

1 AN ACT concerning revenue.

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

4 ARTICLE 5. AIRCRAFT ENGINES

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

7 (35 ILCS 105/3-5)

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

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

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

20 (3) Personal property purchased by a not-for-profit arts  
21 or cultural organization that establishes, by proof required  
22 by the Department by rule, that it has received an exemption

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

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

1           (5) Until July 1, 2003, a passenger car that is a  
2 replacement vehicle to the extent that the purchase price of  
3 the car is subject to the Replacement Vehicle Tax.

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

17           (7) Farm chemicals.

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

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

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

1 Act.

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

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

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

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

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

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

1 that aircraft.

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

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

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

25 (16) Until July 1, 2028, coal and aggregate exploration,  
26 mining, off-highway hauling, processing, maintenance, and

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

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

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

1 paragraph (18) includes production related tangible personal  
2 property, as defined in Section 3-50, purchased on or after  
3 July 1, 2019. The exemption provided by this paragraph (18)  
4 does not include machinery and equipment used in (i) the  
5 generation of electricity for wholesale or retail sale; (ii)  
6 the generation or treatment of natural or artificial gas for  
7 wholesale or retail sale that is delivered to customers  
8 through pipes, pipelines, or mains; or (iii) the treatment of  
9 water for wholesale or retail sale that is delivered to  
10 customers through pipes, pipelines, or mains. The provisions  
11 of Public Act 98-583 are declaratory of existing law as to the  
12 meaning and scope of this exemption. Beginning on July 1,  
13 2017, the exemption provided by this paragraph (18) includes,  
14 but is not limited to, graphic arts machinery and equipment,  
15 as defined in paragraph (6) of this Section.

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

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

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



1 Jockey Club, as appropriate, used for purposes of breeding or  
2 racing for prizes. This item (21) is exempt from the  
3 provisions of Section 3-90, and the exemption provided for  
4 under this item (21) applies for all periods beginning May 30,  
5 1995, but no claim for credit or refund is allowed on or after  
6 January 1, 2008 for such taxes paid during the period  
7 beginning May 30, 2000 and ending on January 1, 2008.

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

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

5 (23) Personal property purchased by a lessor who leases  
6 the property, under a lease of one year or longer executed or  
7 in effect at the time the lessor would otherwise be subject to  
8 the tax imposed by this Act, to a governmental body that has  
9 been issued an active sales tax exemption identification  
10 number by the Department under Section 1g of the Retailers'  
11 Occupation Tax Act. If the property is leased in a manner that  
12 does not qualify for this exemption or used in any other  
13 non-exempt manner, the lessor shall be liable for the tax  
14 imposed under this Act or the Service 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 Service Use Tax Act, as the case may be, if the tax  
20 has not been paid by the lessor. If a lessor improperly  
21 collects any such amount from the lessee, the lessee shall  
22 have a legal right to claim a refund of that amount from the  
23 lessor. If, however, that amount is not refunded to the lessee  
24 for any reason, the lessor is liable to pay that amount to the  
25 Department.

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

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

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

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

1           (27) A motor vehicle, as that term is defined in Section  
2 1-146 of the Illinois Vehicle Code, that is donated to a  
3 corporation, limited liability company, society, association,  
4 foundation, or institution that is determined by the  
5 Department to be organized and operated exclusively for  
6 educational purposes. For purposes of this exemption, "a  
7 corporation, limited liability company, society, association,  
8 foundation, or institution organized and operated exclusively  
9 for educational purposes" means all tax-supported public  
10 schools, private schools that offer systematic instruction in  
11 useful branches of learning by methods common to public  
12 schools and that compare favorably in their scope and  
13 intensity with the course of study presented in tax-supported  
14 schools, and vocational or technical schools or institutes  
15 organized and operated exclusively to provide a course of  
16 study of not less than 6 weeks duration and designed to prepare  
17 individuals to follow a trade or to pursue a manual,  
18 technical, mechanical, industrial, business, or commercial  
19 occupation.

20           (28) Beginning January 1, 2000, personal property,  
21 including food, purchased through fundraising events for the  
22 benefit of a public or private elementary or secondary school,  
23 a group of those schools, or one or more school districts if  
24 the events are sponsored by an entity recognized by the school  
25 district that consists primarily of volunteers and includes  
26 parents and teachers of the school children. This paragraph

1 does not apply to fundraising events (i) for the benefit of  
2 private home instruction or (ii) for which the fundraising  
3 entity purchases the personal property sold at the events from  
4 another individual or entity that sold the property for the  
5 purpose of resale by the fundraising entity and that profits  
6 from the sale to the fundraising entity. This paragraph is  
7 exempt from the provisions of Section 3-90.

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

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

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

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

1 for any reason, the lessor is liable to pay that amount to the  
2 Department. This paragraph is exempt from the provisions of  
3 Section 3-90.

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

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

20           (34) 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 3-90.



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

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

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

11 The 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 Part  
14 129 of the Federal Aviation Regulations. The changes made to  
15 this paragraph (35) by Public Act 98-534 are declarative of  
16 existing law. It is the intent of the General Assembly that the  
17 exemption under this paragraph (35) applies continuously from  
18 January 1, 2010 through December 31, 2024; however, no claim  
19 for credit or refund is allowed for taxes paid as a result of  
20 the disallowance of this exemption on or after January 1, 2015  
21 and prior to February 5, 2020 (the effective date of Public Act  
22 101-629) ~~this amendatory Act of the 101st General Assembly.~~

23 (36) Tangible personal property purchased by a  
24 public-facilities corporation, as described in Section  
25 11-65-10 of the Illinois Municipal Code, for purposes of  
26 constructing or furnishing a municipal convention hall, but

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

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

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

21 (39) Tangible personal property purchased by a purchaser  
22 who is exempt from the tax imposed by this Act by operation of  
23 federal law. This paragraph is exempt from the provisions of  
24 Section 3-90.

25 (40) Qualified tangible personal property used in the  
26 construction or operation of a data center that has been

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

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

18 For the purposes of this item (40):

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

23 "Qualified tangible personal property" means:  
24 electrical systems and equipment; climate control and  
25 chilling equipment and systems; mechanical systems and  
26 equipment; monitoring and secure systems; emergency

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

24 This item (40) is exempt from the provisions of Section  
25 3-90.

26 (41) Beginning July 1, 2022, breast pumps, breast pump

1 collection and storage supplies, and breast pump kits. This  
2 item (41) is exempt from the provisions of Section 3-90. As  
3 used in this item (41):

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

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

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

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

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

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

16 (42) ~~(41)~~ Tangible personal property sold by or on behalf  
17 of the State Treasurer pursuant to the Revised Uniform  
18 Unclaimed Property Act. This item (42) ~~(41)~~ is exempt from the  
19 provisions of Section 3-90.

20 (Source: P.A. 101-9, eff. 6-5-19; 101-31, eff. 6-28-19;  
21 101-81, eff. 7-12-19; 101-629, eff. 2-5-20; 102-16, eff.  
22 6-17-21; 102-700, Article 70, Section 70-5, eff. 4-19-22;  
23 102-700, Article 75, Section 75-5, eff. 4-19-22; 102-1026,  
24 eff. 5-27-22; revised 8-1-22.)

25 Section 5-10. The Service Use Tax Act is amended by

1 changing Section 3-5 as follows:

2 (35 ILCS 110/3-5)

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

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

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

15 (3) Personal property purchased by a not-for-profit arts  
16 or cultural organization that establishes, by proof required  
17 by the Department by rule, that it has received an exemption  
18 under Section 501(c)(3) of the Internal Revenue Code and that  
19 is organized and operated primarily for the presentation or  
20 support of arts or cultural programming, activities, or  
21 services. These organizations include, but are not limited to,  
22 music and dramatic arts organizations such as symphony  
23 orchestras and theatrical groups, arts and cultural service  
24 organizations, local arts councils, visual arts organizations,  
25 and media arts organizations. On and after July 1, 2001 (the



1 effective date of Public Act 92-35), however, an entity  
2 otherwise eligible for this exemption shall not make tax-free  
3 purchases unless it has an active identification number issued  
4 by the Department.

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

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

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

24 (7) Farm machinery and equipment, both new and used,  
25 including that manufactured on special order, certified by the  
26 purchaser to be used primarily for production agriculture or

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

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

25 Farm machinery and equipment also includes computers,  
26 sensors, software, and related equipment used primarily in the

1 computer-assisted operation of production agriculture  
2 facilities, equipment, and activities such as, but not limited  
3 to, the collection, monitoring, and correlation of animal and  
4 crop data for the purpose of formulating animal diets and  
5 agricultural chemicals. This item (7) is exempt from the  
6 provisions of Section 3-75.

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

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

24 (9) Proceeds of mandatory service charges separately  
25 stated on customers' bills for the purchase and consumption of  
26 food and beverages acquired as an incident to the purchase of a

1 service from a serviceman, to the extent that the proceeds of  
2 the service charge are in fact turned over as tips or as a  
3 substitute for tips to the employees who participate directly  
4 in preparing, serving, hosting or cleaning up the food or  
5 beverage function with respect to which the service charge is  
6 imposed.

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

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

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

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

8 (13) Semen used for artificial insemination of livestock  
9 for direct agricultural production.

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

23 (15) Computers and communications equipment utilized for  
24 any hospital purpose and equipment used in the diagnosis,  
25 analysis, or treatment of hospital patients purchased by a  
26 lessor who leases the equipment, under a lease of one year or

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

20 (16) Personal property purchased by a lessor who leases  
21 the property, under a lease of one year or longer executed or  
22 in effect at the time the lessor would otherwise be subject to  
23 the tax imposed by this Act, to a governmental body that has  
24 been issued an active tax exemption identification number by  
25 the Department under Section 1g of the Retailers' Occupation  
26 Tax Act. If the property is leased in a manner that does not

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

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

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

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

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

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



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

8 (21) Beginning January 1, 2000, personal property,  
9 including food, purchased through fundraising events for the  
10 benefit of a public or private elementary or secondary school,  
11 a group of those schools, or one or more school districts if  
12 the events are sponsored by an entity recognized by the school  
13 district that consists primarily of volunteers and includes  
14 parents and teachers of the school children. This paragraph  
15 does not apply to fundraising events (i) for the benefit of  
16 private home instruction or (ii) for which the fundraising  
17 entity purchases the personal property sold at the events from  
18 another individual or entity that sold the property for the  
19 purpose of resale by the fundraising entity and that profits  
20 from the sale to the fundraising entity. This paragraph is  
21 exempt from the provisions of Section 3-75.

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

1 and parts for machines used in commercial, coin-operated  
2 amusement and vending business if a use or occupation tax is  
3 paid on the gross receipts derived from the use of the  
4 commercial, coin-operated amusement and vending machines. This  
5 paragraph is exempt from the provisions of Section 3-75.

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

19 (24) Beginning on August 2, 2001 (the effective date of  
20 Public Act 92-227), computers and communications equipment  
21 utilized for any hospital purpose and equipment used in the  
22 diagnosis, analysis, or treatment of hospital patients  
23 purchased by a lessor who leases the equipment, under a lease  
24 of one year or longer executed or in effect at the time the  
25 lessor would otherwise be subject to the tax imposed by this  
26 Act, to a hospital that has been issued an active tax exemption

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

18 (25) Beginning on August 2, 2001 (the effective date of  
19 Public Act 92-227), personal property purchased by a lessor  
20 who leases the property, under a lease of one year or longer  
21 executed or in effect at the time the lessor would otherwise be  
22 subject to the tax imposed by this Act, to a governmental body  
23 that has been issued an active tax exemption identification  
24 number by the Department under Section 1g of the Retailers'  
25 Occupation Tax Act. If the property is leased in a manner that  
26 does not qualify for this exemption or is used in any other

1 nonexempt manner, the lessor shall be liable for the tax  
2 imposed under this Act or the Use Tax Act, as the case may be,  
3 based on the fair market value of the property at the time the  
4 nonqualifying use occurs. No lessor shall collect or attempt  
5 to collect an amount (however designated) that purports to  
6 reimburse that lessor for the tax imposed by this Act or the  
7 Use Tax Act, as the case may be, if the tax has not been paid  
8 by the lessor. If a lessor improperly collects any such amount  
9 from the lessee, the lessee shall have a legal right to claim a  
10 refund of that amount from the lessor. If, however, that  
11 amount is not refunded to the lessee for any reason, the lessor  
12 is liable to pay that amount to the Department. This paragraph  
13 is exempt from the provisions of Section 3-75.

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

21 (27) Beginning January 1, 2010 and continuing through  
22 December 31, 2029 ~~December 31, 2024~~, materials, parts,  
23 equipment, components, and furnishings incorporated into or  
24 upon an aircraft as part of the modification, refurbishment,  
25 completion, replacement, repair, or maintenance of the  
26 aircraft. This exemption includes consumable supplies used in

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

11 Beginning January 1, 2010 and continuing through December  
12 31, 2023, this ~~This~~ exemption applies only to the use of  
13 qualifying tangible personal property transferred incident to  
14 the modification, refurbishment, completion, replacement,  
15 repair, or maintenance of aircraft by persons who (i) hold an  
16 Air Agency Certificate and are empowered to operate an  
17 approved repair station by the Federal Aviation  
18 Administration, (ii) have a Class IV Rating, and (iii) conduct  
19 operations in accordance with Part 145 of the Federal Aviation  
20 Regulations. From January 1, 2024 through December 31, 2029,  
21 this exemption applies only to the use of qualifying tangible  
22 personal property by: (A) 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; and (B) persons who engage in the modification,  
3 replacement, repair, and maintenance of aircraft engines or  
4 power plants without regard to whether or not those persons  
5 meet the qualifications of item (A).

6 The exemption does not include aircraft operated by a  
7 commercial air carrier providing scheduled passenger air  
8 service pursuant to authority issued under Part 121 or Part  
9 129 of the Federal Aviation Regulations. The changes made to  
10 this paragraph (27) by Public Act 98-534 are declarative of  
11 existing law. It is the intent of the General Assembly that the  
12 exemption under this paragraph (27) applies continuously from  
13 January 1, 2010 through December 31, 2024; however, no claim  
14 for credit or refund is allowed for taxes paid as a result of  
15 the disallowance of this exemption on or after January 1, 2015  
16 and prior to February 5, 2020 (the effective date of Public Act  
17 101-629) ~~this amendatory Act of the 101st General Assembly.~~

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

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

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

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

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

1 qualified.

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

7 For the purposes of this item (31):

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

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



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

13 This item (31) is exempt from the provisions of Section  
14 3-75.

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

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

26 "Breast pump collection and storage supplies" means

1 items of tangible personal property designed or marketed  
2 to be used in conjunction with a breast pump to collect  
3 milk expressed from a human breast and to store collected  
4 milk until it is ready for consumption.

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

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

24 "Breast pump kit" means a kit that: (1) contains no  
25 more than a breast pump, breast pump collection and  
26 storage supplies, a rechargeable battery for operating the

1 breast pump, a breastmilk cooler, bottle stands, ice  
2 packs, and a breast pump carrying case; and (2) is  
3 pre-packaged as a breast pump kit by the breast pump  
4 manufacturer or distributor.

5 (33) ~~(32)~~ Tangible personal property sold by or on behalf  
6 of the State Treasurer pursuant to the Revised Uniform  
7 Unclaimed Property Act. This item (33) ~~(32)~~ is exempt from the  
8 provisions of Section 3-75.

9 (Source: P.A. 101-31, eff. 6-28-19; 101-81, eff. 7-12-19;  
10 101-629, eff. 2-5-20; 102-16, eff. 6-17-21; 102-700, Article  
11 70, Section 70-10, eff. 4-19-22; 102-700, Article 75, Section  
12 75-10, eff. 4-19-22; 102-1026, eff. 5-27-22; revised 8-3-22.)

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

15 (35 ILCS 115/3-5)

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

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

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

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

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

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

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

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

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

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

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

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

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

1 domestic stopovers.

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

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

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

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

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

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

20 (13) Beginning January 1, 1992 and through June 30, 2016,  
21 food for human consumption that is to be consumed off the  
22 premises where it is sold (other than alcoholic beverages,  
23 soft drinks and food that has been prepared for immediate  
24 consumption) and prescription and non-prescription medicines,  
25 drugs, medical appliances, and insulin, urine testing  
26 materials, syringes, and needles used by diabetics, for human



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

7 (14) Semen used for artificial insemination of livestock  
8 for direct agricultural production.

