (the effective date of Public Act 101-629) ~~this~~
9 ~~amendatory Act of the 101st General Assembly.~~

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

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

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

1 or replace computer equipment or enabling software purchased
2 or leased in the original investment that would have
3 qualified.

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

9 For the purposes of this item (32):

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

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

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

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

17 (33) Beginning July 1, 2022, breast pumps, breast pump
18 collection and storage supplies, and breast pump kits. This
19 item (33) is exempt from the provisions of Section 3-55. As
20 used in this item (33):

21 "Breast pump" means an electrically controlled or
22 manually controlled pump device designed or marketed to be
23 used to express milk from a human breast during lactation,
24 including the pump device and any battery, AC adapter, or
25 other power supply unit that is used to power the pump
26 device and is packaged and sold with the pump device at the

1 time of sale.

2 "Breast pump collection and storage supplies" means
3 items of tangible personal property designed or marketed
4 to be used in conjunction with a breast pump to collect
5 milk expressed from a human breast and to store collected
6 milk until it is ready for consumption.

7 "Breast pump collection and storage supplies"
8 includes, but is not limited to: breast shields and breast
9 shield connectors; breast pump tubes and tubing adapters;
10 breast pump valves and membranes; backflow protectors and
11 backflow protector adaptors; bottles and bottle caps
12 specific to the operation of the breast pump; and breast
13 milk storage bags.

14 "Breast pump collection and storage supplies" does not
15 include: (1) bottles and bottle caps not specific to the
16 operation of the breast pump; (2) breast pump travel bags
17 and other similar carrying accessories, including ice
18 packs, labels, and other similar products; (3) breast pump
19 cleaning supplies; (4) nursing bras, bra pads, breast
20 shells, and other similar products; and (5) creams,
21 ointments, and other similar products that relieve
22 breastfeeding-related symptoms or conditions of the
23 breasts or nipples, unless sold as part of a breast pump
24 kit that is pre-packaged by the breast pump manufacturer
25 or distributor.

26 "Breast pump kit" means a kit that: (1) contains no

1 more than a breast pump, breast pump collection and
2 storage supplies, a rechargeable battery for operating the
3 breast pump, a breastmilk cooler, bottle stands, ice
4 packs, and a breast pump carrying case; and (2) is
5 pre-packaged as a breast pump kit by the breast pump
6 manufacturer or distributor.

7 (34) ~~(33)~~ Tangible personal property sold by or on behalf
8 of the State Treasurer pursuant to the Revised Uniform
9 Unclaimed Property Act. This item (34) ~~(33)~~ is exempt from the
10 provisions of Section 3-55.

11 (35) Beginning on July 1, 2022, food prepared for
12 immediate consumption and transferred incident to a sale of
13 service subject to this Act or the Service Occupation Tax Act
14 by an entity licensed under the Hospital Licensing Act, the
15 Nursing Home Care Act, the Assisted Living and Shared Housing
16 Act, the ID/DD Community Care Act, the MC/DD Act, the
17 Specialized Mental Health Rehabilitation Act of 2013, or the
18 Child Care Act of 1969, or an entity that holds a permit issued
19 pursuant to the Life Care Facilities Act, as defined in
20 Section 3-10. This item (35) is exempt from the provisions of
21 Section 3-55.

22 (36) Beginning on July 1, 2022, food for human consumption
23 that is to be consumed off the premises where it is sold, as
24 defined in Section 3-10, except excluding alcoholic beverages,
25 food consisting of or infused with adult use cannabis, soft
26 drinks, and food that has been prepared for immediate

1 consumption. This item (36) is exempt from the provisions of
2 Section 3-55.

3 (37) Beginning on July 1, 2023, the following items, as
4 defined in Section 3-10:

5 (A) prescription and nonprescription medicines, drugs,
6 and medical appliances;

7 (B) products classified as Class III medical devices
8 by the United States Food and Drug Administration that are
9 used for cancer treatment pursuant to a prescription, as
10 well as any accessories and components related to those
11 devices;

12 (C) modifications to a motor vehicle for the purpose
13 of rendering it usable by a person with a disability; and

14 (D) insulin, blood sugar testing materials, syringes,
15 and needles used by human diabetics.

