



103RD GENERAL ASSEMBLY

State of Illinois

2023 and 2024

HB5578

Introduced 2/9/2024, by Rep. Hoan Huynh

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 medical appliances, including, but not limited to, devices used to provide advanced life support services, and Class III medical devices that are used for cancer treatment pursuant to a prescription are exempt from the taxes imposed by those Acts. Effective January 1, 2025.

LRB103 38815 HLH 68952 b

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

26 (5) Until July 1, 2003, a passenger car that is a

1 replacement vehicle to the extent that the purchase price of
2 the car is subject to the Replacement Vehicle Tax.

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

16 (7) Farm chemicals.

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

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

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

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

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

1 such equipment.

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

9 Beginning on January 1, 2024, farm machinery and equipment
10 also includes electrical power generation equipment used
11 primarily for production agriculture.

12 This item (11) is exempt from the provisions of Section
13 3-90.

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

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

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

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

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

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

1 photoprocessing machinery and equipment purchased for lease.

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

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

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

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

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

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

26 (21) Horses, or interests in horses, registered with and

1 meeting the requirements of any of the Arabian Horse Club
2 Registry of America, Appaloosa Horse Club, American Quarter
3 Horse Association, United States Trotting Association, or
4 Jockey Club, as appropriate, used for purposes of breeding or
5 racing for prizes. This item (21) is exempt from the
6 provisions of Section 3-90, and the exemption provided for
7 under this item (21) applies for all periods beginning May 30,
8 1995, but no claim for credit or refund is allowed on or after
9 January 1, 2008 for such taxes paid during the period
10 beginning May 30, 2000 and ending on January 1, 2008.

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

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

8 (23) Personal property purchased by a lessor who leases
9 the property, under a lease of one year or longer executed or
10 in effect at the time the lessor would otherwise be subject to
11 the tax imposed by this Act, to a governmental body that has
12 been issued an active sales tax exemption identification
13 number by the Department under Section 1g of the Retailers'
14 Occupation Tax Act. If the property is leased in a manner that
15 does not qualify for this exemption or used in any other
16 non-exempt manner, the lessor shall be liable for the tax
17 imposed under this Act or the Service Use Tax Act, as the case
18 may be, based on the fair market value of the property at the
19 time the non-qualifying use occurs. No lessor shall collect or
20 attempt to collect an amount (however designated) that
21 purports to reimburse that lessor for the tax imposed by this
22 Act or the Service Use Tax Act, as the case may be, if the tax
23 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 (24) Beginning with taxable years ending on or after
4 December 31, 1995 and ending with taxable years ending on or
5 before December 31, 2004, personal property that is donated
6 for disaster relief to be used in a State or federally declared
7 disaster area in Illinois or bordering Illinois by a
8 manufacturer or retailer that is registered in this State to a
9 corporation, society, association, foundation, or institution
10 that has been issued a sales tax exemption identification
11 number by the Department that assists victims of the disaster
12 who reside within the declared disaster area.

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

26 (26) Beginning July 1, 1999, game or game birds purchased

1 at a "game breeding and hunting preserve area" as that term is
2 used in the Wildlife Code. This paragraph is exempt from the
3 provisions of Section 3-90.

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

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

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

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

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

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

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

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

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

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

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

1 corporation that holds a valid water supply permit issued
2 under Title IV of the Environmental Protection Act. This
3 paragraph is exempt from the provisions of Section 3-90.

4 (35) Beginning January 1, 2010 and continuing through
5 December 31, 2029, materials, parts, equipment, components,
6 and furnishings incorporated into or upon an aircraft as part
7 of the modification, refurbishment, completion, replacement,
8 repair, or maintenance of the aircraft. This exemption
9 includes consumable supplies used in the modification,
10 refurbishment, completion, replacement, repair, and
11 maintenance of aircraft. However, until January 1, 2024, this
12 exemption excludes any materials, parts, equipment,
13 components, and consumable supplies used in the modification,
14 replacement, repair, and maintenance of aircraft engines or
15 power plants, whether such engines or power plants are
16 installed or uninstalled upon any such aircraft. "Consumable
17 supplies" include, but are not limited to, adhesive, tape,
18 sandpaper, general purpose lubricants, cleaning solution,
19 latex gloves, and protective films.

20 Beginning January 1, 2010 and continuing through December
21 31, 2023, this exemption applies only to the use of qualifying
22 tangible personal property by persons who modify, refurbish,
23 complete, repair, replace, or maintain aircraft and who (i)
24 hold an Air Agency Certificate and are empowered to operate an
25 approved repair station by the Federal Aviation
26 Administration, (ii) have a Class IV Rating, and (iii) conduct

1 operations in accordance with Part 145 of the Federal Aviation
2 Regulations. From January 1, 2024 through December 31, 2029,
3 this exemption applies only to the use of qualifying tangible
4 personal property by: (A) persons who modify, refurbish,
5 complete, repair, replace, or maintain aircraft and who (i)
6 hold an Air Agency Certificate and are empowered to operate an
7 approved repair station by the Federal Aviation
8 Administration, (ii) have a Class IV Rating, and (iii) conduct
9 operations in accordance with Part 145 of the Federal Aviation
10 Regulations; and (B) persons who engage in the modification,
11 replacement, repair, and maintenance of aircraft engines or
12 power plants without regard to whether or not those persons
13 meet the qualifications of item (A).

14 The exemption does not include aircraft operated by a
15 commercial air carrier providing scheduled passenger air
16 service pursuant to authority issued under Part 121 or Part
17 129 of the Federal Aviation Regulations. The changes made to
18 this paragraph (35) by Public Act 98-534 are declarative of
19 existing law. It is the intent of the General Assembly that the
20 exemption under this paragraph (35) applies continuously from
21 January 1, 2010 through December 31, 2024; however, no claim
22 for credit or refund is allowed for taxes paid as a result of
23 the disallowance of this exemption on or after January 1, 2015
24 and prior to February 5, 2020 (the effective date of Public Act
25 101-629).

26 (36) Tangible personal property purchased by a

1 public-facilities corporation, as described in Section
2 11-65-10 of the Illinois Municipal Code, for purposes of
3 constructing or furnishing a municipal convention hall, but
4 only if the legal title to the municipal convention hall is
5 transferred to the municipality without any further
6 consideration by or on behalf of the municipality at the time
7 of the completion of the municipal convention hall or upon the
8 retirement or redemption of any bonds or other debt
9 instruments issued by the public-facilities corporation in
10 connection with the development of the municipal convention
11 hall. This exemption includes existing public-facilities
12 corporations as provided in Section 11-65-25 of the Illinois
13 Municipal Code. This paragraph is exempt from the provisions
14 of Section 3-90.

15 (37) Beginning January 1, 2017 and through December 31,
16 2026, menstrual pads, tampons, and menstrual cups.

17 (38) Merchandise that is subject to the Rental Purchase
18 Agreement Occupation and Use Tax. The purchaser must certify
19 that the item is purchased to be rented subject to a
20 rental-purchase ~~rental-purchase~~ agreement, as defined in the
21 Rental-Purchase ~~Rental-Purchase~~ Agreement Act, and provide
22 proof of registration under the Rental Purchase Agreement
23 Occupation and Use Tax Act. This paragraph is exempt from the
24 provisions of Section 3-90.