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

22 (16) Computers and communications equipment utilized for  
23 any hospital purpose and equipment used in the diagnosis,  
24 analysis, or treatment of hospital patients sold to a lessor  
25 who leases the equipment, under a lease of one year or longer  
26 executed or in effect at the time of the purchase, to a

1 hospital that has been issued an active tax exemption  
2 identification number by the Department under Section 1g of  
3 the Retailers' Occupation Tax Act.

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

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

20 (19) 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 used in  
23 the performance of infrastructure repairs in this State,  
24 including but not limited to municipal roads and streets,  
25 access roads, bridges, sidewalks, waste disposal systems,  
26 water and sewer line extensions, water distribution and

1 purification facilities, storm water drainage and retention  
2 facilities, and sewage treatment facilities, resulting from a  
3 State or federally declared disaster in Illinois or bordering  
4 Illinois when such repairs are initiated on facilities located  
5 in the declared disaster area within 6 months after the  
6 disaster.

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

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

1 individuals to follow a trade or to pursue a manual,  
2 technical, mechanical, industrial, business, or commercial  
3 occupation.

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

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

1 paragraph is exempt from the provisions of Section 3-55.

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

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

20 (26) Beginning on January 1, 2002 and through June 30,  
21 2016, tangible personal property purchased from an Illinois  
22 retailer by a taxpayer engaged in centralized purchasing  
23 activities in Illinois who will, upon receipt of the property  
24 in Illinois, temporarily store the property in Illinois (i)  
25 for the purpose of subsequently transporting it outside this  
26 State for use or consumption thereafter solely outside this

1 State or (ii) for the purpose of being processed, fabricated,  
2 or manufactured into, attached to, or incorporated into other  
3 tangible personal property to be transported outside this  
4 State and thereafter used or consumed solely outside this  
5 State. The Director of Revenue shall, pursuant to rules  
6 adopted in accordance with the Illinois Administrative  
7 Procedure Act, issue a permit to any taxpayer in good standing  
8 with the Department who is eligible for the exemption under  
9 this paragraph (26). The permit issued under this paragraph  
10 (26) shall authorize the holder, to the extent and in the  
11 manner specified in the rules adopted under this Act, to  
12 purchase tangible personal property from a retailer exempt  
13 from the taxes imposed by this Act. Taxpayers shall maintain  
14 all necessary books and records to substantiate the use and  
15 consumption of all such tangible personal property outside of  
16 the State of Illinois.

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

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

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

1 adhesive, tape, sandpaper, general purpose lubricants,  
2 cleaning solution, latex gloves, and protective films.

3 Beginning January 1, 2010 and continuing through December  
4 31, 2023, this ~~This~~ exemption applies only to the transfer of  
5 qualifying tangible personal property incident to the  
6 modification, refurbishment, completion, replacement, repair,  
7 or maintenance of an aircraft by persons who (i) hold an Air  
8 Agency Certificate and are empowered to operate an approved  
9 repair station by the Federal Aviation Administration, (ii)  
10 have a Class IV Rating, and (iii) conduct operations in  
11 accordance with Part 145 of the Federal Aviation Regulations.  
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. From January 1, 2024  
16 through December 31, 2029, this exemption applies only to the  
17 use of qualifying tangible personal property by: (A) persons  
18 who modify, refurbish, complete, repair, replace, or maintain  
19 aircraft and who (i) hold an Air Agency Certificate and are  
20 empowered to operate an approved repair station by the Federal  
21 Aviation Administration, (ii) have a Class IV Rating, and  
22 (iii) conduct operations in accordance with Part 145 of the  
23 Federal Aviation Regulations; and (B) persons who engage in  
24 the modification, replacement, repair, and maintenance of  
25 aircraft engines or power plants without regard to whether or  
26 not those persons meet the qualifications of item (A).



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

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

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

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

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

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

9 For the purposes of this item (32):

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

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

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

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

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

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

1 time of sale.

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

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

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

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

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

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

11 (Source: P.A. 101-31, eff. 6-28-19; 101-81, eff. 7-12-19;  
12 101-629, eff. 2-5-20; 102-16, eff. 6-17-21; 102-700, Article  
13 70, Section 70-15, eff. 4-19-22; 102-700, Article 75, Section  
14 75-15, eff. 4-19-22; 102-1026, eff. 5-27-22; revised 8-9-22.)

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

17 (35 ILCS 120/2-5)

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

21 (1) Farm chemicals.

22 (2) Farm machinery and equipment, both new and used,  
23 including that manufactured on special order, certified by  
24 the purchaser to be used primarily for production

1 agriculture or State or federal agricultural programs,  
2 including individual replacement parts for the machinery  
3 and equipment, including machinery and equipment purchased  
4 for lease, and including implements of husbandry defined  
5 in Section 1-130 of the Illinois Vehicle Code, farm  
6 machinery and agricultural chemical and fertilizer  
7 spreaders, and nurse wagons required to be registered  
8 under Section 3-809 of the Illinois Vehicle Code, but  
9 excluding other motor vehicles required to be registered  
10 under the Illinois Vehicle Code. Horticultural polyhouses  
11 or hoop houses used for propagating, growing, or  
12 overwintering plants shall be considered farm machinery  
13 and equipment under this item (2). Agricultural chemical  
14 tender tanks and dry boxes shall include units sold  
15 separately from a motor vehicle required to be licensed  
16 and units sold mounted on a motor vehicle required to be  
17 licensed, if the selling price of the tender is separately  
18 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  
22 not limited to, tractors, harvesters, sprayers, planters,  
23 seeders, or spreaders. Precision farming equipment  
24 includes, but is not limited to, soil testing sensors,  
25 computers, monitors, software, global positioning and  
26 mapping systems, and other such equipment.

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

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

16 (4) Until July 1, 2003 and beginning again September  
17 1, 2004 through August 30, 2014, graphic arts machinery  
18 and equipment, including repair and replacement parts,  
19 both new and used, and including that manufactured on  
20 special order or purchased for lease, certified by the  
21 purchaser to be used primarily for graphic arts  
22 production. Equipment includes chemicals or chemicals  
23 acting as catalysts but only if the chemicals or chemicals  
24 acting as catalysts effect a direct and immediate change  
25 upon a graphic arts product. Beginning on July 1, 2017,  
26 graphic arts machinery and equipment is included in the

1 manufacturing and assembling machinery and equipment  
2 exemption under paragraph (14).

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

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

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

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

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



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

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

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

1 (12) (Blank).

2 (12-5) On and after July 1, 2003 and through June 30,  
3 2004, motor vehicles of the second division with a gross  
4 vehicle weight in excess of 8,000 pounds that are subject  
5 to the commercial distribution fee imposed under Section  
6 3-815.1 of the Illinois Vehicle Code. Beginning on July 1,  
7 2004 and through June 30, 2005, the use in this State of  
8 motor vehicles of the second division: (i) with a gross  
9 vehicle weight rating in excess of 8,000 pounds; (ii) that  
10 are subject to the commercial distribution fee imposed  
11 under Section 3-815.1 of the Illinois Vehicle Code; and  
12 (iii) that are primarily used for commercial purposes.  
13 Through June 30, 2005, this exemption applies to repair  
14 and replacement parts added after the initial purchase of  
15 such a motor vehicle if that motor vehicle is used in a  
16 manner that would qualify for the rolling stock exemption  
17 otherwise provided for in this Act. For purposes of this  
18 paragraph, "used for commercial purposes" means the  
19 transportation of persons or property in furtherance of  
20 any commercial or industrial enterprise whether for-hire  
21 or not.

22 (13) Proceeds from sales to owners, lessors, or  
23 shippers of tangible personal property that is utilized by  
24 interstate carriers for hire for use as rolling stock  
25 moving in interstate commerce and equipment operated by a  
26 telecommunications provider, licensed as a common carrier

1 by the Federal Communications Commission, which is  
2 permanently installed in or affixed to aircraft moving in  
3 interstate commerce.

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

1 provided by this paragraph (14) includes, but is not  
2 limited to, graphic arts machinery and equipment, as  
3 defined in paragraph (4) of this Section.

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

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

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

24 (18) Legal tender, currency, medallions, or gold or  
25 silver coinage issued by the State of Illinois, the  
26 government of the United States of America, or the

1 government of any foreign country, and bullion.

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

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

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

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

4 (22) Until June 30, 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 destined for or returning from a location or  
9 locations outside the United States without regard to  
10 previous or subsequent domestic stopovers.

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

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

25 (24) Fuel consumed or used in the operation of ships,  
26 barges, or vessels that are used primarily in or for the

1 transportation of property or the conveyance of persons  
2 for hire on rivers bordering on this State if the fuel is  
3 delivered by the seller to the purchaser's barge, ship, or  
4 vessel while it is afloat upon that bordering river.

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

18 (25-5) The exemption under item (25) does not apply if  
19 the state in which the motor vehicle will be titled does  
20 not allow a reciprocal exemption for a motor vehicle sold  
21 and delivered in that state to an Illinois resident but  
22 titled in Illinois. The tax collected under this Act on  
23 the sale of a motor vehicle in this State to a resident of  
24 another state that does not allow a reciprocal exemption  
25 shall be imposed at a rate equal to the state's rate of tax  
26 on taxable property in the state in which the purchaser is

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

22 (25-7) Beginning on July 1, 2007, no tax is imposed  
23 under this Act on the sale of an aircraft, as defined in  
24 Section 3 of the Illinois Aeronautics Act, if all of the  
25 following conditions are met:

26 (1) the aircraft leaves this State within 15 days



1 after the later of either the issuance of the final  
2 billing for the sale of the aircraft, or the  
3 authorized approval for return to service, completion  
4 of the maintenance record entry, and completion of the  
5 test flight and ground test for inspection, as  
6 required by 14 CFR ~~C.F.R.~~ 91.407;

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

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

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

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

26 "Registered in this State" means an aircraft

1 registered with the Department of Transportation,  
2 Aeronautics Division, or titled or registered with the  
3 Federal Aviation Administration to an address located in  
4 this State.

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

7 (26) Semen used for artificial insemination of  
8 livestock for direct agricultural production.

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

23 (28) Computers and communications equipment utilized  
24 for any hospital purpose and equipment used in the  
25 diagnosis, analysis, or treatment of hospital patients  
26 sold to a lessor who leases the equipment, under a lease of

1           one year or longer executed or in effect at the time of the  
2           purchase, to a hospital that has been issued an active tax  
3           exemption identification number by the Department under  
4           Section 1g of this Act.

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

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

22          (31) Beginning with taxable years ending on or after  
23          December 31, 1995 and ending with taxable years ending on  
24          or before December 31, 2004, personal property that is  
25          used in the performance of infrastructure repairs in this  
26          State, including but not limited to municipal roads and

1 streets, access roads, bridges, sidewalks, waste disposal  
2 systems, water and sewer line extensions, water  
3 distribution and purification facilities, storm water  
4 drainage and retention facilities, and sewage treatment  
5 facilities, resulting from a State or federally declared  
6 disaster in Illinois or bordering Illinois when such  
7 repairs are initiated on facilities located in the  
8 declared disaster area within 6 months after the disaster.

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

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

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

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

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

1           30, 2003, machines and parts for machines used in  
2 commercial, coin-operated amusement and vending business  
3 if a use or occupation tax is paid on the gross receipts  
4 derived from the use of the commercial, coin-operated  
5 amusement and vending machines. This paragraph is exempt  
6 from the provisions of Section 2-70.

7           (35-5) Beginning August 23, 2001 and through June 30,  
8 2016, food for human consumption that is to be consumed  
9 off the premises where it is sold (other than alcoholic  
10 beverages, soft drinks, and food that has been prepared  
11 for immediate consumption) and prescription and  
12 nonprescription medicines, drugs, medical appliances, and  
13 insulin, urine testing materials, syringes, and needles  
14 used by diabetics, for human use, when purchased for use  
15 by a person receiving medical assistance under Article V  
16 of the Illinois Public Aid Code who resides in a licensed  
17 long-term care facility, as defined in the Nursing Home  
18 Care Act, or a licensed facility as defined in the ID/DD  
19 Community Care Act, the MC/DD Act, or the Specialized  
20 Mental Health Rehabilitation Act of 2013.

21           (36) Beginning August 2, 2001, computers and  
22 communications equipment utilized for any hospital purpose  
23 and equipment used in the diagnosis, analysis, or  
24 treatment of hospital patients sold to a lessor who leases  
25 the equipment, under a lease of one year or longer  
26 executed or in effect at the time of the purchase, to a

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

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

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

1 Department who is eligible for the exemption under this  
2 paragraph (38). The permit issued under this paragraph  
3 (38) shall authorize the holder, to the extent and in the  
4 manner specified in the rules adopted under this Act, to  
5 purchase tangible personal property from a retailer exempt  
6 from the taxes imposed by this Act. Taxpayers shall  
7 maintain all necessary books and records to substantiate  
8 the use and consumption of all such tangible personal  
9 property outside of the State of Illinois.

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

18 (40) Beginning January 1, 2010 and continuing through  
19 December 31, 2029 ~~December 31, 2024~~, materials, parts,  
20 equipment, components, and furnishings incorporated into  
21 or upon an aircraft as part of the modification,  
22 refurbishment, completion, replacement, repair, or  
23 maintenance of the aircraft. This exemption includes  
24 consumable supplies used in the modification,  
25 refurbishment, completion, replacement, repair, and  
26 maintenance of aircraft. However, until January 1, 2024,



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

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

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

10           The changes made to this paragraph (40) by Public Act  
11       98-534 are declarative of existing law. It is the intent  
12       of the General Assembly that the exemption under this  
13       paragraph (40) applies continuously from January 1, 2010  
14       through December 31, 2024; however, no claim for credit or  
15       refund is allowed for taxes paid as a result of the  
16       disallowance of this exemption on or after January 1, 2015  
17       and prior to February 5, 2020 (the effective date of  
18       Public Act 101-629) ~~this amendatory Act of the 101st~~  
19       ~~General Assembly.~~

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

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

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

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

19 (44) 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  
25 subcontractor of the owner, operator, or tenant. Data  
26 centers that would have qualified for a certificate of

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

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

15 For the purposes of this item (44):

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

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

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

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

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

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

15 (46) Beginning July 1, 2022, breast pumps, breast pump  
16 collection and storage supplies, and breast pump kits.  
17 This item (46) is exempt from the provisions of Section  
18 2-70. As used in this item (46):

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

26 "Breast pump collection and storage supplies" means

1 items of tangible personal property designed or marketed  
2 to be used in conjunction with a breast pump to collect  
3 milk expressed from a human breast and to store collected  
4 milk until it is ready for consumption.

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

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

24 "Breast pump kit" means a kit that: (1) contains no  
25 more than a breast pump, breast pump collection and  
26 storage supplies, a rechargeable battery for operating the

1 breast pump, a breastmilk cooler, bottle stands, ice  
2 packs, and a breast pump carrying case; and (2) is  
3 pre-packaged as a breast pump kit by the breast pump  
4 manufacturer or distributor.

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

9 (Source: P.A. 101-31, eff. 6-28-19; 101-81, eff. 7-12-19;  
10 101-629, eff. 2-5-20; 102-16, eff. 6-17-21; 102-634, eff.  
11 8-27-21; 102-700, Article 70, Section 70-20, eff. 4-19-22;  
12 102-700, Article 75, Section 75-20, eff. 4-19-22; 102-813,  
13 eff. 5-13-22; 102-1026, eff. 5-27-22; revised 8-15-22.)

14 ARTICLE 10. ETHANOL BLENDED FUEL

15 Section 10-5. The Use Tax Act is amended by changing  
16 Sections 3-10, 3-40, and 3-44 and by adding Section 3-44.3 as  
17 follows:

18 (35 ILCS 105/3-10)

19 Sec. 3-10. Rate of tax. Unless otherwise provided in this  
20 Section, the tax imposed by this Act is at the rate of 6.25% of  
21 either the selling price or the fair market value, if any, of  
22 the tangible personal property. In all cases where property  
23 functionally used or consumed is the same as the property that



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

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

21 Beginning on August 6, 2010 through August 15, 2010, and  
22 beginning again on August 5, 2022 through August 14, 2022,  
23 with respect to sales tax holiday items as defined in Section  
24 3-6 of this Act, the tax is imposed at the rate of 1.25%.