16 This item (37) is exempt from the provisions of Section
17 3-55.

18 (Source: P.A. 101-31, eff. 6-28-19; 101-81, eff. 7-12-19;
19 101-629, eff. 2-5-20; 102-16, eff. 6-17-21; 102-700, Article
20 70, Section 70-15, eff. 4-19-22; 102-700, Article 75, Section
21 75-15, eff. 4-19-22; 102-1026, eff. 5-27-22; revised 8-9-22.)

22 (35 ILCS 115/3-10) (from Ch. 120, par. 439.103-10)

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

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

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

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

1 thereafter. If, at any time, however, the tax under this Act on
2 sales of gasohol, as defined in the Use Tax Act, is imposed at
3 the rate of 1.25%, then the tax imposed by this Act applies to
4 100% of the proceeds of sales of gasohol made during that time.

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

11 With respect to biodiesel blends, as defined in the Use
12 Tax Act, with no less than 1% and no more than 10% biodiesel,
13 the tax imposed by this Act applies to (i) 80% of the selling
14 price of property transferred as an incident to the sale of
15 service on or after July 1, 2003 and on or before December 31,
16 2018 and (ii) 100% of the proceeds of the selling price after
17 December 31, 2018 and before January 1, 2024. On and after
18 January 1, 2024 and on or before December 31, 2030, the
19 taxation of biodiesel, renewable diesel, and biodiesel blends
20 shall be as provided in Section 3-5.1 of the Use Tax Act. If,
21 at any time, however, the tax under this Act on sales of
22 biodiesel blends, as defined in the Use Tax Act, with no less
23 than 1% and no more than 10% biodiesel is imposed at the rate
24 of 1.25%, then the tax imposed by this Act applies to 100% of
25 the proceeds of sales of biodiesel blends with no less than 1%
26 and no more than 10% biodiesel made during that time.

1 With respect to biodiesel, as defined in the Use Tax Act,
2 and biodiesel blends, as defined in the Use Tax Act, with more
3 than 10% but no more than 99% biodiesel material, the tax
4 imposed by this Act does not apply to the proceeds of the
5 selling price of property transferred as an incident to the
6 sale of service on or after July 1, 2003 and on or before
7 December 31, 2023. On and after January 1, 2024 and on or
8 before December 31, 2030, the taxation of biodiesel, renewable
9 diesel, and biodiesel blends shall be as provided in Section
10 3-5.1 of the Use Tax Act.

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

21 Until July 1, 2022 ~~and beginning again on July 1, 2023~~, the
22 tax shall be imposed at the rate of 1% on food prepared for
23 immediate consumption and transferred incident to a sale of
24 service subject to this Act or the Service Use Tax Act by an
25 entity licensed under the Hospital Licensing Act, the Nursing
26 Home Care Act, the Assisted Living and Shared Housing Act, the

1 ID/DD Community Care Act, the MC/DD Act, the Specialized
2 Mental Health Rehabilitation Act of 2013, or the Child Care
3 Act of 1969, or an entity that holds a permit issued pursuant
4 to the Life Care Facilities Act. Until July 1, 2022 ~~and~~
5 ~~beginning again on July 1, 2023~~, the tax shall also be imposed
6 at the rate of 1% on food for human consumption that is to be
7 consumed off the premises where it is sold (other than
8 alcoholic beverages, food consisting of or infused with adult
9 use cannabis, soft drinks, and food that has been prepared for
10 immediate consumption and is not otherwise included in this
11 paragraph).

12 ~~Beginning on July 1, 2022 and until July 1, 2023, the tax~~
13 ~~shall be imposed at the rate of 0% on food prepared for~~
14 ~~immediate consumption and transferred incident to a sale of~~
15 ~~service subject to this Act or the Service Use Tax Act by an~~
16 ~~entity licensed under the Hospital Licensing Act, the Nursing~~
17 ~~Home Care Act, the Assisted Living and Shared Housing Act, the~~
18 ~~ID/DD Community Care Act, the MC/DD Act, the Specialized~~
19 ~~Mental Health Rehabilitation Act of 2013, or the Child Care~~
20 ~~Act of 1969, or an entity that holds a permit issued pursuant~~
21 ~~to the Life Care Facilities Act. Beginning July 1, 2022 and~~
22 ~~until July 1, 2023, the tax shall also be imposed at the rate~~
23 ~~of 0% on food for human consumption that is to be consumed off~~
24 ~~the premises where it is sold (other than alcoholic beverages,~~
25 ~~food consisting of or infused with adult use cannabis, soft~~
26 ~~drinks, and food that has been prepared for immediate~~