25 (39) Tangible personal property purchased by a purchaser
26 who is exempt from the tax imposed by this Act by operation of

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

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

17 The Department of Commerce and Economic Opportunity shall
18 grant a certificate of exemption under this item (40) to
19 qualified data centers as defined by Section 605-1025 of the
20 Department of Commerce and Economic Opportunity Law of the
21 Civil Administrative Code of Illinois.

22 For the purposes of this item (40):

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

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

1 Commerce and Economic Opportunity.

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

4 (41) Beginning July 1, 2022, breast pumps, breast pump
5 collection and storage supplies, and breast pump kits. This
6 item (41) is exempt from the provisions of Section 3-90. As
7 used in this item (41):

8 "Breast pump" means an electrically controlled or
9 manually controlled pump device designed or marketed to be
10 used to express milk from a human breast during lactation,
11 including the pump device and any battery, AC adapter, or
12 other power supply unit that is used to power the pump
13 device and is packaged and sold with the pump device at the
14 time of sale.

15 "Breast pump collection and storage supplies" means
16 items of tangible personal property designed or marketed
17 to be used in conjunction with a breast pump to collect
18 milk expressed from a human breast and to store collected
19 milk until it is ready for consumption.

20 "Breast pump collection and storage supplies"
21 includes, but is not limited to: breast shields and breast
22 shield connectors; breast pump tubes and tubing adapters;
23 breast pump valves and membranes; backflow protectors and
24 backflow protector adaptors; bottles and bottle caps
25 specific to the operation of the breast pump; and breast
26 milk storage bags.

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

13 "Breast pump kit" means a kit that: (1) contains no
14 more than a breast pump, breast pump collection and
15 storage supplies, a rechargeable battery for operating the
16 breast pump, a breastmilk cooler, bottle stands, ice
17 packs, and a breast pump carrying case; and (2) is
18 pre-packaged as a breast pump kit by the breast pump
19 manufacturer or distributor.

20 (42) Tangible personal property sold by or on behalf of
21 the State Treasurer pursuant to the Revised Uniform Unclaimed
22 Property Act. This item (42) is exempt from the provisions of
23 Section 3-90.

24 (43) Beginning on January 1, 2024, tangible personal
25 property purchased by an active duty member of the armed
26 forces of the United States who presents valid military

1 identification and purchases the property using a form of
2 payment where the federal government is the payor. The member
3 of the armed forces must complete, at the point of sale, a form
4 prescribed by the Department of Revenue documenting that the
5 transaction is eligible for the exemption under this
6 paragraph. Retailers must keep the form as documentation of
7 the exemption in their records for a period of not less than 6
8 years. "Armed forces of the United States" means the United
9 States Army, Navy, Air Force, Marine Corps, or Coast Guard.
10 This paragraph is exempt from the provisions of Section 3-90.

11 (44) Beginning on January 1, 2025, medical appliances and
12 products that are classified as Class III medical devices by
13 the United States Food and Drug Administration and that are
14 used for cancer treatment pursuant to a prescription, as well
15 as any accessories and components related to those appliances
16 and devices. As used in this paragraph, "medical appliance"
17 means a product that was classified as a medical appliance and
18 was subject to a 1% rate of tax immediately prior to the
19 effective date of this amendatory Act of the 103rd General
20 Assembly, including, but not limited to, devices used to
21 provide advanced life support services, as defined by Section
22 3.10 of the Emergency Medical Services (EMS) Systems Act, and
23 any other items designated as medical appliances by the
24 Department by rule. This paragraph is exempt from the
25 provisions of Section 3-90.

26 (Source: P.A. 102-16, eff. 6-17-21; 102-700, Article 70,

1 Section 70-5, eff. 4-19-22; 102-700, Article 75, Section 75-5,
2 eff. 4-19-22; 102-1026, eff. 5-27-22; 103-9, Article 5,
3 Section 5-5, eff. 6-7-23; 103-9, Article 15, Section 15-5,
4 eff. 6-7-23; 103-154, eff. 6-30-23; 103-384, eff. 1-1-24;
5 revised 12-12-23.)

6 (35 ILCS 105/3-10)

7 Sec. 3-10. Rate of tax. Unless otherwise provided in this
8 Section, the tax imposed by this Act is at the rate of 6.25% of
9 either the selling price or the fair market value, if any, of
10 the tangible personal property. In all cases where property
11 functionally used or consumed is the same as the property that
12 was purchased at retail, then the tax is imposed on the selling
13 price of the property. In all cases where property
14 functionally used or consumed is a by-product or waste product
15 that has been refined, manufactured, or produced from property
16 purchased at retail, then the tax is imposed on the lower of
17 the fair market value, if any, of the specific property so used
18 in this State or on the selling price of the property purchased
19 at retail. For purposes of this Section "fair market value"
20 means the price at which property would change hands between a
21 willing buyer and a willing seller, neither being under any
22 compulsion to buy or sell and both having reasonable knowledge
23 of the relevant facts. The fair market value shall be
24 established by Illinois sales by the taxpayer of the same
25 property as that functionally used or consumed, or if there

1 are no such sales by the taxpayer, then comparable sales or
2 purchases of property of like kind and character in Illinois.

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

7 Beginning on August 6, 2010 through August 15, 2010, and
8 beginning again on August 5, 2022 through August 14, 2022,
9 with respect to sales tax holiday items as defined in Section
10 3-6 of this Act, the tax is imposed at the rate of 1.25%.

11 With respect to gasohol, the tax imposed by this Act
12 applies to (i) 70% of the proceeds of sales made on or after
13 January 1, 1990, and before July 1, 2003, (ii) 80% of the
14 proceeds of sales made on or after July 1, 2003 and on or
15 before July 1, 2017, (iii) 100% of the proceeds of sales made
16 after July 1, 2017 and prior to January 1, 2024, (iv) 90% of
17 the proceeds of sales made on or after January 1, 2024 and on
18 or before December 31, 2028, and (v) 100% of the proceeds of
19 sales made after December 31, 2028. If, at any time, however,
20 the tax under this Act on sales of gasohol is imposed at the
21 rate of 1.25%, then the tax imposed by this Act applies to 100%
22 of the proceeds of sales of gasohol made during that time.

23 With respect to mid-range ethanol blends, the tax imposed
24 by this Act applies to (i) 80% of the proceeds of sales made on
25 or after January 1, 2024 and on or before December 31, 2028 and
26 (ii) 100% of the proceeds of sales made thereafter. If, at any

1 time, however, the tax under this Act on sales of mid-range
2 ethanol blends is imposed at the rate of 1.25%, then the tax
3 imposed by this Act applies to 100% of the proceeds of sales of
4 mid-range ethanol blends made during that time.

5 With respect to majority blended ethanol fuel, the tax
6 imposed by this Act does not apply to the proceeds of sales
7 made on or after July 1, 2003 and on or before December 31,
8 2028 but applies to 100% of the proceeds of sales made
9 thereafter.

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

24 With respect to biodiesel and biodiesel blends with more
25 than 10% but no more than 99% biodiesel, the tax imposed by
26 this Act does not apply to the proceeds of sales made on or

1 after July 1, 2003 and on or before December 31, 2023. On and
2 after January 1, 2024 and on or before December 31, 2030, the
3 taxation of biodiesel, renewable diesel, and biodiesel blends
4 shall be as provided in Section 3-5.1.