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

1 January 1, 1990, and before July 1, 2003, (ii) 80% of the  
2 proceeds of sales made on or after July 1, 2003 and on or  
3 before July 1, 2017, ~~and~~ (iii) 100% of the proceeds of sales  
4 made after July 1, 2017 and prior to January 1, 2024, (iv) 90%  
5 of the proceeds of sales made on or after January 1, 2024 and  
6 on or before December 31, 2028, and (v) 100% of the proceeds of  
7 sales made after December 31, 2028 thereafter. If, at any  
8 time, however, the tax under this Act on sales of gasohol is  
9 imposed at the rate of 1.25%, then the tax imposed by this Act  
10 applies to 100% of the proceeds of sales of gasohol made during  
11 that time.

12 With respect to mid-range ethanol blends, the tax imposed  
13 by this Act applies to (i) 80% of the proceeds of sales made on  
14 or after January 1, 2024 and on or before December 31, 2028 and  
15 (ii) 100% of the proceeds of sales made thereafter. If, at any  
16 time, however, the tax under this Act on sales of mid-range  
17 ethanol blends is imposed at the rate of 1.25%, then the tax  
18 imposed by this Act applies to 100% of the proceeds of sales of  
19 mid-range ethanol blends made during that time.

20 With respect to majority blended ethanol fuel, the tax  
21 imposed by this Act does not apply to the proceeds of sales  
22 made on or after July 1, 2003 and on or before December 31,  
23 2028 ~~December 31, 2023~~ but applies to 100% of the proceeds of  
24 sales made thereafter.

25 With respect to biodiesel blends with no less than 1% and  
26 no more than 10% biodiesel, the tax imposed by this Act applies

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

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

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

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

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

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

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

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

1 flour or requires refrigeration.

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

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

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

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

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

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

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

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

16 (35 ILCS 105/3-40) (from Ch. 120, par. 439.3-40)

17 Sec. 3-40. Gasohol. As used in this Act, "gasohol" means  
18 motor fuel that is a blend of denatured ethanol and gasoline  
19 that contains no more than 1.25% water by weight. Prior to  
20 January 1, 2024, the ~~The~~ blend must contain 90% gasoline and  
21 10% denatured ethanol. On and after January 1, 2024, the blend  
22 must contain 85% gasoline and 15% denatured ethanol. A maximum  
23 of one percent error factor in the amount of denatured ethanol  
24 used in the blend is allowable to compensate for blending  
25 equipment variations. Any person who knowingly sells or

1 represents as gasohol any fuel that does not qualify as  
2 gasohol under this Act is guilty of a business offense and  
3 shall be fined not more than \$100 for each day that the sale or  
4 representation takes place after notification from the  
5 Department of Agriculture that the fuel in question does not  
6 qualify as gasohol.

7 (Source: P.A. 93-724, eff. 7-13-04.)

8 (35 ILCS 105/3-44)

9 Sec. 3-44. Majority blended ethanol fuel. Prior to January  
10 1, 2024, "majority ~~"Majority~~ blended ethanol fuel" means motor  
11 fuel that contains not less than 70% and no more than 90%  
12 denatured ethanol and no less than 10% and no more than 30%  
13 gasoline. On and after January 1, 2024, "majority blended  
14 ethanol fuel" means motor fuel that is capable of being used in  
15 the operation of flexible fuel vehicles and contains at least  
16 51% and not more than 83% ethanol, by volume, as specified in  
17 ASTM Standard D5798-11, and no less than 17% and no more than  
18 49% gasoline.

19 (Source: P.A. 93-17, eff. 6-11-03.)

20 (35 ILCS 105/3-44.3 new)

21 Sec. 3-44.3. Mid-range ethanol blend. "Mid-range ethanol  
22 blend" means a blend of gasoline and denatured ethanol that  
23 contains at least 20% but less than 51% denatured ethanol.



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

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

4 Sec. 3-10. Rate of tax. Unless otherwise provided in this  
5 Section, the tax imposed by this Act is at the rate of 6.25% of  
6 the selling price of tangible personal property transferred as  
7 an incident to the sale of service, but, for the purpose of  
8 computing this tax, in no event shall the selling price be less  
9 than the cost price of the property to the serviceman.

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

14 With respect to gasohol, as defined in the Use Tax Act, the  
15 tax imposed by this Act applies to (i) 70% of the selling price  
16 of property transferred as an incident to the sale of service  
17 on or after January 1, 1990, and before July 1, 2003, (ii) 80%  
18 of the selling price of property transferred as an incident to  
19 the sale of service on or after July 1, 2003 and on or before  
20 July 1, 2017, ~~and~~ (iii) 100% of the selling price of property  
21 transferred as an incident to the sale of service after July 1,  
22 2017 and before January 1, 2024, (iv) 90% of the selling price  
23 of property transferred as an incident to the sale of service  
24 on or after January 1, 2024 and on or before December 31, 2028,  
25 and (v) 100% of the selling price of property transferred as an

1 incident to the sale of service after December 31, 2028  
2 ~~thereafter~~. If, at any time, however, the tax under this Act on  
3 sales of gasohol, as defined in the Use Tax Act, is imposed at  
4 the rate of 1.25%, then the tax imposed by this Act applies to  
5 100% of the proceeds of sales of gasohol made during that time.

6 With respect to mid-range ethanol blends, as defined in  
7 Section 3-44.3 of the Use Tax Act, the tax imposed by this Act  
8 applies to (i) 80% of the selling price of property  
9 transferred as an incident to the sale of service on or after  
10 January 1, 2024 and on or before December 31, 2028 and (ii)  
11 100% of the selling price of property transferred as an  
12 incident to the sale of service after December 31, 2028. If, at  
13 any time, however, the tax under this Act on sales of mid-range  
14 ethanol blends is imposed at the rate of 1.25%, then the tax  
15 imposed by this Act applies to 100% of the selling price of  
16 mid-range ethanol blends transferred as an incident to the  
17 sale of service during that time.

18 With respect to majority blended ethanol fuel, as defined  
19 in the Use Tax Act, the tax imposed by this Act does not apply  
20 to the selling price of property transferred as an incident to  
21 the sale of service on or after July 1, 2003 and on or before  
22 December 31, 2028 ~~December 31, 2023~~ but applies to 100% of the  
23 selling price thereafter.

24 With respect to biodiesel blends, as defined in the Use  
25 Tax Act, with no less than 1% and no more than 10% biodiesel,  
26 the tax imposed by this Act applies to (i) 80% of the selling

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

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

24 At the election of any registered serviceman made for each  
25 fiscal year, sales of service in which the aggregate annual  
26 cost price of tangible personal property transferred as an

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

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

25       Beginning on July 1, 2022 and until July 1, 2023, the tax  
26 shall be imposed at the rate of 0% on food prepared for

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

16 The tax shall also be imposed at the rate of 1% on  
17 prescription and nonprescription medicines, drugs, medical  
18 appliances, products classified as Class III medical devices  
19 by the United States Food and Drug Administration that are  
20 used for cancer treatment pursuant to a prescription, as well  
21 as any accessories and components related to those devices,  
22 modifications to a motor vehicle for the purpose of rendering  
23 it usable by a person with a disability, and insulin, blood  
24 sugar testing materials, syringes, and needles used by human  
25 diabetics. For the purposes of this Section, until September  
26 1, 2009: the term "soft drinks" means any complete, finished,

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

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

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

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

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

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

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

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

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

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

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

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

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

24 Section 10-15. The Service Occupation Tax Act is amended  
25 by changing Section 3-10 as follows:



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, ~~and~~ (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 ~~cost price thereafter~~. If, at any  
13 time, however, the tax under this Act on sales of gasohol, as  
14 defined in the Use Tax Act, is imposed at the rate of 1.25%,  
15 then the tax imposed by this Act applies to 100% of the  
16 proceeds of sales of gasohol 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 ~~December 31, 2023~~ but applies to 100% of the  
8 selling price 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. For the purposes of this Section, until September  
10 1, 2009: the term "soft drinks" means any complete, finished,  
11 ready-to-use, non-alcoholic drink, whether carbonated or not,  
12 including, but not limited to, soda water, cola, fruit juice,  
13 vegetable juice, carbonated water, and all other preparations  
14 commonly known as soft drinks of whatever kind or description  
15 that are contained in any closed or sealed can, carton, or  
16 container, regardless of size; but "soft drinks" does not  
17 include coffee, tea, non-carbonated water, infant formula,  
18 milk or milk products as defined in the Grade A Pasteurized  
19 Milk and Milk Products Act, or drinks containing 50% or more  
20 natural fruit or vegetable juice.

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

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

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

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

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

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

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

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

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

23 (Source: P.A. 101-363, eff. 8-9-19; 101-593, eff. 12-4-19;  
24 102-4, eff. 4-27-21; 102-16, eff. 6-17-21; 102-700, Article  
25 20, Section 20-15, eff. 4-19-22; 102-700, Article 60, Section  
26 60-25, eff. 4-19-22; revised 6-1-22.)



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

3           (35 ILCS 120/2-10)

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

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

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

16           Within 14 days after July 1, 2000 (the effective date of  
17 Public Act 91-872) ~~this amendatory Act of the 91st General~~  
18 ~~Assembly~~, each retailer of motor fuel and gasohol shall cause  
19 the following notice to be posted in a prominently visible  
20 place on each retail dispensing device that is used to  
21 dispense motor fuel or gasohol in the State of Illinois: "As of  
22 July 1, 2000, the State of Illinois has eliminated the State's  
23 share of sales tax on motor fuel and gasohol through December  
24 31, 2000. The price on this pump should reflect the

1 elimination of the tax." The notice shall be printed in bold  
2 print on a sign that is no smaller than 4 inches by 8 inches.  
3 The sign shall be clearly visible to customers. Any retailer  
4 who fails to post or maintain a required sign through December  
5 31, 2000 is guilty of a petty offense for which the fine shall  
6 be \$500 per day per each retail premises where a violation  
7 occurs.

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

21 With respect to mid-range ethanol blends, as defined in  
22 Section 3-44.3 of the Use Tax Act, the tax imposed by this Act  
23 applies to (i) 80% of the proceeds of sales made on or after  
24 January 1, 2024 and on or before December 31, 2028 and (ii)  
25 100% of the proceeds of sales made after December 31, 2028. If,  
26 at any time, however, the tax under this Act on sales of

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

4 With respect to majority blended ethanol fuel, as defined  
5 in the Use Tax Act, the tax imposed by this Act does not apply  
6 to the proceeds of sales made on or after July 1, 2003 and on  
7 or before December 31, 2028 ~~December 31, 2023~~ but applies to  
8 100% of the proceeds of sales made 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 proceeds  
12 of sales made on or after July 1, 2003 and on or before  
13 December 31, 2018 and (ii) 100% of the proceeds of sales made  
14 after December 31, 2018 and before January 1, 2024. On and  
15 after January 1, 2024 and on or before December 31, 2030, the  
16 taxation of biodiesel, renewable diesel, and biodiesel blends  
17 shall be as provided in Section 3-5.1 of the Use Tax Act. If,  
18 at any time, however, the tax under this Act on sales of  
19 biodiesel blends, as defined in the Use Tax Act, with no less  
20 than 1% and no more than 10% biodiesel is imposed at the rate  
21 of 1.25%, then the tax imposed by this Act applies to 100% of  
22 the proceeds of sales of biodiesel blends with no less than 1%  
23 and no more than 10% biodiesel made during that time.

24 With respect to biodiesel, as defined in the Use Tax Act,  
25 and biodiesel blends, as defined in the Use Tax Act, with more  
26 than 10% but no more than 99% biodiesel, the tax imposed by

1 this Act does not apply to the proceeds of sales made on or  
2 after July 1, 2003 and on or before December 31, 2023. On and  
3 after January 1, 2024 and on or before December 31, 2030, the  
4 taxation of biodiesel, renewable diesel, and biodiesel blends  
5 shall be as provided in Section 3-5.1 of the Use Tax Act.

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

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

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

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

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

1 off the premises where it is sold" includes all food sold  
2 through a vending machine, except soft drinks, candy, and food  
3 products that are dispensed hot from a vending machine,  
4 regardless of the location of the vending machine.

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

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

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

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

5 Beginning on January 1, 2014 (the effective date of Public  
6 Act 98-122) ~~this amendatory Act of the 98th General Assembly,~~  
7 "prescription and nonprescription medicines and drugs"  
8 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 (Source: P.A. 101-363, eff. 8-9-19; 101-593, eff. 12-4-19;  
17 102-4, eff. 4-27-21; 102-700, Article 20, Section 20-20, eff.  
18 4-19-22; 102-700, Article 60, Section 60-30, eff. 4-19-22;  
19 102-700, Article 65, Section 65-10, eff. 4-19-22; revised  
20 6-1-22.)

21 (35 ILCS 120/2d) (from Ch. 120, par. 441d)

22 Sec. 2d. Tax prepayment by motor fuel retailer.

23 (a) Any person engaged in the business of selling motor  
24 fuel at retail, as defined in the Motor Fuel Tax Law, and who  
25 is not a licensed distributor or supplier, as defined in the

1 Motor Fuel Tax Law, shall prepay to his or her distributor,  
2 supplier, or other reseller of motor fuel a portion of the tax  
3 imposed by this Act if the distributor, supplier, or other  
4 reseller of motor fuel is registered under Section 2a or  
5 Section 2c of this Act. The prepayment requirement provided  
6 for in this Section does not apply to liquid propane gas.

7 (b) Beginning on July 1, 2000 and through December 31,  
8 2000, the Retailers' Occupation Tax paid to the distributor,  
9 supplier, or other reseller shall be an amount equal to \$0.01  
10 per gallon of the motor fuel, except gasohol as defined in  
11 Section 2-10 of this Act which shall be an amount equal to  
12 \$0.01 per gallon, purchased from the distributor, supplier, or  
13 other reseller.

14 (c) Before July 1, 2000 and then beginning on January 1,  
15 2001 and through June 30, 2003, the Retailers' Occupation Tax  
16 paid to the distributor, supplier, or other reseller shall be  
17 an amount equal to \$0.04 per gallon of the motor fuel, except  
18 gasohol as defined in Section 2-10 of this Act which shall be  
19 an amount equal to \$0.03 per gallon, purchased from the  
20 distributor, supplier, or other reseller.

21 (d) Beginning July 1, 2003 and through December 31, 2010,  
22 the Retailers' Occupation Tax paid to the distributor,  
23 supplier, or other reseller shall be an amount equal to \$0.06  
24 per gallon of the motor fuel, except gasohol as defined in  
25 Section 2-10 of this Act which shall be an amount equal to  
26 \$0.05 per gallon, purchased from the distributor, supplier, or



1 other reseller.

2 (e) Beginning on January 1, 2011 and thereafter, the  
3 Retailers' Occupation Tax paid to the distributor, supplier,  
4 or other reseller shall be at the rate established by the  
5 Department under this subsection. The rate shall be  
6 established by the Department on January 1 and July 1 of each  
7 year using the average selling price, as defined in Section 1  
8 of this Act, per gallon of motor fuel sold in the State during  
9 the previous 6 months and multiplying that amount by 6.25% to  
10 determine the cents per gallon rate. Beginning on January 1,  
11 2024 and through December 31, 2028, ~~In the case of biodiesel~~  
12 ~~blends, as defined in Section 3-42 of the Use Tax Act, with no~~  
13 ~~less than 1% and no more than 10% biodiesel, and in the case of~~  
14 gasohol, as defined in Section 3-40 of the Use Tax Act, the  
15 rate shall be 90% ~~80%~~ of the rate established by the Department  
16 under this subsection for motor fuel. Beginning on January 1,  
17 2024 and through December 31, 2028, in the case of mid-range  
18 ethanol blends, as defined in Section 3-44.3 of the Use Tax  
19 Act, the rate shall be 80% of the rate established by the  
20 Department under this subsection for motor fuel. The  
21 Department shall provide persons subject to this Section  
22 notice of the rate established under this subsection at least  
23 20 days prior to each January 1 and July 1. Publication of the  
24 established rate on the Department's internet website shall  
25 constitute sufficient notice under this Section. The  
26 Department may use data derived from independent surveys

1 conducted or accumulated by third parties to determine the  
2 average selling price per gallon of motor fuel sold in the  
3 State.