1 ~~consumption and is not otherwise included in this paragraph).~~

2 Until July 1, 2023, the ~~The~~ tax shall also be imposed at
3 the rate of 1% on prescription and nonprescription medicines,
4 drugs, medical appliances, products classified as Class III
5 medical devices by the United States Food and Drug
6 Administration that are used for cancer treatment pursuant to
7 a prescription, as well as any accessories and components
8 related to those devices, modifications to a motor vehicle for
9 the purpose of rendering it usable by a person with a
10 disability, and insulin, blood sugar testing materials,
11 syringes, and needles used by human diabetics. For the
12 purposes of this Section, until September 1, 2009: the term
13 "soft drinks" means any complete, finished, ready-to-use,
14 non-alcoholic drink, whether carbonated or not, including, but
15 not limited to, soda water, cola, fruit juice, vegetable
16 juice, carbonated water, and all other preparations commonly
17 known as soft drinks of whatever kind or description that are
18 contained in any closed or sealed can, carton, or container,
19 regardless of size; but "soft drinks" does not include coffee,
20 tea, non-carbonated water, infant formula, milk or milk
21 products as defined in the Grade A Pasteurized Milk and Milk
22 Products Act, or drinks containing 50% or more natural fruit
23 or vegetable juice.

24 Notwithstanding any other provisions of this Act,
25 beginning September 1, 2009, "soft drinks" means non-alcoholic
26 beverages that contain natural or artificial sweeteners. "Soft

1 drinks" does ~~do~~ not include beverages that contain milk or
2 milk products, soy, rice or similar milk substitutes, or
3 greater than 50% of vegetable or fruit juice by volume.

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

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

25 Notwithstanding any other provisions of this Act,
26 beginning September 1, 2009, "nonprescription medicines and

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

12 (A) a ~~A~~ "Drug Facts" panel; or

13 (B) a ~~A~~ statement of the "active ingredient(s)" with a
14 list of those ingredients contained in the compound,
15 substance or preparation.

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

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

26 (Source: P.A. 101-363, eff. 8-9-19; 101-593, eff. 12-4-19;

1 102-4, eff. 4-27-21; 102-16, eff. 6-17-21; 102-700, Article
2 20, Section 20-15, eff. 4-19-22; 102-700, Article 60, Section
3 60-25, eff. 4-19-22; revised 6-1-22.)

4 Section 20. The Retailers' Occupation Tax Act is amended
5 by changing Sections 2-5 and 2-10 as follows:

6 (35 ILCS 120/2-5)

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

10 (1) Farm chemicals.

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

1 overwintering plants shall be considered farm machinery
2 and equipment under this item (2). Agricultural chemical
3 tender tanks and dry boxes shall include units sold
4 separately from a motor vehicle required to be licensed
5 and units sold mounted on a motor vehicle required to be
6 licensed, if the selling price of the tender is separately
7 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
11 not limited to, tractors, harvesters, sprayers, planters,
12 seeders, or spreaders. Precision farming equipment
13 includes, but is not limited to, soil testing sensors,
14 computers, monitors, software, global positioning and
15 mapping systems, and other such equipment.

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

24 (3) Until July 1, 2003, distillation machinery and
25 equipment, sold as a unit or kit, assembled or installed
26 by the retailer, certified by the user to be used only for

1 the production of ethyl alcohol that will be used for
2 consumption as motor fuel or as a component of motor fuel
3 for the personal use of the user, and not subject to sale
4 or resale.

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

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

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

25 (7) Until July 1, 2003, proceeds of that portion of
26 the selling price of a passenger car the sale of which is

1 subject to the Replacement Vehicle Tax.

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

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

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

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

16 (12) (Blank).