5 Until July 1, 2022 and beginning again on July 1, 2023,
6 with respect to 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), the tax is imposed at the rate of 1%.
11 Beginning on July 1, 2022 and until July 1, 2023, with respect
12 to food for human consumption that is to be consumed off the
13 premises where it is sold (other than alcoholic beverages,
14 food consisting of or infused with adult use cannabis, soft
15 drinks, and food that has been prepared for immediate
16 consumption), the tax is imposed at the rate of 0%.

17 With respect to prescription and nonprescription
18 medicines, drugs, ~~medical appliances, products classified as~~
19 ~~Class III medical devices by the United States Food and Drug~~
20 ~~Administration that are used for cancer treatment pursuant to~~
21 ~~a prescription, as well as any accessories and components~~
22 ~~related to those devices,~~ modifications to a motor vehicle for
23 the purpose of rendering it usable by a person with a
24 disability, and insulin, blood sugar testing materials,
25 syringes, and needles used by human diabetics (except to the
26 extent that those items are exempt by the Department under

1 paragraph (44) of Section 3-5), the tax is imposed at the rate
2 of 1%. For the purposes of this Section, until September 1,
3 2009: the term "soft drinks" means any complete, finished,
4 ready-to-use, non-alcoholic drink, whether carbonated or not,
5 including, but not limited to, soda water, cola, fruit juice,
6 vegetable juice, carbonated water, and all other preparations
7 commonly known as soft drinks of whatever kind or description
8 that are contained in any closed or sealed bottle, can,
9 carton, or container, regardless of size; but "soft drinks"
10 does not include coffee, tea, non-carbonated water, infant
11 formula, milk or milk products as defined in the Grade A
12 Pasteurized Milk and Milk Products Act, or drinks containing
13 50% or more 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 not include beverages that contain milk or milk
18 products, soy, rice or similar milk substitutes, or greater
19 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 201.66. The "over-the-counter-drug"

1 label includes:

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

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

23 (Source: P.A. 102-4, eff. 4-27-21; 102-700, Article 20,
24 Section 20-5, eff. 4-19-22; 102-700, Article 60, Section
25 60-15, eff. 4-19-22; 102-700, Article 65, Section 65-5, eff.
26 4-19-22; 103-9, eff. 6-7-23; 103-154 eff. 6-30-23.)

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

3 (35 ILCS 110/3-5)

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

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

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

16 (3) Personal property purchased by a 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 purchased from a teacher-sponsored
24 student organization affiliated with an elementary or
25 secondary school 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.

8 Beginning on January 1, 2024, farm machinery and equipment
9 also includes electrical power generation equipment used
10 primarily for production agriculture.

11 This item (7) is exempt from the provisions of Section
12 3-75.

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

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

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

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

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

23 (11) Proceeds from the sale of photoprocessing machinery
24 and equipment, including repair and replacement parts, both
25 new and used, including that manufactured on special order,
26 certified by the purchaser to be used primarily for

1 photoprocessing, and including photoprocessing machinery and
2 equipment purchased for lease.

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

14 (13) Semen used for artificial insemination of livestock
15 for direct agricultural production.

16 (14) Horses, or interests in horses, registered with and
17 meeting the requirements of any of the Arabian Horse Club
18 Registry of America, Appaloosa Horse Club, American Quarter
19 Horse Association, United States Trotting Association, or
20 Jockey Club, as appropriate, used for purposes of breeding or
21 racing for prizes. This item (14) is exempt from the
22 provisions of Section 3-75, and the exemption provided for
23 under this item (14) applies for all periods beginning May 30,
24 1995, but no claim for credit or refund is allowed on or after
25 January 1, 2008 (the effective date of Public Act 95-88) for
26 such taxes paid during the period beginning May 30, 2000 and

1 ending on January 1, 2008 (the effective date of Public Act
2 95-88).

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

26 (16) Personal property purchased by a lessor who leases

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

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

1 that has been issued a sales tax exemption identification
2 number by the Department that assists victims of the disaster
3 who reside within the declared disaster area.

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

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

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

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

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

1 exempt from the provisions of Section 3-75.

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

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

25 (24) Beginning on August 2, 2001 (the effective date of
26 Public Act 92-227), computers and communications equipment

1 utilized for any hospital purpose and equipment used in the
2 diagnosis, analysis, or treatment of hospital patients
3 purchased by a lessor who leases the equipment, under a lease
4 of one year or longer executed or in effect at the time the
5 lessor would otherwise be subject to the tax imposed by this
6 Act, to a hospital that has been issued an active tax exemption
7 identification number by the Department under Section 1g of
8 the Retailers' Occupation Tax Act. If the equipment is leased
9 in a manner that does not qualify for this exemption or is used
10 in any other nonexempt manner, the lessor shall be liable for
11 the tax imposed under this Act or the Use Tax Act, as the case
12 may be, based on the fair market value of the property at the
13 time the nonqualifying use occurs. No lessor shall collect or
14 attempt to collect an amount (however designated) that
15 purports to reimburse that lessor for the tax imposed by this
16 Act or the Use Tax Act, as the case may be, if the tax has not
17 been paid by the lessor. If a lessor improperly collects any
18 such amount from the lessee, the lessee shall have a legal
19 right to claim a refund of that amount from the lessor. If,
20 however, that amount is not refunded to the lessee for any
21 reason, the lessor is liable to pay that amount to the
22 Department. This paragraph is exempt from the provisions of
23 Section 3-75.

24 (25) Beginning on August 2, 2001 (the effective date of
25 Public Act 92-227), personal property purchased by a lessor
26 who leases the property, under a lease of one year or longer

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

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

1 (27) Beginning January 1, 2010 and continuing through
2 December 31, 2029, 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. However, until January 1, 2024, this
9 exemption excludes any materials, parts, equipment,
10 components, and consumable supplies used in the modification,
11 replacement, repair, and maintenance of aircraft engines or
12 power plants, whether such engines or power plants are
13 installed or uninstalled upon any such aircraft. "Consumable
14 supplies" include, but are not limited to, adhesive, tape,
15 sandpaper, general purpose lubricants, cleaning solution,
16 latex gloves, and protective films.

17 Beginning January 1, 2010 and continuing through December
18 31, 2023, this exemption applies only to the use of qualifying
19 tangible personal property transferred incident to the
20 modification, refurbishment, completion, replacement, repair,
21 or maintenance of aircraft by persons who (i) hold an Air
22 Agency Certificate and are empowered to operate an approved
23 repair station by the Federal Aviation Administration, (ii)
24 have a Class IV Rating, and (iii) conduct operations in
25 accordance with Part 145 of the Federal Aviation Regulations.
26 From January 1, 2024 through December 31, 2029, this exemption

1 applies only to the use of qualifying tangible personal
2 property by: (A) persons who modify, refurbish, complete,
3 repair, replace, or maintain aircraft and who (i) hold an Air
4 Agency Certificate and are empowered to operate an approved
5 repair station by the Federal Aviation Administration, (ii)
6 have a Class IV Rating, and (iii) conduct operations in
7 accordance with Part 145 of the Federal Aviation Regulations;
8 and (B) persons who engage in the modification, replacement,
9 repair, and maintenance of aircraft engines or power plants
10 without regard to whether or not those persons meet the
11 qualifications of item (A).