4 (f) Any person engaged in the business of selling motor  
5 fuel at retail shall be entitled to a credit against tax due  
6 under this Act in an amount equal to the tax paid to the  
7 distributor, supplier, or other reseller.

8 (g) Every distributor, supplier, or other reseller  
9 registered as provided in Section 2a or Section 2c of this Act  
10 shall remit the prepaid tax on all motor fuel that is due from  
11 any person engaged in the business of selling at retail motor  
12 fuel with the returns filed under Section 2f or Section 3 of  
13 this Act, but the vendors discount provided in Section 3 shall  
14 not apply to the amount of prepaid tax that is remitted. Any  
15 distributor or supplier who fails to properly collect and  
16 remit the tax shall be liable for the tax. For purposes of this  
17 Section, the prepaid tax is due on invoiced gallons sold  
18 during a month by the 20th day of the following month.

19 (Source: P.A. 96-1384, eff. 7-29-10.)

20 ARTICLE 15. ELECTRIC GENERATION EQUIPMENT

21 Section 15-5. The Use Tax Act is amended by changing  
22 Section 3-5 as follows:

23 (35 ILCS 105/3-5)

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

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

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

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

1 by the Department.

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

16 (5) Until July 1, 2003, a passenger car that is a  
17 replacement vehicle to the extent that the purchase price of  
18 the car is subject to the Replacement Vehicle Tax.

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

1 acting as catalysts effect a direct and immediate change upon  
2 a graphic arts product. Beginning on July 1, 2017, graphic  
3 arts machinery and equipment is included in the manufacturing  
4 and assembling machinery and equipment exemption under  
5 paragraph (18).

6 (7) Farm chemicals.

7 (8) 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 (9) Personal property purchased from a teacher-sponsored  
12 student organization affiliated with an elementary or  
13 secondary school located in Illinois.

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

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

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

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

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

25 Beginning on January 1, 2024, farm machinery and equipment  
26 also includes electrical power generation equipment used

1 primarily for production agriculture.

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

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

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

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

1 hosting or cleaning up the food or beverage function with  
2 respect to which the service charge is imposed.

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

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

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



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

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

9 (18) Manufacturing and assembling machinery and equipment  
10 used primarily in the process of manufacturing or assembling  
11 tangible personal property for wholesale or retail sale or  
12 lease, whether that sale or lease is made directly by the  
13 manufacturer or by some other person, whether the materials  
14 used in the process are owned by the manufacturer or some other  
15 person, or whether that sale or lease is made apart from or as  
16 an incident to the seller's engaging in the service occupation  
17 of producing machines, tools, dies, jigs, patterns, gauges, or  
18 other similar items of no commercial value on special order  
19 for a particular purchaser. The exemption provided by this  
20 paragraph (18) includes production related tangible personal  
21 property, as defined in Section 3-50, purchased on or after  
22 July 1, 2019. The exemption provided by this paragraph (18)  
23 does not include machinery and equipment used in (i) the  
24 generation of electricity for wholesale or retail sale; (ii)  
25 the generation or treatment of natural or artificial gas for  
26 wholesale or retail sale that is delivered to customers

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

9 (19) Personal property delivered to a purchaser or  
10 purchaser's donee inside Illinois when the purchase order for  
11 that personal property was received by a florist located  
12 outside Illinois who has a florist located inside Illinois  
13 deliver the personal property.

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

16 (21) 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 (21) is exempt from the  
22 provisions of Section 3-90, and the exemption provided for  
23 under this item (21) 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 for such taxes paid during the period  
26 beginning May 30, 2000 and ending on January 1, 2008.

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

24           (23) Personal property purchased by a lessor who leases  
25 the property, under a lease of one year or longer executed or  
26 in effect at the time the lessor would otherwise be subject to

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

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

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

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

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

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

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

13 (28) Beginning January 1, 2000, personal property,  
14 including food, purchased through fundraising events for the  
15 benefit of a public or private elementary or secondary school,  
16 a group of those schools, or one or more school districts if  
17 the events are sponsored by an entity recognized by the school  
18 district that consists primarily of volunteers and includes  
19 parents and teachers of the school children. This paragraph  
20 does not apply to fundraising events (i) for the benefit of  
21 private home instruction or (ii) for which the fundraising  
22 entity purchases the personal property sold at the events from  
23 another individual or entity that sold the property for the  
24 purpose of resale by the fundraising entity and that profits  
25 from the sale to the fundraising entity. This paragraph is  
26 exempt from the provisions of Section 3-90.

1           (29) Beginning January 1, 2000 and through December 31,  
2           2001, new or used automatic vending machines that prepare and  
3           serve hot food and beverages, including coffee, soup, and  
4           other items, and replacement parts for these machines.  
5           Beginning January 1, 2002 and through June 30, 2003, machines  
6           and parts for machines used in commercial, coin-operated  
7           amusement and vending business if a use or occupation tax is  
8           paid on the gross receipts derived from the use of the  
9           commercial, coin-operated amusement and vending machines. This  
10          paragraph is exempt from the provisions of Section 3-90.

11          (30) Beginning January 1, 2001 and through June 30, 2016,  
12          food for human consumption that is to be consumed off the  
13          premises where it is sold (other than alcoholic beverages,  
14          soft drinks, and food that has been prepared for immediate  
15          consumption) and prescription and nonprescription medicines,  
16          drugs, medical appliances, and insulin, urine testing  
17          materials, syringes, and needles used by diabetics, for human  
18          use, when purchased for use by a person receiving medical  
19          assistance under Article V of the Illinois Public Aid Code who  
20          resides in a licensed long-term care facility, as defined in  
21          the Nursing Home Care Act, or in a licensed facility as defined  
22          in the ID/DD Community Care Act, the MC/DD Act, or the  
23          Specialized Mental Health Rehabilitation Act of 2013.

24          (31) Beginning on August 2, 2001 (the effective date of  
25          Public Act 92-227), computers and communications equipment  
26          utilized for any hospital purpose and equipment used in the

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

23 (32) Beginning on August 2, 2001 (the effective date of  
24 Public Act 92-227), personal property purchased by a lessor  
25 who leases the property, under a lease of one year or longer  
26 executed or in effect at the time the lessor would otherwise be



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

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

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

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

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

1 maintenance of aircraft, but excludes any materials, parts,  
2 equipment, components, and consumable supplies used in the  
3 modification, replacement, repair, and maintenance of aircraft  
4 engines or power plants, whether such engines or power plants  
5 are installed or uninstalled upon any such aircraft.  
6 "Consumable supplies" include, but are not limited to,  
7 adhesive, tape, sandpaper, general purpose lubricants,  
8 cleaning solution, latex gloves, and protective films. This  
9 exemption applies only to the use of qualifying tangible  
10 personal property by persons who modify, refurbish, complete,  
11 repair, replace, or maintain aircraft and who (i) hold an Air  
12 Agency Certificate and are empowered to operate an approved  
13 repair station by the Federal Aviation Administration, (ii)  
14 have a Class IV Rating, and (iii) conduct operations in  
15 accordance with Part 145 of the Federal Aviation Regulations.  
16 The exemption does not include aircraft operated by a  
17 commercial air carrier providing scheduled passenger air  
18 service pursuant to authority issued under Part 121 or Part  
19 129 of the Federal Aviation Regulations. The changes made to  
20 this paragraph (35) by Public Act 98-534 are declarative of  
21 existing law. It is the intent of the General Assembly that the  
22 exemption under this paragraph (35) applies continuously from  
23 January 1, 2010 through December 31, 2024; however, no claim  
24 for credit or refund is allowed for taxes paid as a result of  
25 the disallowance of this exemption on or after January 1, 2015  
26 and prior to February 5, 2020 (the effective date of Public Act

1 ~~101-629) this amendatory Act of the 101st General Assembly.~~

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

17 (37) Beginning January 1, 2017 and through December 31,  
18 2026, menstrual pads, tampons, and menstrual cups.

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

26 (39) Tangible personal property purchased by a purchaser

1 who is exempt from the tax imposed by this Act by operation of  
2 federal law. This paragraph is exempt from the provisions of  
3 Section 3-90.

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

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

23 For the purposes of this item (40):

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

1 the State of Illinois.

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

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

3 This item (40) is exempt from the provisions of Section  
4 3-90.

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

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 (42) ~~(41)~~ Tangible personal property sold by or on behalf  
22 of the State Treasurer pursuant to the Revised Uniform  
23 Unclaimed Property Act. This item (42) ~~(41)~~ is exempt from the  
24 provisions of Section 3-90.

25 (Source: P.A. 101-9, eff. 6-5-19; 101-31, eff. 6-28-19;  
26 101-81, eff. 7-12-19; 101-629, eff. 2-5-20; 102-16, eff.



1 6-17-21; 102-700, Article 70, Section 70-5, eff. 4-19-22;  
2 102-700, Article 75, Section 75-5, eff. 4-19-22; 102-1026,  
3 eff. 5-27-22; revised 8-1-22.)

4 Section 15-10. The Service Use Tax Act is amended by  
5 changing Section 3-5 as follows:

6 (35 ILCS 110/3-5)

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 non-profit Illinois  
17 county fair association for use in conducting, operating, or  
18 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  
24 support of arts or cultural programming, activities, or

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

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

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

26 (6) Personal property purchased from a teacher-sponsored

1 student organization affiliated with an elementary or  
2 secondary school located in Illinois.

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

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

1 limited to, soil testing sensors, computers, monitors,  
2 software, global positioning and mapping systems, and other  
3 such equipment.

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

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

14 This item (7) is exempt from the provisions of Section  
15 3-75.

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

23 Beginning July 1, 2013, fuel and petroleum products sold  
24 to or used by an air carrier, certified by the carrier to be  
25 used for consumption, shipment, or storage in the conduct of  
26 its business as an air common carrier, for a flight that (i) is

1 engaged in foreign trade or is engaged in trade between the  
2 United States and any of its possessions and (ii) transports  
3 at least one individual or package for hire from the city of  
4 origination to the city of final destination on the same  
5 aircraft, without regard to a change in the flight number of  
6 that aircraft.

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

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

26 (11) Proceeds from the sale of photoprocessing machinery

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

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

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

19 (14) 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 (14) is exempt from the  
25 provisions of Section 3-75, and the exemption provided for  
26 under this item (14) 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 (15) Computers and communications equipment utilized for  
7 any hospital purpose and equipment used in the diagnosis,  
8 analysis, or treatment of hospital patients purchased by a  
9 lessor who leases the equipment, under a lease of one year or  
10 longer executed or in effect at the time the lessor would  
11 otherwise be subject to the tax imposed by this Act, to a  
12 hospital that has been issued an active tax exemption  
13 identification number by the Department under Section 1g of  
14 the Retailers' Occupation Tax Act. If the equipment is leased  
15 in a manner that does not qualify for this exemption or is used  
16 in any other non-exempt manner, the lessor shall be liable for  
17 the tax imposed under this Act or the 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 Use Tax Act, as the case may be, if the tax has not  
23 been paid by the lessor. If a lessor improperly collects any  
24 such amount from the lessee, the lessee shall have a legal  
25 right to claim a refund of that amount from the lessor. If,  
26 however, that amount is not refunded to the lessee for any

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

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

23 (17) Beginning with taxable years ending on or after  
24 December 31, 1995 and ending with taxable years ending on or  
25 before December 31, 2004, personal property that is donated  
26 for disaster relief to be used in a State or federally declared



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

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

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

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

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

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

1 another individual or entity that sold the property for the  
2 purpose of resale by the fundraising entity and that profits  
3 from the sale to the fundraising entity. This paragraph is  
4 exempt from the provisions of Section 3-75.

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

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

1 Specialized Mental Health Rehabilitation Act of 2013.

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

1           (25) Beginning on August 2, 2001 (the effective date of  
2 Public Act 92-227), personal property purchased by a lessor  
3 who leases the property, under a lease of one year or longer  
4 executed or in effect at the time the lessor would otherwise be  
5 subject to the tax imposed by this Act, to a governmental body  
6 that has been issued an active tax exemption identification  
7 number by the Department under Section 1g of the Retailers'  
8 Occupation Tax Act. If the property is leased in a manner that  
9 does not qualify for this exemption or is used in any other  
10 nonexempt manner, the lessor shall be liable for the tax  
11 imposed under this Act or the Use Tax Act, as the case may be,  
12 based on the fair market value of the property at the time the  
13 nonqualifying use occurs. No lessor shall collect or attempt  
14 to collect an amount (however designated) that purports to  
15 reimburse that lessor for the tax imposed by this Act or the  
16 Use Tax Act, as the case may be, if the tax has not been paid  
17 by the lessor. If a lessor improperly collects any such amount  
18 from the lessee, the lessee shall have a legal right to claim a  
19 refund of that amount from the lessor. If, however, that  
20 amount is not refunded to the lessee for any reason, the lessor  
21 is liable to pay that amount to the Department. This paragraph  
22 is exempt from the provisions of Section 3-75.

23           (26) 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 3-75.

4 (27) Beginning January 1, 2010 and continuing through  
5 December 31, 2024, 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, but excludes any materials, parts,  
12 equipment, components, and consumable supplies used in the  
13 modification, replacement, repair, and maintenance of aircraft  
14 engines or power plants, whether such engines or power plants  
15 are installed or uninstalled upon any such aircraft.  
16 "Consumable supplies" include, but are not limited to,  
17 adhesive, tape, sandpaper, general purpose lubricants,  
18 cleaning solution, latex gloves, and protective films. This  
19 exemption applies only to the use of qualifying tangible  
20 personal property transferred incident to the modification,  
21 refurbishment, completion, replacement, repair, or maintenance  
22 of aircraft by persons who (i) hold an Air Agency Certificate  
23 and are empowered to operate an approved repair station by the  
24 Federal Aviation Administration, (ii) have a Class IV Rating,  
25 and (iii) conduct operations in accordance with Part 145 of  
26 the Federal Aviation Regulations. The exemption does not

1 include aircraft operated by a commercial air carrier  
2 providing scheduled passenger air service pursuant to  
3 authority issued under Part 121 or Part 129 of the Federal  
4 Aviation Regulations. The changes made to this paragraph (27)  
5 by Public Act 98-534 are declarative of existing law. It is the  
6 intent of the General Assembly that the exemption under this  
7 paragraph (27) applies continuously from January 1, 2010  
8 through December 31, 2024; however, no claim for credit or  
9 refund is allowed for taxes paid as a result of the  
10 disallowance of this exemption on or after January 1, 2015 and  
11 prior to February 5, 2020 (the effective date of Public Act  
12 101-629) ~~this amendatory Act of the 101st General Assembly.~~

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

1 of Section 3-75.

2 (29) Beginning January 1, 2017 and through December 31,  
3 2026, menstrual pads, tampons, and menstrual cups.

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

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

23 The Department of Commerce and Economic Opportunity shall  
24 grant a certificate of exemption under this item (31) to  
25 qualified data centers as defined by Section 605-1025 of the  
26 Department of Commerce and Economic Opportunity Law of the



1 Civil Administrative Code of Illinois.

2 For the purposes of this item (31):

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

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

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

8 This item (31) is exempt from the provisions of Section  
9 3-75.

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

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

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

26 "Breast pump collection and storage supplies"

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

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

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

26 (33) ~~(32)~~ Tangible personal property sold by or on behalf

1 of the State Treasurer pursuant to the Revised Uniform  
2 Unclaimed Property Act. This item (33) ~~(32)~~ is exempt from the  
3 provisions of Section 3-75.

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

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

10 (35 ILCS 115/3-5)

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

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

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

23 (3) Personal property purchased by any not-for-profit arts  
24 or cultural organization that establishes, by proof required

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

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

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

1 July 1, 2017, graphic arts machinery and equipment is included  
2 in the manufacturing and assembling machinery and equipment  
3 exemption under Section 2 of this Act.

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

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

26 Farm machinery and equipment shall include precision

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

8 Farm machinery and equipment also includes computers,  
9 sensors, software, and related equipment used primarily in the  
10 computer-assisted operation of production agriculture  
11 facilities, equipment, and activities such as, but not limited  
12 to, the collection, monitoring, and correlation of animal and  
13 crop data for the purpose of formulating animal diets and  
14 agricultural chemicals.