17 (12-5) On and after July 1, 2003 and through June 30,
18 2004, motor vehicles of the second division with a gross
19 vehicle weight in excess of 8,000 pounds that are subject
20 to the commercial distribution fee imposed under Section
21 3-815.1 of the Illinois Vehicle Code. Beginning on July 1,
22 2004 and through June 30, 2005, the use in this State of
23 motor vehicles of the second division: (i) with a gross
24 vehicle weight rating in excess of 8,000 pounds; (ii) that
25 are subject to the commercial distribution fee imposed
26 under Section 3-815.1 of the Illinois Vehicle Code; and

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

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

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

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

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

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

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

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

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

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

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

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

26 Beginning July 1, 2013, fuel and petroleum products

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

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

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

20 (25) Except as provided in item (25-5) of this
21 Section, a motor vehicle sold in this State to a
22 nonresident even though the motor vehicle is delivered to
23 the nonresident in this State, if the motor vehicle is not
24 to be titled in this State, and if a drive-away permit is
25 issued to the motor vehicle as provided in Section 3-603
26 of the Illinois Vehicle Code or if the nonresident

1 purchaser has vehicle registration plates to transfer to
2 the motor vehicle upon returning to his or her home state.
3 The issuance of the drive-away permit or having the
4 out-of-state registration plates to be transferred is
5 prima facie evidence that the motor vehicle will not be
6 titled in this State.

7 (25-5) The exemption under item (25) does not apply if
8 the state in which the motor vehicle will be titled does
9 not allow a reciprocal exemption for a motor vehicle sold
10 and delivered in that state to an Illinois resident but
11 titled in Illinois. The tax collected under this Act on
12 the sale of a motor vehicle in this State to a resident of
13 another state that does not allow a reciprocal exemption
14 shall be imposed at a rate equal to the state's rate of tax
15 on taxable property in the state in which the purchaser is
16 a resident, except that the tax shall not exceed the tax
17 that would otherwise be imposed under this Act. At the
18 time of the sale, the purchaser shall execute a statement,
19 signed under penalty of perjury, of his or her intent to
20 title the vehicle in the state in which the purchaser is a
21 resident within 30 days after the sale and of the fact of
22 the payment to the State of Illinois of tax in an amount
23 equivalent to the state's rate of tax on taxable property
24 in his or her state of residence and shall submit the
25 statement to the appropriate tax collection agency in his
26 or her state of residence. In addition, the retailer must

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

11 (25-7) Beginning on July 1, 2007, no tax is imposed
12 under this Act on the sale of an aircraft, as defined in
13 Section 3 of the Illinois Aeronautics Act, if all of the
14 following conditions are met:

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

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

24 (3) the seller retains in his or her books and
25 records and provides to the Department a signed and
26 dated certification from the purchaser, on a form

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

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

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

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

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

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

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

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

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

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

26 (30) Beginning with taxable years ending on or after

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

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

24 (32) Beginning July 1, 1999, game or game birds sold
25 at a "game breeding and hunting preserve area" as that
26 term is used in the Wildlife Code. This paragraph is

1 exempt from the provisions of Section 2-70.

2 (33) A motor vehicle, as that term is defined in
3 Section 1-146 of the Illinois Vehicle Code, that is
4 donated to a corporation, limited liability company,
5 society, association, foundation, or institution that is
6 determined by the Department to be organized and operated
7 exclusively for educational purposes. For purposes of this
8 exemption, "a corporation, limited liability company,
9 society, association, foundation, or institution organized
10 and operated exclusively for educational purposes" means
11 all tax-supported public schools, private schools that
12 offer systematic instruction in useful branches of
13 learning by methods common to public schools and that
14 compare favorably in their scope and intensity with the
15 course of study presented in tax-supported schools, and
16 vocational or technical schools or institutes organized
17 and operated exclusively to provide a course of study of
18 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 (34) Beginning January 1, 2000, personal property,
23 including food, purchased through fundraising events for
24 the benefit of a public or private elementary or secondary
25 school, a group of those schools, or one or more school
26 districts if the events are sponsored by an entity

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

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

22 (35-5) Beginning August 23, 2001 and through June 30,
23 2016, food for human consumption that is to be consumed
24 off the premises where it is sold (other than alcoholic
25 beverages, soft drinks, and food that has been prepared
26 for immediate consumption) and prescription and