12 The exemption does not include aircraft operated by a
13 commercial air carrier providing scheduled passenger air
14 service pursuant to authority issued under Part 121 or Part
15 129 of the Federal Aviation Regulations. The changes made to
16 this paragraph (27) by Public Act 98-534 are declarative of
17 existing law. It is the intent of the General Assembly that the
18 exemption under this paragraph (27) applies continuously from
19 January 1, 2010 through December 31, 2024; however, no claim
20 for credit or refund is allowed for taxes paid as a result of
21 the disallowance of this exemption on or after January 1, 2015
22 and prior to February 5, 2020 (the effective date of Public Act
23 101-629).

24 (28) Tangible personal property purchased by a
25 public-facilities corporation, as described in Section
26 11-65-10 of the Illinois Municipal Code, for purposes of

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

13 (29) Beginning January 1, 2017 and through December 31,
14 2026, menstrual pads, tampons, and menstrual cups.

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

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

1 1, 2020 had Public Act 101-31 been in effect, may apply for and
2 obtain an exemption for subsequent purchases of computer
3 equipment or enabling software purchased or leased to upgrade,
4 supplement, or replace computer equipment or enabling software
5 purchased or leased in the original investment that would have
6 qualified.

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

12 For the purposes of this item (31):

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

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

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

18 This item (31) is exempt from the provisions of Section
19 3-75.

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

24 "Breast pump" means an electrically controlled or
25 manually controlled pump device designed or marketed to be
26 used to express milk from a human breast during lactation,

1 including the pump device and any battery, AC adapter, or
2 other power supply unit that is used to power the pump
3 device and is packaged and sold with the pump device at the
4 time of sale.

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

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

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

1 kit that is pre-packaged by the breast pump manufacturer
2 or distributor.

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

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

14 (34) Beginning on January 1, 2024, tangible personal
15 property purchased by an active duty member of the armed
16 forces of the United States who presents valid military
17 identification and purchases the property using a form of
18 payment where the federal government is the payor. The member
19 of the armed forces must complete, at the point of sale, a form
20 prescribed by the Department of Revenue documenting that the
21 transaction is eligible for the exemption under this
22 paragraph. Retailers must keep the form as documentation of
23 the exemption in their records for a period of not less than 6
24 years. "Armed forces of the United States" means the United
25 States Army, Navy, Air Force, Marine Corps, or Coast Guard.
26 This paragraph is exempt from the provisions of Section 3-75.

1 (35) Beginning on January 1, 2025, medical appliances and
2 products that are classified as Class III medical devices by
3 the United States Food and Drug Administration and that are
4 used for cancer treatment pursuant to a prescription, as well
5 as any accessories and components related to those appliances
6 and devices. As used in this paragraph, "medical appliance"
7 means a product that was classified as a medical appliance and
8 was subject to a 1% rate of tax immediately prior to the
9 effective date of this amendatory Act of the 103rd General
10 Assembly, including, but not limited to, devices used to
11 provide advanced life support services, as defined by Section
12 3.10 of the Emergency Medical Services (EMS) Systems Act, and
13 any other items designated as medical appliances by the
14 Department by rule. This paragraph is exempt from the
15 provisions of Section 3-75.

16 (Source: P.A. 102-16, eff. 6-17-21; 102-700, Article 70,
17 Section 70-10, eff. 4-19-22; 102-700, Article 75, Section
18 75-10, eff. 4-19-22; 102-1026, eff. 5-27-22; 103-9, Article 5,
19 Section 5-10, eff. 6-7-23; 103-9, Article 15, Section 15-10,
20 eff. 6-7-23; 103-154, eff. 6-30-23; 103-384, eff. 1-1-24;
21 revised 12-12-23.)

22 (35 ILCS 110/3-10) (from Ch. 120, par. 439.33-10)

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 of tangible personal property transferred as

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

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

8 With respect to gasohol, as defined in the Use Tax Act, the
9 tax imposed by this Act applies to (i) 70% of the selling price
10 of property transferred as an incident to the sale of service
11 on or after January 1, 1990, and before July 1, 2003, (ii) 80%
12 of the selling price of property transferred as an incident to
13 the sale of service on or after July 1, 2003 and on or before
14 July 1, 2017, (iii) 100% of the selling price of property
15 transferred as an incident to the sale of service after July 1,
16 2017 and before January 1, 2024, (iv) 90% of the selling price
17 of property transferred as an incident to the sale of service
18 on or after January 1, 2024 and on or before December 31, 2028,
19 and (v) 100% of the selling price of property transferred as an
20 incident to the sale of service after December 31, 2028. If, at
21 any time, however, the tax under this Act on sales of gasohol,
22 as defined in the Use Tax Act, is imposed at the rate of 1.25%,
23 then the tax imposed by this Act applies to 100% of the
24 proceeds of sales of gasohol made during that time.

25 With respect to mid-range ethanol blends, as defined in
26 Section 3-44.3 of the Use Tax Act, the tax imposed by this Act

1 applies to (i) 80% of the selling price of property
2 transferred as an incident to the sale of service on or after
3 January 1, 2024 and on or before December 31, 2028 and (ii)
4 100% of the selling price of property transferred as an
5 incident to the sale of service after December 31, 2028. If, at
6 any time, however, the tax under this Act on sales of mid-range
7 ethanol blends is imposed at the rate of 1.25%, then the tax
8 imposed by this Act applies to 100% of the selling price of
9 mid-range ethanol blends transferred as an incident to the
10 sale of service during that time.

11 With respect to majority blended ethanol fuel, as defined
12 in the Use Tax Act, the tax imposed by this Act does not apply
13 to 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 December 31, 2028 but applies to 100% of the selling price
16 thereafter.

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

1 at any time, however, the tax under this Act on sales of
2 biodiesel blends, as defined in the Use Tax Act, with no less
3 than 1% and no more than 10% biodiesel is imposed at the rate
4 of 1.25%, then the tax imposed by this Act applies to 100% of
5 the proceeds of sales of biodiesel blends with no less than 1%
6 and no more than 10% biodiesel made during that time.

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

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

1 Until July 1, 2022 and beginning again on July 1, 2023, the
2 tax shall be imposed at the rate of 1% 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. Until July 1, 2022
11 and beginning again on July 1, 2023, the tax shall also be
12 imposed at the rate of 1% on food for human consumption that is
13 to be 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 Beginning on July 1, 2022 and until July 1, 2023, the tax
19 shall be imposed at the rate of 0% on food prepared for
20 immediate consumption and transferred incident to a sale of
21 service subject to this Act or the Service Occupation Tax Act
22 by an entity licensed under the Hospital Licensing Act, the
23 Nursing Home Care Act, the Assisted Living and Shared Housing
24 Act, the ID/DD Community Care Act, the MC/DD Act, the
25 Specialized Mental Health Rehabilitation Act of 2013, or the
26 Child Care Act of 1969, or an entity that holds a permit issued

1 pursuant to the Life Care Facilities Act. Beginning on July 1,
2 2022 and until July 1, 2023, the tax shall also be imposed at
3 the rate of 0% on food for human consumption that is to be
4 consumed off the premises where it is sold (other than
5 alcoholic beverages, food consisting of or infused with adult
6 use cannabis, soft drinks, and food that has been prepared for
7 immediate consumption and is not otherwise included in this
8 paragraph).