15 Beginning on January 1, 2024, farm machinery and equipment  
16 also includes electrical power generation equipment used  
17 primarily for production agriculture.

18 This item (7) is exempt from the provisions of Section  
19 3-55.

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

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

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

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



1 motor vehicles required to be registered under the Illinois  
2 Vehicle Code.

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

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

19 (13) Beginning January 1, 1992 and through June 30, 2016,  
20 food for human consumption that is to be consumed off the  
21 premises where it is sold (other than alcoholic beverages,  
22 soft drinks and food that has been prepared for immediate  
23 consumption) and prescription and non-prescription medicines,  
24 drugs, medical appliances, and insulin, urine testing  
25 materials, syringes, and needles used by diabetics, for human  
26 use, when purchased for use by a person receiving medical

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

6 (14) Semen used for artificial insemination of livestock  
7 for direct agricultural production.

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

21 (16) Computers and communications equipment utilized for  
22 any hospital purpose and equipment used in the diagnosis,  
23 analysis, or treatment of hospital patients sold to a lessor  
24 who leases the equipment, under a lease of one year or longer  
25 executed or in effect at the time of the purchase, to a  
26 hospital that has been issued an active tax exemption

1 identification number by the Department under Section 1g of  
2 the Retailers' Occupation Tax Act.

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

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

19 (19) Beginning with taxable years ending on or after  
20 December 31, 1995 and ending with taxable years ending on or  
21 before December 31, 2004, personal property that is used in  
22 the performance of infrastructure repairs in this State,  
23 including but not limited to municipal roads and streets,  
24 access roads, bridges, sidewalks, waste disposal systems,  
25 water and sewer line extensions, water distribution and  
26 purification facilities, storm water drainage and retention

1 facilities, and sewage treatment facilities, resulting from a  
2 State or federally declared disaster in Illinois or bordering  
3 Illinois when such repairs are initiated on facilities located  
4 in the declared disaster area within 6 months after the  
5 disaster.

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

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

1 technical, mechanical, industrial, business, or commercial  
2 occupation.

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

17 (23) Beginning January 1, 2000 and through December 31,  
18 2001, new or used automatic vending machines that prepare and  
19 serve hot food and beverages, including coffee, soup, and  
20 other items, and replacement parts for these machines.  
21 Beginning January 1, 2002 and through June 30, 2003, machines  
22 and parts for machines used in commercial, coin-operated  
23 amusement and vending business if a use or occupation tax is  
24 paid on the gross receipts derived from the use of the  
25 commercial, coin-operated amusement and vending machines. This  
26 paragraph is exempt from the provisions of Section 3-55.

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

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

19           (26) Beginning on January 1, 2002 and through June 30,  
20 2016, tangible personal property purchased from an Illinois  
21 retailer by a taxpayer engaged in centralized purchasing  
22 activities in Illinois who will, upon receipt of the property  
23 in Illinois, temporarily store the property in Illinois (i)  
24 for the purpose of subsequently transporting it outside this  
25 State for use or consumption thereafter solely outside this  
26 State or (ii) for the purpose of being processed, fabricated,

1 or manufactured into, attached to, or incorporated into other  
2 tangible personal property to be transported outside this  
3 State and thereafter used or consumed solely outside this  
4 State. The Director of Revenue shall, pursuant to rules  
5 adopted in accordance with the Illinois Administrative  
6 Procedure Act, issue a permit to any taxpayer in good standing  
7 with the Department who is eligible for the exemption under  
8 this paragraph (26). The permit issued under this paragraph  
9 (26) shall authorize the holder, to the extent and in the  
10 manner specified in the rules adopted under this Act, to  
11 purchase tangible personal property from a retailer exempt  
12 from the taxes imposed by this Act. Taxpayers shall maintain  
13 all necessary books and records to substantiate the use and  
14 consumption of all such tangible personal property outside of  
15 the State of Illinois.

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

23 (28) Tangible personal property sold to a  
24 public-facilities corporation, as described in Section  
25 11-65-10 of the Illinois Municipal Code, for purposes of  
26 constructing or furnishing a municipal convention hall, but

1 only if the legal title to the municipal convention hall is  
2 transferred to the municipality without any further  
3 consideration by or on behalf of the municipality at the time  
4 of the completion of the municipal convention hall or upon the  
5 retirement or redemption of any bonds or other debt  
6 instruments issued by the public-facilities corporation in  
7 connection with the development of the municipal convention  
8 hall. This exemption includes existing public-facilities  
9 corporations as provided in Section 11-65-25 of the Illinois  
10 Municipal Code. This paragraph is exempt from the provisions  
11 of Section 3-55.

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



1 exemption applies only to the transfer of qualifying tangible  
2 personal property incident to the modification, refurbishment,  
3 completion, replacement, repair, or maintenance of an aircraft  
4 by persons who (i) hold an Air Agency Certificate and are  
5 empowered to operate an approved repair station by the Federal  
6 Aviation Administration, (ii) have a Class IV Rating, and  
7 (iii) conduct operations in accordance with Part 145 of the  
8 Federal Aviation Regulations. The exemption does not include  
9 aircraft operated by a commercial air carrier providing  
10 scheduled passenger air service pursuant to authority issued  
11 under Part 121 or Part 129 of the Federal Aviation  
12 Regulations. The changes made to this paragraph (29) by Public  
13 Act 98-534 are declarative of existing law. It is the intent of  
14 the General Assembly that the exemption under this paragraph  
15 (29) applies continuously from January 1, 2010 through  
16 December 31, 2024; however, no claim for credit or refund is  
17 allowed for taxes paid as a result of the disallowance of this  
18 exemption on or after January 1, 2015 and prior to February 5,  
19 2020 (the effective date of Public Act 101-629) ~~this~~  
20 ~~amendatory Act of the 101st General Assembly.~~

21 (30) Beginning January 1, 2017 and through December 31,  
22 2026, menstrual pads, tampons, and menstrual cups.

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

26 (32) Qualified tangible personal property used in the

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

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

20 For the purposes of this item (32):

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

25 "Qualified tangible personal property" means:  
26 electrical systems and equipment; climate control and

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

26 This item (32) is exempt from the provisions of Section

1 3-55.

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

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

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

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

25 "Breast pump collection and storage supplies" does not  
26 include: (1) bottles and bottle caps not specific to the

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

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

18 (34) ~~(33)~~ Tangible personal property sold by or on behalf  
19 of the State Treasurer pursuant to the Revised Uniform  
20 Unclaimed Property Act. This item (34) ~~(33)~~ is exempt from the  
21 provisions of Section 3-55.

22 (Source: P.A. 101-31, eff. 6-28-19; 101-81, eff. 7-12-19;  
23 101-629, eff. 2-5-20; 102-16, eff. 6-17-21; 102-700, Article  
24 70, Section 70-15, eff. 4-19-22; 102-700, Article 75, Section  
25 75-15, eff. 4-19-22; 102-1026, eff. 5-27-22; revised 8-9-22.)

1           Section 15-20. The Retailers' Occupation Tax Act is  
2 amended by changing Section 2-5 as follows:

3           (35 ILCS 120/2-5)

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

7           (1) Farm chemicals.

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

1 and units sold mounted on a motor vehicle required to be  
2 licensed, if the selling price of the tender is separately  
3 stated.

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

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

19 Beginning on January 1, 2024, farm machinery and  
20 equipment also includes electrical power generation  
21 equipment used primarily for production agriculture.

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

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

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

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

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

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

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



1 subject to the Replacement Vehicle Tax.

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

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

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

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

16          (12) (Blank).

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

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

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

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

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

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

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

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

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

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

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

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

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

26           Beginning July 1, 2013, fuel and petroleum products

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 exempt from the provisions of Section 2-70.

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

13 For the purposes of this item (44):

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

7 (Source: P.A. 101-31, eff. 6-28-19; 101-81, eff. 7-12-19;  
8 101-629, eff. 2-5-20; 102-16, eff. 6-17-21; 102-634, eff.  
9 8-27-21; 102-700, Article 70, Section 70-20, eff. 4-19-22;  
10 102-700, Article 75, Section 75-20, eff. 4-19-22; 102-813,  
11 eff. 5-13-22; 102-1026, eff. 5-27-22; revised 8-15-22.)

12 ARTICLE 20. PARKING EXCISE TAX

13 Section 20-5. The Parking Excise Tax Act is amended by  
14 changing Sections 10-5, 10-10, 10-15, 10-25, 10-30, 10-35,  
15 10-45, and 10-50 as follows:

16 (35 ILCS 525/10-5)

17 (Text of Section before amendment by P.A. 102-700)

18 Sec. 10-5. Definitions.

19 "Booking intermediary" means any person or entity that  
20 facilitates the processing and fulfillment of reservation  
21 transactions between an operator and a person or entity  
22 desiring parking in a parking lot or garage of that operator.

23 "Charge or fee paid for parking" means the gross amount of



1 consideration for the use or privilege of parking a motor  
2 vehicle in or upon any parking lot or garage in the State,  
3 collected by an operator and valued in money, whether received  
4 in money or otherwise, including cash, credits, property, and  
5 services, determined without any deduction for costs or  
6 expenses, but not including charges that are added to the  
7 charge or fee on account of the tax imposed by this Act or on  
8 account of any other tax imposed on the charge or fee. "Charge  
9 or fee paid for parking" excludes separately stated charges  
10 not for the use or privilege or parking and excludes amounts  
11 retained by or paid to a booking intermediary for services  
12 provided by the booking intermediary. If any separately stated  
13 charge is not optional, it shall be presumed that it is part of  
14 the charge for the use or privilege or parking.

15 "Department" means the Department of Revenue.

16 "Operator" means any person who engages in the business of  
17 operating a parking area or garage, or who, directly or  
18 through an agreement or arrangement with another party,  
19 collects the consideration for parking or storage of motor  
20 vehicles, recreational vehicles, or other self-propelled  
21 vehicles, at that parking place. This includes, but is not  
22 limited to, any facilitator or aggregator that collects from  
23 the purchaser the charge or fee paid for parking. "Operator"  
24 does not include a bank, credit card company, payment  
25 processor, booking intermediary, or person whose involvement  
26 is limited to performing functions that are similar to those

1 performed by a bank, credit card company, payment processor,  
2 or booking intermediary.

3 "Parking area or garage" means any real estate, building,  
4 structure, premises, enclosure or other place, whether  
5 enclosed or not, except a public way, within the State, where  
6 motor vehicles, recreational vehicles, or other self-propelled  
7 vehicles, are stored, housed or parked for hire, charge, fee  
8 or other valuable consideration in a condition ready for use,  
9 or where rent or compensation is paid to the owner, manager,  
10 operator or lessee of the premises for the housing, storing,  
11 sheltering, keeping or maintaining motor vehicles,  
12 recreational vehicles, or other self-propelled vehicles.  
13 "Parking area or garage" includes any parking area or garage,  
14 whether the vehicle is parked by the owner of the vehicle or by  
15 the operator or an attendant.

16 "Person" means any natural individual, firm, trust,  
17 estate, partnership, association, joint stock company, joint  
18 venture, corporation, limited liability company, or a  
19 receiver, trustee, guardian, or other representative appointed  
20 by order of any court.

21 "Purchase price" means the consideration paid for the  
22 purchase of a parking space in a parking area or garage, valued  
23 in money, whether received in money or otherwise, including  
24 cash, gift cards, credits, and property, and shall be  
25 determined without any deduction on account of the cost of  
26 materials used, labor or service costs, or any other expense

1 whatsoever.

2 "Purchase price" includes any and all charges that the  
3 recipient pays related to or incidental to obtaining the use  
4 or privilege of using a parking space in a parking area or  
5 garage, including but not limited to any and all related  
6 markups, service fees, convenience fees, facilitation fees,  
7 cancellation fees, overtime fees, or other such charges,  
8 regardless of terminology. However, "purchase price" shall not  
9 include consideration paid for:

10 (1) optional, separately stated charges not for the  
11 use or privilege of using a parking space in the parking  
12 area or garage;

13 (2) any charge for a dishonored check;

14 (3) any finance or credit charge, penalty or charge  
15 for delayed payment, or discount for prompt payment;

16 (4) any purchase by a purchaser if the operator is  
17 prohibited by federal or State Constitution, treaty,  
18 convention, statute or court decision from collecting the  
19 tax from such purchaser;

20 (5) the isolated or occasional sale of parking spaces  
21 subject to tax under this Act by a person who does not hold  
22 himself out as being engaged (or who does not habitually  
23 engage) in selling of parking spaces; and

24 (6) any amounts added to a purchaser's bills because  
25 of charges made pursuant to the tax imposed by this Act. If  
26 credit is extended, then the amount thereof shall be

1 included only as and when payments are made.

2 "Purchaser" means any person who acquires a parking space  
3 in a parking area or garage for use for valuable  
4 consideration.

5 "Use" means the exercise by any person of any right or  
6 power over, or the enjoyment of, a parking space in a parking  
7 area or garage subject to tax under this Act.

8 (Source: P.A. 101-31, eff. 6-28-19.)

9 (Text of Section after amendment by P.A. 102-700)

10 Sec. 10-5. Definitions. As used in this Act:

11 "Booking intermediary" means any person or entity that  
12 facilitates the processing and fulfillment of reservation  
13 transactions between an operator and a person or entity  
14 desiring parking in a parking lot or garage of that operator.

15 "Department" means the Department of Revenue.

16 "Operator" means any person who engages in the business of  
17 operating a parking area or garage, or who, directly or  
18 through an agreement or arrangement with another party,  
19 collects the consideration for parking or storage of motor  
20 vehicles, recreational vehicles, or other self-propelled  
21 vehicles, at that parking place. ~~This includes, but is not~~  
22 ~~limited to, any facilitator or aggregator that collects the~~  
23 ~~purchase price from the purchaser.~~ "Operator" does not include  
24 a bank, credit card company, payment processor, booking  
25 intermediary (except to the extent a booking intermediary is

1 required to be registered under Section 10-30 or as otherwise  
2 provided in this Act), or person whose involvement is limited  
3 to performing functions that are similar to those performed by  
4 a bank, credit card company, ~~or~~ payment processor, or booking  
5 intermediary.

6 "Parking area or garage" means any real estate, building,  
7 structure, premises, enclosure or other place, whether  
8 enclosed or not, except a public way, within the State, where  
9 motor vehicles, recreational vehicles, or other self-propelled  
10 vehicles, are stored, housed or parked for hire, charge, fee  
11 or other valuable consideration in a condition ready for use,  
12 or where rent or compensation is paid to the owner, manager,  
13 operator or lessee of the premises for the housing, storing,  
14 sheltering, keeping or maintaining motor vehicles,  
15 recreational vehicles, or other self-propelled vehicles.

16 "Parking area or garage" includes any parking area or garage,  
17 whether the vehicle is parked by the owner of the vehicle or by  
18 the operator or an attendant.

19 "Person" means any natural individual, firm, trust,  
20 estate, partnership, association, joint stock company, joint  
21 venture, corporation, limited liability company, or a  
22 receiver, trustee, guardian, or other representative appointed  
23 by order of any court.

24 "Purchase price" means the consideration paid for the  
25 purchase of a parking space in a parking area or garage, valued  
26 in money, whether received in money or otherwise, including

1 cash, gift cards, credits, and property, and shall be  
2 determined without any deduction on account of the cost of  
3 materials used, labor or service costs, or any other expense  
4 whatsoever.

5 "Purchase price" includes any and all charges that the  
6 recipient pays related to or incidental to obtaining the use  
7 or privilege of using a parking space in a parking area or  
8 garage, including but not limited to any and all related  
9 markups, service fees, convenience fees, facilitation fees,  
10 cancellation fees, overtime fees, or other such charges,  
11 regardless of terminology. However, "purchase price" shall not  
12 include consideration paid for:

13 (1) optional, separately stated charges not for the  
14 use or privilege of using a parking space in the parking  
15 area or garage;

16 (2) any charge for a dishonored check;

17 (3) any finance or credit charge, penalty or charge  
18 for delayed payment, or discount for prompt payment;

19 (4) any purchase by a purchaser if the operator is  
20 prohibited by federal or State Constitution, treaty,  
21 convention, statute or court decision from collecting the  
22 tax from such purchaser;

23 (5) the isolated or occasional sale of parking spaces  
24 subject to tax under this Act by a person who does not hold  
25 himself out as being engaged (or who does not habitually  
26 engage) in selling of parking spaces; and

1 (6) any amounts added to a purchaser's bills because  
2 of charges made pursuant to the tax imposed by this Act. If  
3 credit is extended, then the amount thereof shall be  
4 included only as and when payments are made.