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

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

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

1 (38) Beginning on January 1, 2002 and through June 30,
2 2016, tangible personal property purchased from an
3 Illinois retailer by a taxpayer engaged in centralized
4 purchasing activities in Illinois who will, upon receipt
5 of the property in Illinois, temporarily store the
6 property in Illinois (i) for the purpose of subsequently
7 transporting it outside this State for use or consumption
8 thereafter solely outside this State or (ii) for the
9 purpose of being processed, fabricated, or manufactured
10 into, attached to, or incorporated into other tangible
11 personal property to be transported outside this State and
12 thereafter used or consumed solely outside this State. The
13 Director of Revenue shall, pursuant to rules adopted in
14 accordance with the Illinois Administrative Procedure Act,
15 issue a permit to any taxpayer in good standing with the
16 Department who is eligible for the exemption under this
17 paragraph (38). The permit issued under this paragraph
18 (38) shall authorize the holder, to the extent and in the
19 manner specified in the rules adopted under this Act, to
20 purchase tangible personal property from a retailer exempt
21 from the taxes imposed by this Act. Taxpayers shall
22 maintain all necessary books and records to substantiate
23 the use and consumption of all such tangible personal
24 property outside of the State of Illinois.

25 (39) Beginning January 1, 2008, tangible personal
26 property used in the construction or maintenance of a

1 community water supply, as defined under Section 3.145 of
2 the Environmental Protection Act, that is operated by a
3 not-for-profit corporation that holds a valid water supply
4 permit issued under Title IV of the Environmental
5 Protection Act. This paragraph is exempt from the
6 provisions of Section 2-70.

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

1 repair station by the Federal Aviation Administration,
2 (ii) have a Class IV Rating, and (iii) conduct operations
3 in accordance with Part 145 of the Federal Aviation
4 Regulations. The exemption does not include aircraft
5 operated by a commercial air carrier providing scheduled
6 passenger air service pursuant to authority issued under
7 Part 121 or Part 129 of the Federal Aviation Regulations.
8 The changes made to this paragraph (40) by Public Act
9 98-534 are declarative of existing law. It is the intent
10 of the General Assembly that the exemption under this
11 paragraph (40) applies continuously from January 1, 2010
12 through December 31, 2024; however, no claim for credit or
13 refund is allowed for taxes paid as a result of the
14 disallowance of this exemption on or after January 1, 2015
15 and prior to February 5, 2020 (the effective date of
16 Public Act 101-629) ~~this amendatory Act of the 101st~~
17 ~~General Assembly.~~

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

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

7 (42) Beginning January 1, 2017 and through December
8 31, 2026, menstrual pads, tampons, and menstrual cups.

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

17 (44) Qualified tangible personal property used in the
18 construction or operation of a data center that has been
19 granted a certificate of exemption by the Department of
20 Commerce and Economic Opportunity, whether that tangible
21 personal property is purchased by the owner, operator, or
22 tenant of the data center or by a contractor or
23 subcontractor of the owner, operator, or tenant. Data
24 centers that would have qualified for a certificate of
25 exemption prior to January 1, 2020 had Public Act 101-31
26 ~~this amendatory Act of the 101st General Assembly~~ been in

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

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

13 For the purposes of this item (44):

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

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

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

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

22 (45) Beginning January 1, 2020 and through December
23 31, 2020, sales of tangible personal property made by a
24 marketplace seller over a marketplace for which tax is due
25 under this Act but for which use tax has been collected and
26 remitted to the Department by a marketplace facilitator

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

13 (46) Beginning July 1, 2022, breast pumps, breast pump
14 collection and storage supplies, and breast pump kits.
15 This item (46) is exempt from the provisions of Section
16 2-70. As used in this item (46):

17 "Breast pump" means an electrically controlled or
18 manually controlled pump device designed or marketed to be
19 used to express milk from a human breast during lactation,
20 including the pump device and any battery, AC adapter, or
21 other power supply unit that is used to power the pump
22 device and is packaged and sold with the pump device at the
23 time of sale.

24 "Breast pump collection and storage supplies" means
25 items of tangible personal property designed or marketed
26 to be used in conjunction with a breast pump to collect

1 milk expressed from a human breast and to store collected
2 milk until it is ready for consumption.

3 "Breast pump collection and storage supplies"
4 includes, but is not limited to: breast shields and breast
5 shield connectors; breast pump tubes and tubing adapters;
6 breast pump valves and membranes; backflow protectors and
7 backflow protector adaptors; bottles and bottle caps
8 specific to the operation of the breast pump; and breast
9 milk storage bags.