9 The tax shall also be imposed at the rate of 1% on
10 prescription and nonprescription medicines, drugs, ~~medical~~
11 ~~appliances, products classified as Class III medical devices~~
12 ~~by the United States Food and Drug Administration that are~~
13 ~~used for cancer treatment pursuant to a prescription, as well~~
14 ~~as any accessories and components related to those devices,~~
15 modifications to a motor vehicle for the purpose of rendering
16 it usable by a person with a disability, and insulin, blood
17 sugar testing materials, syringes, and needles used by human
18 diabetics (except to the extent that those items are exempt by
19 the Department under paragraph (35) of Section 3-5). 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 not include beverages that contain milk or milk
10 products, soy, rice or similar milk substitutes, or greater
11 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 201.66. The "over-the-counter-drug"
19 label includes:

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

21 (B) 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), "prescription and nonprescription medicines and
26 drugs" includes medical cannabis purchased from a registered

1 dispensing organization under the Compassionate Use of Medical
2 Cannabis Program Act.

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

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

15 (Source: P.A. 102-4, eff. 4-27-21; 102-16, eff. 6-17-21;
16 102-700, Article 20, Section 20-10, eff. 4-19-22; 102-700,
17 Article 60, Section 60-20, eff. 4-19-22; 103-9, eff. 6-7-23;
18 103-154, eff. 6-30-23.)

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

21 (35 ILCS 115/3-5)

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

24 (1) Personal property sold by a corporation, society,

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

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

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

25 (4) Legal tender, currency, medallions, or gold or silver
26 coinage issued by the State of Illinois, the government of the

1 United States of America, or the government of any foreign
2 country, and bullion.

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

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

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

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

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

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

26 Beginning on January 1, 2024, farm machinery and equipment

1 also includes electrical power generation equipment used
2 primarily for production agriculture.

3 This item (7) is exempt from the provisions of Section
4 3-55.

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

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

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

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

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

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

19 (12) Until July 1, 2028, coal and aggregate exploration,
20 mining, off-highway hauling, processing, maintenance, and
21 reclamation equipment, including replacement parts and
22 equipment, and including equipment purchased for lease, but
23 excluding motor vehicles required to be registered under the
24 Illinois Vehicle Code. The changes made to this Section by
25 Public Act 97-767 apply on and after July 1, 2003, but no claim
26 for credit or refund is allowed on or after August 16, 2013

1 (the effective date of Public Act 98-456) for such taxes paid
2 during the period beginning July 1, 2003 and ending on August
3 16, 2013 (the effective date of Public Act 98-456).

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

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

19 (15) Horses, or interests in horses, registered with and
20 meeting the requirements of any of the Arabian Horse Club
21 Registry of America, Appaloosa Horse Club, American Quarter
22 Horse Association, United States Trotting Association, or
23 Jockey Club, as appropriate, used for purposes of breeding or
24 racing for prizes. This item (15) is exempt from the
25 provisions of Section 3-55, and the exemption provided for
26 under this item (15) applies for all periods beginning May 30,

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

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

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

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

1 that has been issued a sales tax exemption identification
2 number by the Department that assists victims of the disaster
3 who reside within the declared disaster area.

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

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

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

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

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

1 exempt from the provisions of Section 3-55.

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

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

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

1 identification number by the Department under Section 1g of
2 the Retailers' Occupation Tax Act. This paragraph is exempt
3 from the provisions of Section 3-55.

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

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

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

23 (29) Beginning January 1, 2010 and continuing through
24 December 31, 2029, materials, parts, equipment, components,
25 and furnishings incorporated into or upon an aircraft as part
26 of the modification, refurbishment, completion, replacement,

1 repair, or maintenance of the aircraft. This exemption
2 includes consumable supplies used in the modification,
3 refurbishment, completion, replacement, repair, and
4 maintenance of aircraft. However, until January 1, 2024, this
5 exemption excludes any materials, parts, equipment,
6 components, and consumable supplies used in the modification,
7 replacement, repair, and maintenance of aircraft engines or
8 power plants, whether such engines or power plants are
9 installed or uninstalled upon any such aircraft. "Consumable
10 supplies" include, but are not limited to, adhesive, tape,
11 sandpaper, general purpose lubricants, cleaning solution,
12 latex gloves, and protective films.

13 Beginning January 1, 2010 and continuing through December
14 31, 2023, this exemption applies only to the transfer of
15 qualifying tangible personal property incident to the
16 modification, refurbishment, completion, replacement, repair,
17 or maintenance of an aircraft by persons who (i) hold an Air
18 Agency Certificate and are empowered to operate an approved
19 repair station by the Federal Aviation Administration, (ii)
20 have a Class IV Rating, and (iii) conduct operations in
21 accordance with Part 145 of the Federal Aviation Regulations.
22 The exemption does not include aircraft operated by a
23 commercial air carrier providing scheduled passenger air
24 service pursuant to authority issued under Part 121 or Part
25 129 of the Federal Aviation Regulations. From January 1, 2024
26 through December 31, 2029, this exemption applies only to the

1 use of qualifying tangible personal property by: (A) persons
2 who modify, refurbish, complete, repair, replace, or maintain
3 aircraft and who (i) hold an Air Agency Certificate and are
4 empowered to operate an approved repair station by the Federal
5 Aviation Administration, (ii) have a Class IV Rating, and
6 (iii) conduct operations in accordance with Part 145 of the
7 Federal Aviation Regulations; and (B) persons who engage in
8 the modification, replacement, repair, and maintenance of
9 aircraft engines or power plants without regard to whether or
10 not those persons meet the qualifications of item (A).

11 The changes made to this paragraph (29) by Public Act
12 98-534 are declarative of existing law. It is the intent of the
13 General Assembly that the exemption under this paragraph (29)
14 applies continuously from January 1, 2010 through December 31,
15 2024; however, no claim for credit or refund is allowed for
16 taxes paid as a result of the disallowance of this exemption on
17 or after January 1, 2015 and prior to February 5, 2020 (the
18 effective date of Public Act 101-629).

19 (30) Beginning January 1, 2017 and through December 31,
20 2026, menstrual pads, tampons, and menstrual cups.

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

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

1 Commerce and Economic Opportunity, whether that tangible
2 personal property is purchased by the owner, operator, or
3 tenant of the data center or by a contractor or subcontractor
4 of the owner, operator, or tenant. Data centers that would
5 have qualified for a certificate of exemption prior to January
6 1, 2020 had Public Act 101-31 been in effect, may apply for and
7 obtain an exemption for subsequent purchases of computer
8 equipment or enabling software purchased or leased to upgrade,
9 supplement, or replace computer equipment or enabling software
10 purchased or leased in the original investment that would have
11 qualified.

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

17 For the purposes of this item (32):

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

22 "Qualified tangible personal property" means:
23 electrical systems and equipment; climate control and
24 chilling equipment and systems; mechanical systems and
25 equipment; monitoring and secure systems; emergency
26 generators; hardware; computers; servers; data storage

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

23 This item (32) is exempt from the provisions of Section
24 3-55.

25 (33) Beginning July 1, 2022, breast pumps, breast pump
26 collection and storage supplies, and breast pump kits. This

1 item (33) is exempt from the provisions of Section 3-55. As
2 used in this item (33):

3 "Breast pump" means an electrically controlled or
4 manually controlled pump device designed or marketed to be
5 used to express milk from a human breast during lactation,
6 including the pump device and any battery, AC adapter, or
7 other power supply unit that is used to power the pump
8 device and is packaged and sold with the pump device at the
9 time of sale.

10 "Breast pump collection and storage supplies" means
11 items of tangible personal property designed or marketed
12 to be used in conjunction with a breast pump to collect
13 milk expressed from a human breast and to store collected
14 milk until it is ready for consumption.