5 "Purchaser" means any person who acquires a parking space  
6 in a parking area or garage for use for valuable  
7 consideration.

8 "Use" means the exercise by any person of any right or  
9 power over, or the enjoyment of, a parking space in a parking  
10 area or garage subject to tax under this Act.

11 (Source: P.A. 101-31, eff. 6-28-19; 102-700, eff. 7-1-23.)

12 (35 ILCS 525/10-10)

13 Sec. 10-10. Imposition of tax; calculation of tax.

14 (a) Beginning on January 1, 2020, a tax is imposed on the  
15 privilege of using in this State a parking space in a parking  
16 area or garage for the use of parking one or more motor  
17 vehicles, recreational vehicles, or other self-propelled  
18 vehicles, at the rate of:

19 (1) 6% of the purchase price for a parking space paid  
20 for on an hourly, daily, or weekly basis; and

21 (2) 9% of the purchase price for a parking space paid  
22 for on a monthly or annual basis.

23 (b) The tax shall be collected from the purchaser by the  
24 operator. Notwithstanding the provisions of this subsection,  
25 beginning on January 1, 2024, if a booking intermediary

1 facilitates the processing and fulfillment of the reservation  
2 for an operator that is not registered under Section 10-30,  
3 then the tax shall be collected on the purchase price from the  
4 purchaser by the booking intermediary on behalf of the  
5 operator, and the tax shall be remitted to the Department by  
6 the booking intermediary. The booking intermediary that  
7 facilitates the processing and fulfillment of the reservation  
8 for an operator that is not registered under Section 10-30 and  
9 the unregistered operator are jointly and severally liable for  
10 payment of the tax to the Department.

11 (b-5) Booking intermediaries shall collect the tax on the  
12 purchase price paid by purchasers on behalf of registered  
13 operators. If a booking intermediary charges a separate  
14 service charge that is included in the purchase price, the tax  
15 shall be collected on that separate service charge as well,  
16 even if the separate service charge is retained by the booking  
17 intermediary. Beginning January 1, 2024, booking  
18 intermediaries are liable for and shall remit the tax to the  
19 Department on any separately stated service fee that the  
20 booking intermediary charges to the customer. Operators are  
21 liable for the remittance of tax under this Act on the  
22 remainder of the purchase price for the transaction. Booking  
23 intermediaries and operators are subject to audit on all such  
24 sales.

25 (c) An operator that has paid or remitted the tax imposed  
26 by this Act to another operator in connection with the same



1 parking transaction, or the use of the same parking space,  
2 that is subject to tax under this Act, shall be entitled to a  
3 credit for such tax paid or remitted against the amount of tax  
4 owed under this Act, provided that the other operator is  
5 registered under this Act. The operator claiming the credit  
6 shall have the burden of proving it is entitled to claim a  
7 credit.

8 (d) If any operator or booking intermediary erroneously  
9 collects tax or collects more from the purchaser than the  
10 purchaser's liability for the transaction, the purchaser shall  
11 have a legal right to claim a refund of such amount from the  
12 operator or booking intermediary. However, if such amount is  
13 not refunded to the purchaser for any reason, the operator or  
14 booking intermediary is liable to pay such amount to the  
15 Department.

16 (e) The tax imposed by this Section is not imposed with  
17 respect to any transaction in interstate commerce, to the  
18 extent that the transaction may not, under the Constitution  
19 and statutes of the United States, be made the subject of  
20 taxation by this State.

21 (Source: P.A. 101-31, eff. 6-28-19.)

22 (35 ILCS 525/10-15)

23 Sec. 10-15. Filing of returns and deposit of proceeds. On  
24 or before the last day of each calendar month, every operator  
25 engaged in the business of providing to purchasers parking

1 areas and garages in this State during the preceding calendar  
2 month and every booking intermediary required to collect tax  
3 under Section 10-10 shall file a return with the Department,  
4 stating:

5 (1) the name of the operator or booking intermediary;

6 (2) the address of its principal place of business  
7 and, if applicable, the address of the principal place of  
8 business from which it provides parking areas and garages  
9 in this State;

10 (3) the total amount of receipts received by the  
11 operator during the preceding calendar month or quarter,  
12 as the case may be, from sales of parking spaces to  
13 purchasers in parking areas or garages during the  
14 preceding calendar month or quarter; the total amount of  
15 receipts for separately stated service fees that are  
16 charged to the customer by the booking intermediary in  
17 connection with the booking intermediary's facilitation of  
18 parking spot reservations for an operator during the  
19 preceding calendar month or quarter, as the case may be;  
20 and, if the return is filed by a booking intermediary that  
21 collects the tax under this Act on behalf of an  
22 unregistered operator, as provided in Section 10-10, then  
23 the total amount of receipts received by the booking  
24 intermediary on behalf of the unregistered operator during  
25 the preceding calendar month or quarter, as the case may  
26 be, from sales of parking spaces to purchasers in parking

1 areas or garages during the preceding calendar month or  
2 quarter;

3 (4) deductions allowed by law;

4 (5) the total amount of receipts received by the  
5 operator during the preceding calendar month or quarter  
6 upon which the tax was computed; the total amount of  
7 receipts for separately stated service fees that are  
8 charged to the customer by a booking intermediary in  
9 connection with the booking intermediary's facilitation of  
10 parking spot reservations for an operator during the  
11 preceding calendar month or quarter upon which the tax was  
12 computed; and, if the return is filed by a booking  
13 intermediary that collects the tax under this Act on  
14 behalf of an unregistered operator, as provided in Section  
15 10-10, then the total amount of receipts received by the  
16 booking intermediary on behalf of the unregistered  
17 operator during the preceding calendar month or quarter  
18 upon which the tax was computed;

19 (6) the amount of tax due; and

20 (7) such other reasonable information as the  
21 Department may require.

22 If an operator or booking intermediary ceases to engage in  
23 the kind of business that makes it responsible for filing  
24 returns under this Act, then that operator or booking  
25 intermediary shall file a final return under this Act with the  
26 Department on or before the last day of the month after

1 discontinuing such business.

2 All returns required to be filed and payments required to  
3 be made under this Act shall be by electronic means. Taxpayers  
4 who demonstrate hardship in filing or paying electronically  
5 may petition the Department to waive the electronic filing or  
6 payment requirement, or both. The Department may require a  
7 separate return for the tax under this Act or combine the  
8 return for the tax under this Act with the return for other  
9 taxes. In addition to the requirement to file all returns  
10 required to be filed and payments required to be made under  
11 this Act by electronic means, booking intermediaries shall  
12 file returns in the form and manner required by the  
13 Department.

14 If the same person has more than one business registered  
15 with the Department under separate registrations under this  
16 Act, that person shall not file each return that is due as a  
17 single return covering all such registered businesses but  
18 shall file separate returns for each such registered business.

19 If the operator or booking intermediary is a corporation,  
20 the return filed on behalf of that corporation shall be signed  
21 by the president, vice-president, secretary, or treasurer, or  
22 by a properly accredited agent of such corporation.

23 The operator or booking intermediary filing the return  
24 under this Act shall, at the time of filing the return, pay to  
25 the Department the amount of tax imposed by this Act less a  
26 discount of 1.75%, not to exceed \$1,000 per month, which is

1 allowed to reimburse the operator or booking intermediary for  
2 the expenses incurred in keeping records, preparing and filing  
3 returns, remitting the tax, and supplying data to the  
4 Department on request.

5 If any payment provided for in this Section exceeds the  
6 taxpayer's liabilities under this Act, as shown on an original  
7 return, the Department may authorize the taxpayer to credit  
8 such excess payment against liability subsequently to be  
9 remitted to the Department under this Act, in accordance with  
10 reasonable rules adopted by the Department. If the Department  
11 subsequently determines that all or any part of the credit  
12 taken was not actually due to the taxpayer, the taxpayer's  
13 discount shall be reduced by an amount equal to the difference  
14 between the discount as applied to the credit taken and that  
15 actually due, and that taxpayer shall be liable for penalties  
16 and interest on such difference.

17 (Source: P.A. 101-31, eff. 6-28-19.)

18 (35 ILCS 525/10-25)

19 Sec. 10-25. Collection of tax.

20 (a) Beginning with bills issued or charges collected for a  
21 purchase of a parking space in a parking area or garage on and  
22 after January 1, 2020, the tax imposed by this Act shall be  
23 collected from the purchaser by the operator, or, beginning  
24 January 1, 2024 by a booking intermediary as provided in  
25 Section 10-10, at the rate stated in Section 10-10 and shall be

1 remitted to the Department as provided in this Act. All  
2 charges for parking spaces in a parking area or garage are  
3 presumed subject to tax collection. Operators and booking  
4 intermediaries, as applicable, shall collect the tax from  
5 purchasers by adding the tax to the amount of the purchase  
6 price received from the purchaser. The tax imposed by the Act  
7 shall when collected be stated as a distinct item separate and  
8 apart from the purchase price of the service subject to tax  
9 under this Act. However, where it is not possible to state the  
10 tax separately the Department may by rule exempt such  
11 purchases from this requirement so long as purchasers are  
12 notified by language on the invoice or notified by a sign that  
13 the tax is included in the purchase price.

14 (b) Any person purchasing a parking space in a parking  
15 area or garage subject to tax under this Act as to which there  
16 has been no charge made to him of the tax imposed by Section  
17 10-10, shall make payment of the tax imposed by Section 10-10  
18 of this Act in the form and manner provided by the Department,  
19 such payment to be made to the Department in the manner and  
20 form required by the Department not later than the 20th day of  
21 the month following the month of purchase of the parking  
22 space.

23 (Source: P.A. 101-31, eff. 6-28-19.)

24 (35 ILCS 525/10-30)

25 Sec. 10-30. Registration of operators and booking

1 intermediaries.

2 (a) A person who engages in business as an operator of a  
3 parking area or garage in this State, or, beginning January 1,  
4 2024, a booking intermediary that directly charges to a  
5 customer a separately stated service fee pursuant to  
6 subsection (b-5) of Section 10-10, or, beginning January 1,  
7 2024, a booking intermediary that facilitates the processing  
8 and fulfillment of a reservation for an operator that is not  
9 registered under Section 10-10, shall register with the  
10 Department. Application for a certificate of registration  
11 shall be made to the Department, by electronic means, in the  
12 form and manner prescribed by the Department and shall contain  
13 any reasonable information the Department may require. Upon  
14 receipt of the application for a certificate of registration  
15 in proper form and manner, the Department shall issue to the  
16 applicant a certificate of registration. Operators who  
17 demonstrate that they do not have access to the Internet or  
18 demonstrate hardship in applying electronically may petition  
19 the Department to waive the electronic application  
20 requirements.

21 (b) The Department may refuse to issue or reissue a  
22 certificate of registration to any applicant for the reasons  
23 set forth in Section 2505-380 of the Department of Revenue Law  
24 of the Civil Administrative Code of Illinois.

25 (c) Any person aggrieved by any decision of the Department  
26 under this Section may, within 20 days after notice of such

1 decision, protest and request a hearing, whereupon the  
2 Department shall give notice to such person of the time and  
3 place fixed for such hearing and shall hold a hearing in  
4 conformity with the provisions of this Act and then issue its  
5 final administrative decision in the matter to such person. In  
6 the absence of such a protest within 20 days, the Department's  
7 decision shall become final without any further determination  
8 being made or notice given.

9 (Source: P.A. 101-31, eff. 6-28-19.)

10 (35 ILCS 525/10-35)

11 Sec. 10-35. Revocation of certificate of registration.

12 (a) The Department may, after notice and a hearing as  
13 provided in this Act, revoke the certificate of registration  
14 of any operator or booking intermediary who violates any of  
15 the provisions of this Act or any rule adopted pursuant to this  
16 Act. Before revocation of a certificate of registration, the  
17 Department shall, within 90 days after non-compliance and at  
18 least 7 days prior to the date of the hearing, give the  
19 operator or booking intermediary so accused notice in writing  
20 of the charge against him or her, and on the date designated  
21 shall conduct a hearing upon this matter. The lapse of such  
22 90-day period shall not preclude the Department from  
23 conducting revocation proceedings at a later date if  
24 necessary. Any hearing held under this Section shall be  
25 conducted by the Director or by any officer or employee of the



1 Department designated in writing by the Director.

2 (b) The Department may revoke a certificate of  
3 registration for the reasons set forth in Section 2505-380 of  
4 the Department of Revenue Law of the Civil Administrative Code  
5 of Illinois.

6 (c) Upon the hearing of any such proceeding, the Director  
7 or any officer or employee of the Department designated in  
8 writing by the Director may administer oaths, and the  
9 Department may procure by its subpoena the attendance of  
10 witnesses and, by its subpoena duces tecum, the production of  
11 relevant books and papers. Any circuit court, upon application  
12 either of the operator or of the Department, may, by order duly  
13 entered, require the attendance of witnesses and the  
14 production of relevant books and papers before the Department  
15 in any hearing relating to the revocation of certificates of  
16 registration. Upon refusal or neglect to obey the order of the  
17 court, the court may compel obedience thereof by proceedings  
18 for contempt.

19 (d) The Department may, by application to any circuit  
20 court, obtain an injunction requiring any person who engages  
21 in business as an operator or booking intermediary under this  
22 Act to obtain a certificate of registration. Upon refusal or  
23 neglect to obey the order of the court, the court may compel  
24 obedience by proceedings for contempt.

25 (Source: P.A. 101-31, eff. 6-28-19.)

1 (35 ILCS 525/10-45)

2 Sec. 10-45. Tax collected as debt owed to State. The tax  
3 herein required to be collected by any operator, booking  
4 intermediary, or valet business and any such tax collected by  
5 that person, shall constitute a debt owed by that person to  
6 this State.

7 (Source: P.A. 101-31, eff. 6-28-19.)

8 (35 ILCS 525/10-50)

9 Sec. 10-50. Incorporation by reference. All of the  
10 provisions of Sections 1, 2a, 2b, 3 (except provisions  
11 relating to transaction returns and except for provisions that  
12 are inconsistent with this Act), in respect to all provisions  
13 therein other than the State rate of tax) 4, 5, 5a, 5b, 5c, 5d,  
14 5e, 5f, 5g, 5j, 6, 6a, 6b, 6c, 6d, 7, 8, 9, 10, 11, 11a, 12,  
15 and 13 of the Retailers' Occupation Tax Act that are not  
16 inconsistent with this Act, and all provisions of the Uniform  
17 Penalty and Interest Act shall apply, as far as practicable,  
18 to the subject matter of this Act to the same extent as if such  
19 provisions were included in this Act. The enumerated  
20 provisions of the Retailers' Occupation Tax Act in this  
21 Section and all provisions of the Uniform Penalty and Interest  
22 Act shall apply, as far as practicable, to booking  
23 intermediaries required to be registered under Section 10-30  
24 of this Act.

25 (Source: P.A. 101-31, eff. 6-28-19.)

1                   ARTICLE 25. HOTELS-DISASTER RELIEF

2           Section 25-5. The Hotel Operators' Occupation Tax Act is  
3 amended by changing Section 3 as follows:

4           (35 ILCS 145/3) (from Ch. 120, par. 481b.33)

5           Sec. 3. Rate; exemptions.

6           (a) A tax is imposed upon persons engaged in the business  
7 of renting, leasing or letting rooms in a hotel at the rate of  
8 5% of 94% of the gross rental receipts from such renting,  
9 leasing or letting, excluding, however, from gross rental  
10 receipts, the proceeds of such renting, leasing or letting to  
11 permanent residents of that hotel and proceeds from the tax  
12 imposed under subsection (c) of Section 13 of the Metropolitan  
13 Pier and Exposition Authority Act.

14           (b) There shall be imposed an additional tax upon persons  
15 engaged in the business of renting, leasing or letting rooms  
16 in a hotel at the rate of 1% of 94% of the gross rental  
17 receipts from such renting, leasing or letting, excluding,  
18 however, from gross rental receipts, the proceeds of such  
19 renting, leasing or letting to permanent residents of that  
20 hotel and proceeds from the tax imposed under subsection (c)  
21 of Section 13 of the Metropolitan Pier and Exposition  
22 Authority Act.