10 "Breast pump collection and storage supplies" does not
11 include: (1) bottles and bottle caps not specific to the
12 operation of the breast pump; (2) breast pump travel bags
13 and other similar carrying accessories, including ice
14 packs, labels, and other similar products; (3) breast pump
15 cleaning supplies; (4) nursing bras, bra pads, breast
16 shells, and other similar products; and (5) creams,
17 ointments, and other similar products that relieve
18 breastfeeding-related symptoms or conditions of the
19 breasts or nipples, unless sold as part of a breast pump
20 kit that is pre-packaged by the breast pump manufacturer
21 or distributor.

22 "Breast pump kit" means a kit that: (1) contains no
23 more than a breast pump, breast pump collection and
24 storage supplies, a rechargeable battery for operating the
25 breast pump, a breastmilk cooler, bottle stands, ice
26 packs, and a breast pump carrying case; and (2) is

1 pre-packaged as a breast pump kit by the breast pump
2 manufacturer or distributor.

3 (47) ~~(46)~~ Tangible personal property sold by or on
4 behalf of the State Treasurer pursuant to the Revised
5 Uniform Unclaimed Property Act. This item (47) ~~(46)~~ is
6 exempt from the provisions of Section 2-70.

7 (48) Beginning on July 1, 2022, food for human consumption
8 that is to be consumed off the premises where it is sold, as
9 defined in Section 2-10, except excluding alcoholic beverages,
10 food consisting of or infused with adult use cannabis, soft
11 drinks, and food that has been prepared for immediate
12 consumption. This item (48) is exempt from the provisions of
13 Section 2-70.

14 (49) Beginning on July 1, 2023, the following items, as
15 defined in Section 2-10:

16 (A) prescription and nonprescription medicines, drugs,
17 and medical appliances;

18 (B) products classified as Class III medical devices
19 by the United States Food and Drug Administration that are
20 used for cancer treatment pursuant to a prescription, as
21 well as any accessories and components related to those
22 devices;

23 (C) modifications to a motor vehicle for the purpose
24 of rendering it usable by a person with a disability; and

25 (D) insulin, blood sugar testing materials, syringes,
26 and needles used by human diabetics.

1 This item (49) is exempt from the provisions of Section
2 2-70.

3 (Source: P.A. 101-31, eff. 6-28-19; 101-81, eff. 7-12-19;
4 101-629, eff. 2-5-20; 102-16, eff. 6-17-21; 102-634, eff.
5 8-27-21; 102-700, Article 70, Section 70-20, eff. 4-19-22;
6 102-700, Article 75, Section 75-20, eff. 4-19-22; 102-813,
7 eff. 5-13-22; 102-1026, eff. 5-27-22; revised 8-15-22.)

8 (35 ILCS 120/2-10)

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

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

17 Beginning on August 6, 2010 through August 15, 2010, and
18 beginning again on August 5, 2022 through August 14, 2022,
19 with respect to sales tax holiday items as defined in Section
20 2-8 of this Act, the tax is imposed at the rate of 1.25%.

21 Within 14 days after July 1, 2000 (the effective date of
22 Public Act 91-872) ~~this amendatory Act of the 91st General~~
23 ~~Assembly~~, each retailer of motor fuel and gasohol shall cause
24 the following notice to be posted in a prominently visible
25 place on each retail dispensing device that is used to

1 dispense motor fuel or gasohol in the State of Illinois: "As of
2 July 1, 2000, the State of Illinois has eliminated the State's
3 share of sales tax on motor fuel and gasohol through December
4 31, 2000. The price on this pump should reflect the
5 elimination of the tax." The notice shall be printed in bold
6 print on a sign that is no smaller than 4 inches by 8 inches.
7 The sign shall be clearly visible to customers. Any retailer
8 who fails to post or maintain a required sign through December
9 31, 2000 is guilty of a petty offense for which the fine shall
10 be \$500 per day per each retail premises where a violation
11 occurs.