15 "Breast pump collection and storage supplies"
16 includes, but is not limited to: breast shields and breast
17 shield connectors; breast pump tubes and tubing adapters;
18 breast pump valves and membranes; backflow protectors and
19 backflow protector adaptors; bottles and bottle caps
20 specific to the operation of the breast pump; and breast
21 milk storage bags.

22 "Breast pump collection and storage supplies" does not
23 include: (1) bottles and bottle caps not specific to the
24 operation of the breast pump; (2) breast pump travel bags
25 and other similar carrying accessories, including ice
26 packs, labels, and other similar products; (3) breast pump

1 cleaning supplies; (4) nursing bras, bra pads, breast
2 shells, and other similar products; and (5) creams,
3 ointments, and other similar products that relieve
4 breastfeeding-related symptoms or conditions of the
5 breasts or nipples, unless sold as part of a breast pump
6 kit that is pre-packaged by the breast pump manufacturer
7 or distributor.

8 "Breast pump kit" means a kit that: (1) contains no
9 more than a breast pump, breast pump collection and
10 storage supplies, a rechargeable battery for operating the
11 breast pump, a breastmilk cooler, bottle stands, ice
12 packs, and a breast pump carrying case; and (2) is
13 pre-packaged as a breast pump kit by the breast pump
14 manufacturer or distributor.

15 (34) Tangible personal property sold by or on behalf of
16 the State Treasurer pursuant to the Revised Uniform Unclaimed
17 Property Act. This item (34) is exempt from the provisions of
18 Section 3-55.

19 (35) Beginning on January 1, 2024, tangible personal
20 property purchased by an active duty member of the armed
21 forces of the United States who presents valid military
22 identification and purchases the property using a form of
23 payment where the federal government is the payor. The member
24 of the armed forces must complete, at the point of sale, a form
25 prescribed by the Department of Revenue documenting that the
26 transaction is eligible for the exemption under this

1 paragraph. Retailers must keep the form as documentation of
2 the exemption in their records for a period of not less than 6
3 years. "Armed forces of the United States" means the United
4 States Army, Navy, Air Force, Marine Corps, or Coast Guard.
5 This paragraph is exempt from the provisions of Section 3-55.

6 (36) Beginning on January 1, 2025, medical appliances and
7 products that are classified as Class III medical devices by
8 the United States Food and Drug Administration and that are
9 used for cancer treatment pursuant to a prescription, as well
10 as any accessories and components related to those appliances
11 and devices. As used in this paragraph, "medical appliance"
12 means a product that was classified as a medical appliance and
13 was subject to a 1% rate of tax immediately prior to the
14 effective date of this amendatory Act of the 103rd General
15 Assembly, including, but not limited to, devices used to
16 provide advanced life support services, as defined by Section
17 3.10 of the Emergency Medical Services (EMS) Systems Act, and
18 any other items designated as medical appliances by the
19 Department by rule. This paragraph is exempt from the
20 provisions of Section 3-55.

21 (Source: P.A. 102-16, eff. 6-17-21; 102-700, Article 70,
22 Section 70-15, eff. 4-19-22; 102-700, Article 75, Section
23 75-15, eff. 4-19-22; 102-1026, eff. 5-27-22; 103-9, Article 5,
24 Section 5-15, eff. 6-7-23; 103-9, Article 15, Section 15-15,
25 eff. 6-7-23; 103-154, eff. 6-30-23; 103-384, eff. 1-1-24;
26 revised 12-12-23.)

1 (35 ILCS 115/3-10) (from Ch. 120, par. 439.103-10)

2 Sec. 3-10. Rate of tax. Unless otherwise provided in this
3 Section, the tax imposed by this Act is at the rate of 6.25% of
4 the "selling price", as defined in Section 2 of the Service Use
5 Tax Act, of the tangible personal property. For the purpose of
6 computing this tax, in no event shall the "selling price" be
7 less than the cost price to the serviceman of the tangible
8 personal property transferred. The selling price of each item
9 of tangible personal property transferred as an incident of a
10 sale of service may be shown as a distinct and separate item on
11 the serviceman's billing to the service customer. If the
12 selling price is not so shown, the selling price of the
13 tangible personal property is deemed to be 50% of the
14 serviceman's entire billing to the service customer. When,
15 however, a serviceman contracts to design, develop, and
16 produce special order machinery or equipment, the tax imposed
17 by this Act shall be based on the serviceman's cost price of
18 the tangible personal property transferred incident to the
19 completion of the contract.

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

24 With respect to gasohol, as defined in the Use Tax Act, the
25 tax imposed by this Act shall apply to (i) 70% of the cost

1 price of property transferred as an incident to the sale of
2 service on or after January 1, 1990, and before July 1, 2003,
3 (ii) 80% of the selling price of property transferred as an
4 incident to the sale of service on or after July 1, 2003 and on
5 or before July 1, 2017, (iii) 100% of the selling price of
6 property transferred as an incident to the sale of service
7 after July 1, 2017 and prior to January 1, 2024, (iv) 90% of
8 the selling price of property transferred as an incident to
9 the sale of service on or after January 1, 2024 and on or
10 before December 31, 2028, and (v) 100% of the selling price of
11 property transferred as an incident to the sale of service
12 after December 31, 2028. If, at any time, however, the tax
13 under this Act on sales of gasohol, as defined in the Use Tax
14 Act, is imposed at the rate of 1.25%, then the tax imposed by
15 this Act applies to 100% of the proceeds of sales of gasohol
16 made during that time.

17 With respect to mid-range ethanol blends, as defined in
18 Section 3-44.3 of the Use Tax Act, the tax imposed by this Act
19 applies to (i) 80% of the selling price of property
20 transferred as an incident to the sale of service on or after
21 January 1, 2024 and on or before December 31, 2028 and (ii)
22 100% of the selling price of property transferred as an
23 incident to the sale of service after December 31, 2028. If, at
24 any time, however, the tax under this Act on sales of mid-range
25 ethanol blends is imposed at the rate of 1.25%, then the tax
26 imposed by this Act applies to 100% of the selling price of

1 mid-range ethanol blends transferred as an incident to the
2 sale of service during that time.

3 With respect to majority blended ethanol fuel, as defined
4 in the Use Tax Act, the tax imposed by this Act does not apply
5 to the selling price of property transferred as an incident to
6 the sale of service on or after July 1, 2003 and on or before
7 December 31, 2028 but applies to 100% of the selling price
8 thereafter.