23           (c) No funds received pursuant to this Act shall be used to

1 advertise for or otherwise promote new competition in the  
2 hotel business.

3 (d) However, such tax is not imposed upon the privilege of  
4 engaging in any business in Interstate Commerce or otherwise,  
5 which business may not, under the Constitution and Statutes of  
6 the United States, be made the subject of taxation by this  
7 State. In addition, the tax is not imposed upon gross rental  
8 receipts for which the hotel operator is prohibited from  
9 obtaining reimbursement for the tax from the customer by  
10 reason of a federal treaty.

11 (d-5) On and after July 1, 2017, the tax imposed by this  
12 Act shall not apply to gross rental receipts received by an  
13 entity that is organized and operated exclusively for  
14 religious purposes and possesses an active Exemption  
15 Identification Number issued by the Department pursuant to the  
16 Retailers' Occupation Tax Act when acting as a hotel operator  
17 renting, leasing, or letting rooms:

18 (1) in furtherance of the purposes for which it is  
19 organized; or

20 (2) to entities that (i) are organized and operated  
21 exclusively for religious purposes, (ii) possess an active  
22 Exemption Identification Number issued by the Department  
23 pursuant to the Retailers' Occupation Tax Act, and (iii)  
24 rent the rooms in furtherance of the purposes for which  
25 they are organized.

26 No gross rental receipts are exempt under paragraph (2) of

1 this subsection (d-5) unless the hotel operator obtains the  
2 active Exemption Identification Number from the exclusively  
3 religious entity to whom it is renting and maintains that  
4 number in its books and records. Gross rental receipts from  
5 all rentals other than those described in items (1) or (2) of  
6 this subsection (d-5) are subject to the tax imposed by this  
7 Act unless otherwise exempt under this Act.

8 This subsection (d-5) is exempt from the sunset provisions  
9 of Section 3-5 of this Act.

10 (d-10) On and after July 1, 2023, the tax imposed by this  
11 Act shall not apply to gross rental receipts received from the  
12 renting, leasing, or letting of rooms to an entity that is  
13 organized and operated exclusively by an organization  
14 chartered by the United States Congress for the purpose of  
15 providing disaster relief and that possesses an active  
16 Exemption Identification Number issued by the Department  
17 pursuant to the Retailers' Occupation Tax Act if the renting,  
18 leasing, or letting of the rooms is in furtherance of the  
19 purposes for which the exempt organization is organized. This  
20 subsection (d-10) is exempt from the sunset provisions of  
21 Section 3-5 of this Act.

22 (e) Persons subject to the tax imposed by this Act may  
23 reimburse themselves for their tax liability under this Act by  
24 separately stating such tax as an additional charge, which  
25 charge may be stated in combination, in a single amount, with  
26 any tax imposed pursuant to Sections 8-3-13 and 8-3-14 of the

1 Illinois Municipal Code, and Section 25.05-10 of "An Act to  
2 revise the law in relation to counties".

3 (f) If any hotel operator collects an amount (however  
4 designated) which purports to reimburse such operator for  
5 hotel operators' occupation tax liability measured by receipts  
6 which are not subject to hotel operators' occupation tax, or  
7 if any hotel operator, in collecting an amount (however  
8 designated) which purports to reimburse such operator for  
9 hotel operators' occupation tax liability measured by receipts  
10 which are subject to tax under this Act, collects more from the  
11 customer than the operators' hotel operators' occupation tax  
12 liability in the transaction is, the customer shall have a  
13 legal right to claim a refund of such amount from such  
14 operator. However, if such amount is not refunded to the  
15 customer for any reason, the hotel operator is liable to pay  
16 such amount to the Department.

17 (Source: P.A. 100-213, eff. 8-18-17.)

18 ARTICLE 30. MUNICIPAL CODE-UTILITIES

19 Section 30-5. The Illinois Municipal Code is amended by  
20 changing Section 8-11-2.5 as follows:

21 (65 ILCS 5/8-11-2.5)

22 Sec. 8-11-2.5. Municipal tax review; requests for  
23 information.

1           (a) If a municipality has imposed a tax under Section  
2 8-11-2, then the municipality, which may act through its  
3 designated auditor or agent, may conduct an audit of tax  
4 receipts collected from the public utility that is subject to  
5 the tax or that collects the tax from purchasers on behalf of  
6 the municipality to determine whether the amount of tax that  
7 was paid by the public utility was accurate.

8           (b) Not more than once every 2 years, a municipality that  
9 has imposed a tax under Section 8-11-2 of this Code ~~Act~~ may,  
10 subject to the limitations and protections stated in the Local  
11 Government Taxpayers' Bill of Rights Act, make a written  
12 request via e-mail to an e-mail address provided by the  
13 utility for any information from a utility in the format  
14 maintained by the public utility in the ordinary course of its  
15 business that the municipality reasonably requires in order to  
16 perform an audit under subsection (a). The information that  
17 may be requested by the municipality includes, without  
18 limitation:

19           (1) in an electronic format used by the public utility  
20 in the ordinary course of its business, the  
21 premises-specific and other information used by the public  
22 utility to determine the amount of tax due to the  
23 municipality, for a time period that includes the year in  
24 which the request is made and not more than 6 years  
25 immediately preceding that year, as appropriate for the  
26 period being audited, and which shall include for each

1 customer premises in the municipality: (i) the premises  
2 address and zip code; (ii) the classification of the  
3 premises as designated by the public utility, such as  
4 residential, commercial, or industrial; (iii) monthly  
5 usage information sufficient to calculate taxes due, in  
6 therms, kilowatts, minutes, or other such other unit of  
7 measurement used to calculate the taxes; (iv) the taxes  
8 actually assessed, collected, and remitted to the  
9 municipality; (v) the first date of service for the  
10 premises, if that date occurred within the period being  
11 audited; and (vi) any tax exemption claimed for the  
12 premises and any additional information that supports a  
13 specific tax exemption, if the municipality requests that  
14 information, including the customer name and other  
15 relevant data; however, a public utility that is an  
16 electric utility may not provide other customer-specific  
17 information to the municipality; and

18 (2) the premises address for customer accounts that  
19 the public utility's records indicate are: (i) in a  
20 bordering municipality, township, or unincorporated area  
21 (other than the City of Chicago), provided that the  
22 municipality provides the public utility a list of such  
23 bordering jurisdictions; or (ii) in any zip code with  
24 boundaries that include or are adjacent to the requesting  
25 municipality provided that the municipality provides the  
26 public utility a list of those zip codes; this item (ii)



1 applies to requests made on or after September 1, 2022. If  
2 any such customer is determined by the municipality and  
3 the utility to be located within the requesting  
4 municipality, then the public utility shall provide the  
5 additional information provided in paragraph (1) of this  
6 subsection (b).~~7~~

7 Following the municipality's receipt of the information  
8 provided by the public utility pursuant to paragraphs (1) or  
9 (2) of this subsection (b), if a question or issue arises that  
10 can only be addressed by accessing customer-specific or  
11 additional information not described in this Section, then the  
12 utility shall attempt to resolve the question or issue without  
13 disclosing any customer-specific information. ~~If this process  
14 does not resolve the question or issue, then either the  
15 municipality or public utility can further pursue the matter  
16 before the Department of Revenue, which has the discretion to  
17 receive or share customer specific information with the  
18 municipality as appropriate subject to confidentiality  
19 restrictions.~~

20 (c) Each public utility must provide the information  
21 requested under subsection (b) within 45 days after the date  
22 of the request.

23 The time in which a public utility must provide the  
24 information requested under subsection (b) may be extended by  
25 an agreement between the municipality and the public utility.

26 (d) If an audit by the municipality or its agents finds an

1 error by the public utility in the amount of taxes paid by the  
2 public utility, then the municipality must notify the public  
3 utility of the error. Any such notice must be issued pursuant  
4 to Section 30 of the Local Government Taxpayers' Bill of  
5 Rights Act or a lesser period of time from the date the tax was  
6 due that may be specified in the municipal ordinance imposing  
7 the tax. Upon such a notice, any audit shall be conducted  
8 pursuant to Section 35 of the Local Government Taxpayers' Bill  
9 of Rights Act subject to the timelines set forth in this  
10 subsection (d). The public utility must submit a written  
11 response within 60 days after the date the notice was  
12 postmarked stating that it has corrected the error or stating  
13 the reason that the error is inapplicable or inaccurate. The  
14 municipality then has 60 days after the receipt of the public  
15 utility's response to review and contest the conclusion of the  
16 public utility. If the parties are unable to agree on the  
17 disposition of the audit findings within 120 days after the  
18 notification of the error to the public utility, then either  
19 party may submit the matter for appeal as outlined in Section  
20 40 of the Local Government Taxpayers' Bill of Rights Act. If  
21 the appeals process does not produce a satisfactory result,  
22 then either party may pursue the alleged error in a court of  
23 competent jurisdiction.

24 (e) The public utility shall be liable to the municipality  
25 for unpaid taxes, including taxes that the public utility  
26 failed to properly bill to the customer subject to ~~subsection~~

1 paragraph (2) of subsection (e-10) of this Section. This  
2 subsection (e) does not limit a utility's right to an  
3 offsetting credit it would otherwise be entitled to, including  
4 that authorized by subsection (c) of Section 8-11-2 of this  
5 ~~the~~ Code. To the extent that a public utility's errors in past  
6 tax collections and payments relate to premises located in an  
7 area of the municipality that was annexed on or after March 17,  
8 2023 (the effective date of Public Act 102-1144) ~~this~~  
9 ~~amendatory Act of the 102nd General Assembly~~, however, the  
10 public utility shall only be liable for such errors beginning  
11 60 days after the date that the municipality provided the  
12 public utility notice of the annexation, provided that the  
13 public utility provides municipalities with an email address  
14 to send annexation notices. A copy of the annexation ordinance  
15 and the map filed with the County Clerk sent to the email  
16 address provided by the public utility shall be deemed  
17 sufficient notice, but other forms of notice may also be  
18 sufficient.

19 (e-5) Upon mutual agreement, a utility and municipality  
20 may use a web portal in lieu of email to receive notice of  
21 annexations and boundary changes. After December 31, 2025 for  
22 a gas public utility that serves more than 2,000,000 customers  
23 in Illinois and after December 31, 2022 for all other public  
24 utilities that serve more than 1,000,000 retail customers in  
25 Illinois, the public utilities shall provide a secure web  
26 portal for municipalities to use, and, thereafter, the web

1 portals shall be used by all municipalities to notify the  
2 public utilities of annexations. The web portal must provide  
3 the municipality with an electronic record of all  
4 communications and attached documents that the municipality  
5 has submitted through the portal.

6 (e-10) (1) No later than August 1, 2023, the Department of  
7 Revenue shall develop and publish a written process to be used  
8 by each public utility and each municipality that imposes a  
9 tax under Section 8-11-2 of this ~~the~~ Code, which may act  
10 through its designated auditor or agent, under which:

11 (A) by December 31, 2024, and on a regular schedule  
12 thereafter to occur approximately every 5 years, each  
13 public utility shall work collaboratively with each  
14 municipality to develop and file with the Department of  
15 Revenue, a master list of all premises addresses in the  
16 municipality (including premises addresses with inactive  
17 accounts) that are subject to such tax and all accounts in  
18 the municipality that are exempt from such tax, provided  
19 that the final date for the first master list shall be  
20 extended, at the utility's request, to no later than  
21 December 31, 2026;

22 (B) information is provided to the municipality to  
23 facilitate development of the master list including  
24 information described in paragraph (1) of subsection (b)  
25 of this Section regarding all accounts (including premises  
26 addresses with inactive accounts) that the public

1 utility's records show are in the municipality and the  
2 premises addresses in (i) any bordering municipality, (ii)  
3 any bordering township, or (iii) any zip code that is in  
4 any part in the municipality or that borders the  
5 municipality;

6 (C) any dispute between the public utility and the  
7 municipality related to the master list will be resolved;

8 (D) on a semi-annual basis following the development  
9 of the master list, each public utility shall provide to  
10 each municipality certain information that the  
11 municipality can use to nominate changes to the master  
12 list, including, but not limited to: (i) a list of any  
13 tax-related changes, such as the addition or removal of an  
14 exemption, or to the taxing jurisdiction, to any account  
15 on the master list; and (ii) new premises addresses within  
16 the municipality, any bordering municipality, in any  
17 bordering township, or in any zip code that is in any part  
18 in the municipality or that borders the municipality;

19 (E) accounts nominated by the municipality to be added  
20 or deleted from the master list may be submitted to the  
21 public utility and related disputes will be resolved;

22 (F) changes may be made to the master list; and

23 (G) the utility may file a master list based solely on  
24 its records if the municipality fails to participate and  
25 such a municipality may request to restart the process  
26 prior to the end of the 5-year ~~five-year~~ cycle.

1           (2) No public utility is liable for any error in tax  
2 collections or payments due more than 60 days after the date  
3 that the first master list for the relevant municipality is  
4 filed with the Department of Revenue unless such error in tax  
5 collection or payment:

6           (A) was related to a premises address on the master  
7 list at the time of the error;

8           (B) was related to an area of the municipality annexed  
9 on or after March 17, 2023 (the effective date of Public  
10 Act 102-1144) ~~this amendatory Act of the 102nd General~~  
11 ~~Assembly~~, notice of which was properly provided to the  
12 public utility pursuant to the procedures set forth in  
13 subsection (e); or

14           (C) resulted from the public utility's failure to  
15 comply with the process established in this subsection  
16 (e-10).

17           (3) If the public utility uses a portal as set forth in  
18 subsection (e-5), all lists, changes affecting tax collection  
19 and remission, proposed corrections, and reports shall be  
20 provided through such portal.

21           (e-15) If a customer paid a tax to a municipality that the  
22 customer did not owe or was in excess of the tax the customer  
23 owed, then the customer may, to the extent allowed by Section  
24 9-252 of the Public Utilities Act, recover the tax or over  
25 payment from the public utility, and any amount so paid by the  
26 public utility may be deducted by that public utility from any

1 taxes then or thereafter owed by the public utility to that  
2 municipality.

3 (e-20) (1) Any court of competent jurisdiction ~~The~~  
4 ~~Department of Revenue~~ shall have the authority to resolve a  
5 claim by a municipality that a public utility materially  
6 failed to comply with the requirements of subsections (b) or  
7 (c) of this Section ~~or the process developed under subsection~~  
8 ~~(e-10) of this Section.~~ If a court ~~the Department of Revenue~~  
9 finds, after notice and hearing, that a public utility (i)  
10 caused a material delay in providing information properly  
11 requested under such subsections or (ii) omitted a material  
12 portion of information properly requested, then, if the claim  
13 relates to subsections (b) or (c), the court ~~Department~~ shall  
14 assess a penalty on the utility of up to \$50,000 per audit, or  
15 up to \$10,000 per audit for a utility that served less than  
16 100,000 retail customers on the date of the audit notice, or,  
17 if the claim relates to subsection (e-10), up to \$50,000 per  
18 5-year master list cycle or up to \$10,000 per cycle for a  
19 utility that served less than 100,000 retail customers on the  
20 date such master list was filed with the Department, which  
21 penalty shall be paid by the public utility to the  
22 municipality ~~Department of Revenue for deposit into the~~  
23 ~~Supplemental Low Income Energy Assistance Fund.~~  
24 Notwithstanding anything to the contrary, a penalty assessed  
25 pursuant to this subsection shall be the exclusive remedy for  
26 the conduct that is the subject of the claim. A penalty

1 assessed under this subsection shall bar and prohibit pursuit  
2 of any other penalty, fine, or recovery related to the conduct  
3 for which the penalty was assessed.

4 (2) No penalty shall be assessed by the Department  
5 pursuant to this subsection if the Department finds that a  
6 delay or omission was immaterial or de minimis.

7 (3) Any penalties or fines paid by a public utility  
8 pursuant to this subsection shall not be recoverable through  
9 the utility's rates.