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

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

1 With respect to biodiesel blends, as defined in the Use
2 Tax Act, with no less than 1% and no more than 10% biodiesel,
3 the tax imposed by this Act applies to (i) 80% of the proceeds
4 of sales made on or after July 1, 2003 and on or before
5 December 31, 2018 and (ii) 100% of the proceeds of sales made
6 after December 31, 2018 and before January 1, 2024. On and
7 after January 1, 2024 and on or before December 31, 2030, the
8 taxation of biodiesel, renewable diesel, and biodiesel blends
9 shall be as provided in Section 3-5.1 of the Use Tax Act. If,
10 at any time, however, the tax under this Act on sales of
11 biodiesel blends, as defined in the Use Tax Act, with no less
12 than 1% and no more than 10% biodiesel is imposed at the rate
13 of 1.25%, then the tax imposed by this Act applies to 100% of
14 the proceeds of sales of biodiesel blends with no less than 1%
15 and no more than 10% biodiesel made during that time.

16 With respect to biodiesel, as defined in the Use Tax Act,
17 and biodiesel blends, as defined in the Use Tax Act, with more
18 than 10% but no more than 99% biodiesel, the tax imposed by
19 this Act does not apply to the proceeds of sales made on or
20 after July 1, 2003 and on or before December 31, 2023. On and
21 after January 1, 2024 and on or before December 31, 2030, the
22 taxation of biodiesel, renewable diesel, and biodiesel blends
23 shall be as provided in Section 3-5.1 of the Use Tax Act.

24 Until July 1, 2022 ~~and beginning again on July 1, 2023,~~
25 with respect to food for human consumption that is to be
26 consumed off the premises where it is sold (other than

1 alcoholic beverages, food consisting of or infused with adult
2 use cannabis, soft drinks, and food that has been prepared for
3 immediate consumption), the tax is imposed at the rate of 1%.
4 ~~Beginning July 1, 2022 and until July 1, 2023, with respect to~~
5 ~~food for human consumption that is to be consumed off the~~
6 ~~premises where it is sold (other than alcoholic beverages,~~
7 ~~food consisting of or infused with adult use cannabis, soft~~
8 ~~drinks, and food that has been prepared for immediate~~
9 ~~consumption), the tax is imposed at the rate of 0%.~~

10 Until July 1, 2023, with ~~With~~ respect to prescription and
11 nonprescription medicines, drugs, medical appliances, products
12 classified as Class III medical devices by the United States
13 Food and Drug Administration that are used for cancer
14 treatment pursuant to a prescription, as well as any
15 accessories and components related to those devices,
16 modifications to a motor vehicle for the purpose of rendering
17 it usable by a person with a disability, and insulin, blood
18 sugar testing materials, syringes, and needles used by human
19 diabetics, the tax is imposed at the rate of 1%. For the
20 purposes of this Section, until September 1, 2009: the term
21 "soft drinks" means any complete, finished, ready-to-use,
22 non-alcoholic drink, whether carbonated or not, including, but
23 not limited to, soda water, cola, fruit juice, vegetable
24 juice, carbonated water, and all other preparations commonly
25 known as soft drinks of whatever kind or description that are
26 contained in any closed or sealed bottle, can, carton, or

1 container, regardless of size; but "soft drinks" does not
2 include coffee, tea, non-carbonated water, infant formula,
3 milk or milk products as defined in the Grade A Pasteurized
4 Milk and Milk Products Act, or drinks containing 50% or more
5 natural fruit or vegetable juice.

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

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

24 Notwithstanding any other provisions of this Act,
25 beginning September 1, 2009, "food for human consumption that
26 is to be consumed off the premises where it is sold" does not

1 include candy. For purposes of this Section, "candy" means a
2 preparation of sugar, honey, or other natural or artificial
3 sweeteners in combination with chocolate, fruits, nuts or
4 other ingredients or flavorings in the form of bars, drops, or
5 pieces. "Candy" does not include any preparation that contains
6 flour or requires refrigeration.

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

20 (A) a ~~A~~ "Drug Facts" panel; or

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

24 Beginning on January 1, 2014 (the effective date of Public
25 Act 98-122) ~~this amendatory Act of the 98th General Assembly,~~
26 "prescription and nonprescription medicines and drugs"

1 includes medical cannabis purchased from a registered
2 dispensing organization under the Compassionate Use of Medical
3 Cannabis Program Act.

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

9 (Source: P.A. 101-363, eff. 8-9-19; 101-593, eff. 12-4-19;
10 102-4, eff. 4-27-21; 102-700, Article 20, Section 20-20, eff.
11 4-19-22; 102-700, Article 60, Section 60-30, eff. 4-19-22;
12 102-700, Article 65, Section 65-10, eff. 4-19-22; revised
13 6-1-22.)

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