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

25 With respect to biodiesel, as defined in the Use Tax Act,
26 and biodiesel blends, as defined in the Use Tax Act, with more

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

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

19 Until July 1, 2022 and beginning again on July 1, 2023, the
20 tax shall be imposed at the rate of 1% on food prepared for
21 immediate consumption and transferred incident to a sale of
22 service subject to this Act or the Service Use Tax Act by an
23 entity licensed under the Hospital Licensing Act, the Nursing
24 Home Care Act, the Assisted Living and Shared Housing Act, the
25 ID/DD Community Care Act, the MC/DD Act, the Specialized
26 Mental Health Rehabilitation Act of 2013, or the Child Care

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

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

26 The tax shall also be imposed at the rate of 1% on

1 prescription and nonprescription medicines, drugs, ~~medical~~
2 ~~appliances, products classified as Class III medical devices~~
3 ~~by the United States Food and Drug Administration that are~~
4 ~~used for cancer treatment pursuant to a prescription,~~ as well
5 as any accessories and components related to those devices,
6 modifications to a motor vehicle for the purpose of rendering
7 it usable by a person with a disability, and insulin, blood
8 sugar testing materials, syringes, and needles used by human
9 diabetics (except to the extent that those items are exempt by
10 the Department under paragraph (36) of Section 3-5). For the
11 purposes of this Section, until September 1, 2009: the term
12 "soft drinks" means any complete, finished, ready-to-use,
13 non-alcoholic drink, whether carbonated or not, including, but
14 not limited to, soda water, cola, fruit juice, vegetable
15 juice, carbonated water, and all other preparations commonly
16 known as soft drinks of whatever kind or description that are
17 contained in any closed or sealed can, carton, or container,
18 regardless of size; but "soft drinks" does not include coffee,
19 tea, non-carbonated water, infant formula, milk or milk
20 products as defined in the Grade A Pasteurized Milk and Milk
21 Products Act, or drinks containing 50% or more natural fruit
22 or vegetable juice.

23 Notwithstanding any other provisions of this Act,
24 beginning September 1, 2009, "soft drinks" means non-alcoholic
25 beverages that contain natural or artificial sweeteners. "Soft
26 drinks" does not include beverages that contain milk or milk

1 products, soy, rice or similar milk substitutes, or greater
2 than 50% of vegetable or fruit juice by volume.

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

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

24 Notwithstanding any other provisions of this Act,
25 beginning September 1, 2009, "nonprescription medicines and
26 drugs" does not include grooming and hygiene products. For

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

11 (A) a "Drug Facts" panel; or

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

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

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

25 (Source: P.A. 102-4, eff. 4-27-21; 102-16, eff. 6-17-21;
26 102-700, Article 20, Section 20-15, eff. 4-19-22; 102-700,

1 Article 60, Section 60-25, eff. 4-19-22; 103-9, eff. 6-7-23;
2 103-154, eff. 6-30-23.)

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

5 (35 ILCS 120/2-5)

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

9 (1) Farm chemicals.

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

1 and equipment under this item (2). Agricultural chemical
2 tender tanks and dry boxes shall include units sold
3 separately from a motor vehicle required to be licensed
4 and units sold mounted on a motor vehicle required to be
5 licensed, if the selling price of the tender is separately
6 stated.

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

15 Farm machinery and equipment also includes computers,
16 sensors, software, and related equipment used primarily in
17 the computer-assisted operation of production agriculture
18 facilities, equipment, and activities such as, but not
19 limited to, the collection, monitoring, and correlation of
20 animal and crop data for the purpose of formulating animal
21 diets and agricultural chemicals.

22 Beginning on January 1, 2024, farm machinery and
23 equipment also includes electrical power generation
24 equipment used primarily for production agriculture.

25 This item (2) is exempt from the provisions of Section
26 2-70.

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

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

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

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

1 secondary school located in Illinois.

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

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

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

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

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

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

20 (12) (Blank).

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 this State after the sale of the aircraft; and

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

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

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

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

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

26 (26) Semen used for artificial insemination of

1 livestock for direct agricultural production.

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

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

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

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

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

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

1 declared disaster area within 6 months after the disaster.

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

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

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

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

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

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

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

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

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

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

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

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

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

11 (40) Beginning January 1, 2010 and continuing through
12 December 31, 2029, materials, parts, equipment,
13 components, and furnishings incorporated into or upon an
14 aircraft as part of the modification, refurbishment,
15 completion, replacement, repair, or maintenance of the
16 aircraft. This exemption includes consumable supplies used
17 in the modification, refurbishment, completion,
18 replacement, repair, and maintenance of aircraft. However,
19 until January 1, 2024, this exemption excludes any
20 materials, parts, equipment, components, and consumable
21 supplies used in the modification, replacement, repair,
22 and maintenance of aircraft engines or power plants,
23 whether such engines or power plants are installed or
24 uninstalled upon any such aircraft. "Consumable supplies"
25 include, but are not limited to, adhesive, tape,
26 sandpaper, general purpose lubricants, cleaning solution,

1 latex gloves, and protective films.

2 Beginning January 1, 2010 and continuing through
3 December 31, 2023, this exemption applies only to the sale
4 of qualifying tangible personal property to persons who
5 modify, refurbish, complete, replace, or maintain an
6 aircraft and who (i) hold an Air Agency Certificate and
7 are empowered to operate an approved repair station by the
8 Federal Aviation Administration, (ii) have a Class IV
9 Rating, and (iii) conduct operations in accordance with
10 Part 145 of the Federal Aviation Regulations. The
11 exemption does not include aircraft operated by a
12 commercial air carrier providing scheduled passenger air
13 service pursuant to authority issued under Part 121 or
14 Part 129 of the Federal Aviation Regulations. From January
15 1, 2024 through December 31, 2029, this exemption applies
16 only to the use of qualifying tangible personal property
17 by: (A) persons who modify, refurbish, complete, repair,
18 replace, or maintain aircraft and who (i) hold an Air
19 Agency Certificate and are empowered to operate an
20 approved repair station by the Federal Aviation
21 Administration, (ii) have a Class IV Rating, and (iii)
22 conduct operations in accordance with Part 145 of the
23 Federal Aviation Regulations; and (B) persons who engage
24 in the modification, replacement, repair, and maintenance
25 of aircraft engines or power plants without regard to
26 whether or not those persons meet the qualifications of

1 item (A).

2 The changes made to this paragraph (40) by Public Act
3 98-534 are declarative of existing law. It is the intent
4 of the General Assembly that the exemption under this
5 paragraph (40) applies continuously from January 1, 2010
6 through December 31, 2024; however, no claim for credit or
7 refund is allowed for taxes paid as a result of the
8 disallowance of this exemption on or after January 1, 2015
9 and prior to February 5, 2020 (the effective date of
10 Public Act 101-629).

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

26 (42) Beginning January 1, 2017 and through December

1 31, 2026, menstrual pads, tampons, and menstrual cups.

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

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

25 The Department of Commerce and Economic Opportunity
26 shall grant a certificate of exemption under this item

1 (44) to qualified data centers as defined by Section
2 605-1025 of the Department of Commerce and Economic
3 Opportunity Law of the Civil Administrative Code of
4 Illinois.

5 For the purposes of this item (44):

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

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

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

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

14 (45) Beginning January 1, 2020 and through December
15 31, 2020, sales of tangible personal property made by a
16 marketplace seller over a marketplace for which tax is due
17 under this Act but for which use tax has been collected and
18 remitted to the Department by a marketplace facilitator
19 under Section 2d of the Use Tax Act are exempt from tax
20 under this Act. A marketplace seller claiming this
21 exemption shall maintain books and records demonstrating
22 that the use tax on such sales has been collected and
23 remitted by a marketplace facilitator. Marketplace sellers
24 that have properly remitted tax under this Act on such
25 sales may file a claim for credit as provided in Section 6
26 of this Act. No claim is allowed, however, for such taxes

1 for which a credit or refund has been issued to the
2 marketplace facilitator under the Use Tax Act, or for
3 which the marketplace facilitator has filed a claim for
4 credit or refund under the Use Tax Act.

5 (46) Beginning July 1, 2022, breast pumps, breast pump
6 collection and storage supplies, and breast pump kits.
7 This item (46) is exempt from the provisions of Section
8 2-70. As used in this item (46):

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

16 "Breast pump collection and storage supplies" means
17 items of tangible personal property designed or marketed
18 to be used in conjunction with a breast pump to collect
19 milk expressed from a human breast and to store collected
20 milk until it is ready for consumption.

21 "Breast pump collection and storage supplies"
22 includes, but is not limited to: breast shields and breast
23 shield connectors; breast pump tubes and tubing adapters;
24 breast pump valves and membranes; backflow protectors and
25 backflow protector adaptors; bottles and bottle caps
26 specific to the operation of the breast pump; and breast

1 milk storage bags.

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

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

21 (47) Tangible personal property sold by or on behalf
22 of the State Treasurer pursuant to the Revised Uniform
23 Unclaimed Property Act. This item (47) is exempt from the
24 provisions of Section 2-70.

25 (48) Beginning on January 1, 2024, tangible personal
26 property purchased by an active duty member of the armed

1 forces of the United States who presents valid military
2 identification and purchases the property using a form of
3 payment where the federal government is the payor. The
4 member of the armed forces must complete, at the point of
5 sale, a form prescribed by the Department of Revenue
6 documenting that the transaction is eligible for the
7 exemption under this paragraph. Retailers must keep the
8 form as documentation of the exemption in their records
9 for a period of not less than 6 years. "Armed forces of the
10 United States" means the United States Army, Navy, Air
11 Force, Marine Corps, or Coast Guard. This paragraph is
12 exempt from the provisions of Section 2-70.

13 (49) Beginning on January 1, 2025, medical appliances
14 and products that are classified as Class III medical
15 devices by the United States Food and Drug Administration
16 and that are used for cancer treatment pursuant to a
17 prescription, as well as any accessories and components
18 related to those appliances and devices. As used in this
19 paragraph, "medical appliance" means a product that was
20 classified as a medical appliance and was subject to a 1%
21 rate of tax immediately prior to the effective date of
22 this amendatory Act of the 103rd General Assembly,
23 including, but not limited to, devices used to provide
24 advanced life support services, as defined by Section 3.10
25 of the Emergency Medical Services (EMS) Systems Act, and
26 any other items designated as medical appliances by the

1 Department by rule. This paragraph is exempt from the
2 provisions of Section 2-70.

3 (Source: P.A. 102-16, eff. 6-17-21; 102-634, eff. 8-27-21;
4 102-700, Article 70, Section 70-20, eff. 4-19-22; 102-700,
5 Article 75, Section 75-20, eff. 4-19-22; 102-813, eff.
6 5-13-22; 102-1026, eff. 5-27-22; 103-9, Article 5, Section
7 5-20, eff. 6-7-23; 103-9, Article 15, Section 15-20, eff.
8 6-7-23; 103-154, eff. 6-30-23; 103-384, eff. 1-1-24; revised
9 12-12-23.)

10 (35 ILCS 120/2-10)

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

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

19 Beginning on August 6, 2010 through August 15, 2010, and
20 beginning again on August 5, 2022 through August 14, 2022,
21 with respect to sales tax holiday items as defined in Section
22 2-8 of this Act, the tax is imposed at the rate of 1.25%.

23 Within 14 days after July 1, 2000 (the effective date of
24 Public Act 91-872), each retailer of motor fuel and gasohol
25 shall cause the following notice to be posted in a prominently

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

13 With respect to gasohol, as defined in the Use Tax Act, the
14 tax imposed by this Act applies to (i) 70% of the proceeds of
15 sales made on or after January 1, 1990, and before July 1,
16 2003, (ii) 80% of the proceeds of sales made on or after July
17 1, 2003 and on or before July 1, 2017, (iii) 100% of the
18 proceeds of sales made after July 1, 2017 and prior to January
19 1, 2024, (iv) 90% of the proceeds of sales made on or after
20 January 1, 2024 and on or before December 31, 2028, and (v)
21 100% of the proceeds of sales made after December 31, 2028. If,
22 at any time, however, the tax under this Act on sales of
23 gasohol, as defined in the Use Tax Act, 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 gasohol made during that time.

26 With respect to mid-range ethanol blends, as defined in

1 Section 3-44.3 of the Use Tax Act, the tax imposed by this Act
2 applies to (i) 80% of the proceeds of sales made on or after
3 January 1, 2024 and on or before December 31, 2028 and (ii)
4 100% of the proceeds of sales made after December 31, 2028. If,
5 at any time, however, the tax under this Act on sales of
6 mid-range ethanol blends is imposed at the rate of 1.25%, then
7 the tax imposed by this Act applies to 100% of the proceeds of
8 sales of mid-range ethanol blends made during that time.

9 With respect to majority blended ethanol fuel, as defined
10 in the Use Tax Act, the tax imposed by this Act does not apply
11 to the proceeds of sales made on or after July 1, 2003 and on
12 or before December 31, 2028 but applies to 100% of the proceeds
13 of sales made thereafter.

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

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

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

11 Until July 1, 2022 and beginning again on July 1, 2023,
12 with respect to 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), the tax is imposed at the rate of 1%.
17 Beginning July 1, 2022 and until July 1, 2023, with respect to
18 food for human consumption that is to be consumed off the
19 premises where it is sold (other than alcoholic beverages,
20 food consisting of or infused with adult use cannabis, soft
21 drinks, and food that has been prepared for immediate
22 consumption), the tax is imposed at the rate of 0%.

23 With respect to prescription and nonprescription
24 medicines, drugs, ~~medical appliances, products classified as~~
25 ~~Class III medical devices by the United States Food and Drug~~
26 ~~Administration that are used for cancer treatment pursuant to~~

1 ~~a prescription, as well as any accessories and components~~
2 ~~related to those devices,~~ modifications to a motor vehicle for
3 the purpose of rendering it usable by a person with a
4 disability, and insulin, blood sugar testing materials,
5 syringes, and needles used by human diabetics (except to the
6 extent that those items are exempt by the Department under
7 paragraph (49) of Section 2-5), the tax is imposed at the rate
8 of 1%. For the purposes of this Section, until September 1,
9 2009: the term "soft drinks" means any complete, finished,
10 ready-to-use, non-alcoholic drink, whether carbonated or not,
11 including, but not limited to, soda water, cola, fruit juice,
12 vegetable juice, carbonated water, and all other preparations
13 commonly known as soft drinks of whatever kind or description
14 that are contained in any closed or sealed bottle, can,
15 carton, or container, regardless of size; but "soft drinks"
16 does not include coffee, tea, non-carbonated water, infant
17 formula, milk or milk products as defined in the Grade A
18 Pasteurized Milk and Milk Products Act, or drinks containing
19 50% or more natural fruit or vegetable juice.

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

26 Until August 1, 2009, and notwithstanding any other

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

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

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

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

8 (A) a "Drug Facts" panel; or

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

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

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

22 (Source: P.A. 102-4, eff. 4-27-21; 102-700, Article 20,
23 Section 20-20, eff. 4-19-22; 102-700, Article 60, Section
24 60-30, eff. 4-19-22; 102-700, Article 65, Section 65-10, eff.
25 4-19-22; 103-9, eff. 6-7-23; 103-154, eff. 6-30-23.)

26 Section 99. Effective date. This Act takes effect on

HB5578

- 123 -

LRB103 38815 HLH 68952 b

1 January 1, 2025.