10 (4) (Blank). ~~If a municipality and public utility have a~~  
11 ~~disagreement regarding the scope or conduct of an audit~~  
12 ~~undertaken pursuant to this Section, they shall work together~~  
13 ~~in good faith to attempt to resolve the dispute. If, after a~~  
14 ~~period of no less than 14 days, the municipality and public~~  
15 ~~utility are not able to reach an agreement regarding the~~  
16 ~~dispute, either entity, or both entities jointly, may submit a~~  
17 ~~request to the Illinois Department of Revenue seeking~~  
18 ~~resolution of the dispute, and the Department shall have the~~  
19 ~~authority to resolve the issue, and shall resolve such dispute~~  
20 ~~within 60 days. Each such request must include a statement~~  
21 ~~showing that consultation and reasonable attempts to resolve~~  
22 ~~the dispute have failed.~~

23 ~~The time period established pursuant to this Section for~~  
24 ~~complying with requests for information under this Section~~  
25 ~~shall be suspended during the dispute resolution processes set~~  
26 ~~forth in this paragraph (4) of subsection (c 20), but only for~~



1 ~~the issue or issues that are the subject of the dispute.~~  
2 ~~Information requests that are undisputed shall continue to be~~  
3 ~~subject to the time periods for compliance set forth in this~~  
4 ~~Section.~~

5 (f) All account-specific ~~account-specific~~ and  
6 premises-specific information provided by a public utility  
7 under this Section may be used only for the purpose of an audit  
8 of taxes conducted under this Section and the enforcement of  
9 any related tax claim. All such information must be held in  
10 strict confidence by the municipality and its agents and may  
11 not be disclosed to the public under the Freedom of  
12 Information Act or under any other similar statutes allowing  
13 for or requiring public disclosure.

14 (g) The provisions of this Section shall not be construed  
15 as diminishing or replacing any civil remedy available to a  
16 municipality, taxpayer, or tax collector.

17 (h) This Section does not apply to any municipality having  
18 a population greater than 1,000,000.

19 (i) The changes to subsection (e) and paragraph (2) of  
20 subsection (e-10) of this Section made by Public Act 102-1144  
21 ~~this amendatory Act of the 102nd General Assembly~~ apply to  
22 taxes due on or after August 1, 2022. The remaining changes to  
23 this Section made by Public Act 102-1144 ~~this amendatory Act~~  
24 ~~of the 102nd General Assembly~~ apply on or after March 17, 2023  
25 ~~(the effective date of Public Act 102-1144)~~ ~~this amendatory~~  
26 ~~Act of the 102nd General Assembly.~~

1 (j) As used in this Section:

2 "Customer-specific information" means the name, phone  
3 number, email address, and banking information of a customer.

4 "Customer-specific information" includes the load-shape data  
5 associated with a customer account. "Customer-specific  
6 information" does not include the tax-exempt status of the  
7 premises and the name of tax-exempt ~~tax-exempt~~ customers.

8 "Premises-specific information" means any information,  
9 including billing and usage data, associated with a premises  
10 address that is not customer-specific information.

11 "Premises address" includes the jurisdiction to which the  
12 address is currently coded by the public utility for municipal  
13 tax purposes.

14 (Source: P.A. 102-1144, eff. 3-17-23; revised 4-5-23.)

15 ARTICLE 35. RIVER EDGE ZONES

16 Section 35-5. The River Edge Redevelopment Zone Act is  
17 amended by changing Section 10-5.3 as follows:

18 (65 ILCS 115/10-5.3)

19 Sec. 10-5.3. Certification of River Edge Redevelopment  
20 Zones.

21 (a) Approval of designated River Edge Redevelopment Zones  
22 shall be made by the Department by certification of the  
23 designating ordinance. The Department shall promptly issue a

1 certificate for each zone upon its approval. The certificate  
2 shall be signed by the Director of the Department, shall make  
3 specific reference to the designating ordinance, which shall  
4 be attached thereto, and shall be filed in the office of the  
5 Secretary of State. A certified copy of the River Edge  
6 Redevelopment Zone Certificate, or a duplicate original  
7 thereof, shall be recorded in the office of the recorder of  
8 deeds of the county in which the River Edge Redevelopment Zone  
9 lies.

10 (b) A River Edge Redevelopment Zone shall be effective  
11 upon its certification. The Department shall transmit a copy  
12 of the certification to the Department of Revenue, and to the  
13 designating municipality. Upon certification of a River Edge  
14 Redevelopment Zone, the terms and provisions of the  
15 designating ordinance shall be in effect, and may not be  
16 amended or repealed except in accordance with Section 10-5.4.

17 (c) A River Edge Redevelopment Zone shall be in effect for  
18 the period stated in the certificate, which shall in no event  
19 exceed 30 calendar years. Zones shall terminate at midnight of  
20 December 31 of the final calendar year of the certified term,  
21 except as provided in Section 10-5.4.

22 (d) In calendar years 2006 and 2007, the Department may  
23 certify one pilot River Edge Redevelopment Zone in the City of  
24 East St. Louis, one pilot River Edge Redevelopment Zone in the  
25 City of Rockford, and one pilot River Edge Redevelopment Zone  
26 in the City of Aurora.

1           In calendar year 2009, the Department may certify one  
2 pilot River Edge Redevelopment Zone in the City of Elgin.

3           On or after the effective date of this amendatory Act of  
4 the 97th General Assembly, the Department may certify one  
5 additional pilot River Edge Redevelopment Zone in the City of  
6 Peoria.

7           On or after the effective date of this amendatory Act of  
8 the 103rd General Assembly, the Department may certify 2  
9 additional pilot River Edge Redevelopment Zones, including one  
10 in the City of Joliet and one in the City of Kankakee.

11           After certifying the additional pilot River Edge  
12 Redevelopment Zones authorized by the above paragraphs,  
13 ~~Thereafter~~ the Department may not certify any additional River  
14 Edge Redevelopment Zones, but it may amend and rescind  
15 certifications of existing River Edge Redevelopment Zones in  
16 accordance with Section 10-5.4, except that no River Edge  
17 Redevelopment Zone may be extended on or after the effective  
18 date of this amendatory Act of the 97th General Assembly. Each  
19 River Edge Redevelopment Zone in existence on the effective  
20 date of this amendatory Act of the 97th General Assembly shall  
21 continue until its scheduled termination under this Act,  
22 unless the Zone is decertified sooner. At the time of its term  
23 expiration each River Edge Redevelopment Zone will become an  
24 open enterprise zone, available for the previously designated  
25 area or a different area to compete for designation as an  
26 enterprise zone. No preference for designation as a Zone will

1 be given to the previously designated area.

2 (e) A municipality in which a River Edge Redevelopment  
3 Zone has been certified must submit to the Department, within  
4 60 days after the certification, a plan for encouraging the  
5 participation by minority persons, women, persons with  
6 disabilities, and veterans in the zone. The Department may  
7 assist the municipality in developing and implementing the  
8 plan. The terms "minority person", "woman", and "person with a  
9 disability" have the meanings set forth under Section 2 of the  
10 Business Enterprise for Minorities, Women, and Persons with  
11 Disabilities Act. "Veteran" means an Illinois resident who is  
12 a veteran as defined in subsection (h) of Section 1491 of Title  
13 10 of the United States Code.

14 (Source: P.A. 100-391, eff. 8-25-17.)

15 ARTICLE 40. HISTORIC PRESERVATION

16 Section 40-5. The Illinois Income Tax Act is amended by  
17 changing Section 228 as follows:

18 (35 ILCS 5/228)

19 Sec. 228. Historic preservation credit. For tax years  
20 beginning on or after January 1, 2019 and ending on or before  
21 December 31, 2028 ~~December 31, 2023~~, a taxpayer who qualifies  
22 for a credit under the Historic Preservation Tax Credit Act is  
23 entitled to a credit against the taxes imposed under

1 subsections (a) and (b) of Section 201 of this Act as provided  
2 in that Act. If the taxpayer is a partnership, Subchapter S  
3 corporation, or a limited liability company the credit shall  
4 be allowed to the partners, shareholders, or members in  
5 accordance with the determination of income and distributive  
6 share of income under Sections 702 and 704 and Subchapter S of  
7 the Internal Revenue Code provided that credits granted to a  
8 partnership, a limited liability company taxed as a  
9 partnership, or other multiple owners of property shall be  
10 passed through to the partners, members, or owners  
11 respectively on a pro rata basis or pursuant to an executed  
12 agreement among the partners, members, or owners documenting  
13 any alternate distribution method. If the amount of any tax  
14 credit awarded under this Section exceeds the qualified  
15 taxpayer's income tax liability for the year in which the  
16 qualified rehabilitation plan was placed in service, the  
17 excess amount may be carried forward as provided in the  
18 Historic Preservation Tax Credit Act.

19 (Source: P.A. 101-81, eff. 7-12-19; 102-741, eff. 5-6-22.)

20 Section 40-10. The Historic Preservation Tax Credit Act is  
21 amended by changing Sections 10 and 20 as follows:

22 (35 ILCS 31/10)

23 Sec. 10. Allowable credit.

24 (a) To the extent authorized by this Act, for taxable

1 years beginning on or after January 1, 2019 and ending on or  
2 before December 31, 2028 ~~December 31, 2023~~, there shall be  
3 allowed a tax credit to the qualified taxpayer against the tax  
4 imposed by subsections (a) and (b) of Section 201 of the  
5 Illinois Income Tax Act in an aggregate amount equal to 25% of  
6 qualified expenditures, but not to exceed \$3,000,000, incurred  
7 undertaking a qualified rehabilitation plan, provided that the  
8 total amount of such expenditures must (i) equal \$5,000 or  
9 more and (ii) exceed the adjusted basis of the structure on the  
10 first day the qualified rehabilitation plan commenced. If the  
11 qualified rehabilitation plan spans multiple years, the  
12 aggregate credit for the entire project shall be allowed in  
13 the last taxable year.

14 (b) To obtain a tax credit certificate pursuant to this  
15 Section, the qualified taxpayer must apply with the Division.  
16 The Division shall determine the amount of eligible  
17 rehabilitation expenditures within 45 days after receipt of a  
18 complete application. The taxpayer must provide to the  
19 Division a third-party cost certification conducted by a  
20 certified public accountant verifying (i) the qualified and  
21 non-qualified rehabilitation expenses and (ii) that the  
22 qualified expenditures exceed the adjusted basis of the  
23 structure on the first day the qualified rehabilitation plan  
24 commenced. The accountant shall provide appropriate review and  
25 testing of invoices. The Division is authorized, but not  
26 required, to accept this third-party cost certification to

1 determine the amount of qualified expenditures. The Division  
2 and the National Park Service shall determine whether the  
3 rehabilitation is consistent with the Standards of the  
4 Secretary of the United States Department of the Interior.

5 (c) If the amount of any tax credit awarded under this Act  
6 exceeds the qualified taxpayer's income tax liability for the  
7 year in which the qualified rehabilitation plan was placed in  
8 service, the excess amount may be carried forward for  
9 deduction from the taxpayer's income tax liability in the next  
10 succeeding year or years until the total amount of the credit  
11 has been used, except that a credit may not be carried forward  
12 for deduction after the tenth taxable year after the taxable  
13 year in which the qualified rehabilitation plan was placed in  
14 service. Upon completion of the project and approval of the  
15 complete application, the Division shall issue a single  
16 certificate in the amount of the eligible credits equal to 25%  
17 of the qualified expenditures incurred during the eligible  
18 taxable years, not to exceed the lesser of the allocated  
19 amount or \$3,000,000 per single qualified rehabilitation plan.  
20 Prior to the issuance of the tax credit certificate, the  
21 qualified taxpayer must provide to the Division verification  
22 that the rehabilitated structure is a qualified historic  
23 structure. At the time the certificate is issued, an issuance  
24 fee up to the maximum amount of 2% of the amount of the credits  
25 issued by the certificate may be collected from the qualified  
26 taxpayer to administer the Act. If collected, this issuance



1 fee shall be directed to the Division Historic Property  
2 Administrative Fund or other such fund as appropriate for use  
3 of the Division in the administration of the Historic  
4 Preservation Tax Credit Program. The taxpayer must attach the  
5 certificate or legal documentation of her or his proportional  
6 share of the certificate to the tax return on which the credits  
7 are to be claimed. The tax credit under this Section may not  
8 reduce the taxpayer's liability to less than zero. If the  
9 amount of the credit exceeds the tax liability for the year,  
10 the excess credit may be carried forward and applied to the tax  
11 liability of the 10 taxable years following the first excess  
12 credit year. The taxpayer is not eligible to receive credits  
13 under this Section and under Section 221 of the Illinois  
14 Income Tax Act for the same qualified expenditures or  
15 qualified rehabilitation plan.

16 (d) If the taxpayer is (i) a corporation having an  
17 election in effect under Subchapter S of the federal Internal  
18 Revenue Code, (ii) a partnership, or (iii) a limited liability  
19 company, the credit provided under this Act may be claimed by  
20 the shareholders of the corporation, the partners of the  
21 partnership, or the members of the limited liability company  
22 in the same manner as those shareholders, partners, or members  
23 account for their proportionate shares of the income or losses  
24 of the corporation, partnership, or limited liability company,  
25 or as provided in the bylaws or other executed agreement of the  
26 corporation, partnership, or limited liability company.

1 Credits granted to a partnership, a limited liability company  
2 taxed as a partnership, or other multiple owners of property  
3 shall be passed through to the partners, members, or owners  
4 respectively on a pro rata basis or pursuant to an executed  
5 agreement among the partners, members, or owners documenting  
6 any alternate distribution method.

7 (e) If a recapture event occurs during the recapture  
8 period with respect to a qualified historic structure, then  
9 for any taxable year in which the credits are allowed as  
10 specified in this Act, the tax under the applicable Section of  
11 this Act shall be increased by applying the recapture  
12 percentage set forth below to the tax decrease resulting from  
13 the application of credits allowed under this Act to the  
14 taxable year in question.

15 For the purposes of this subsection, the recapture  
16 percentage shall be determined as follows:

17 (1) if the recapture event occurs within the first  
18 year after commencement of the recapture period, then the  
19 recapture percentage is 100%;

20 (2) if the recapture event occurs within the second  
21 year after commencement of the recapture period, then the  
22 recapture percentage is 80%;

23 (3) if the recapture event occurs within the third  
24 year after commencement of the recapture period, then the  
25 recapture percentage is 60%;

26 (4) if the recapture event occurs within the fourth

1 year after commencement of the recapture period, then the  
2 recapture percentage is 40%; and

3 (5) if the recapture event occurs within the fifth  
4 year after commencement of the recapture period, then the  
5 recapture percentage is 20%.

6 In the case of any recapture event, the carryforwards  
7 under this Act shall be adjusted by reason of such event.

8 (f) The Division may adopt rules to implement this Section  
9 in addition to the rules expressly authorized herein.

10 (Source: P.A. 101-81, eff. 7-12-19; 102-741, eff. 5-6-22.)

11 (35 ILCS 31/20)

12 Sec. 20. Limitations, reporting, and monitoring.

13 (a) In each ~~every~~ calendar year beginning on or after  
14 January 1, 2019 and ending on or before December 31, 2023 ~~that~~  
15 ~~this program is in effect~~, the Division is authorized to  
16 allocate \$15,000,000 in tax credits in addition to any  
17 unallocated, returned, or rescinded allocations from previous  
18 years, pursuant to qualified rehabilitation plans. In each  
19 calendar year beginning on or after January 1, 2024 and ending  
20 on or before December 31, 2028, the Division is authorized to  
21 allocate \$25,000,000 in tax credits in addition to any  
22 unallocated, returned, or rescinded allocations from previous  
23 years, pursuant to qualified rehabilitation plans. The  
24 Division shall not allocate or award more than \$3,000,000 in  
25 tax credits with regard to a single qualified rehabilitation

1 plan. In allocating tax credits under this Act, the Division  
2 must prioritize applications that meet one or more of the  
3 following:

4 (1) the structure is located in a county that borders  
5 a State with a historic income-producing property  
6 rehabilitation credit;

7 (2) the structure was previously owned by a federal,  
8 state, or local governmental entity for no less than 6  
9 months;

10 (3) the structure is located in a census tract that  
11 has a median family income at or below the State median  
12 family income; data from the most recent 5-year estimate  
13 from the American Community Survey (ACS), published by the  
14 U.S. Census Bureau, shall be used to determine  
15 eligibility;

16 (4) the qualified rehabilitation plan includes in the  
17 development partnership a Community Development Entity or  
18 a low-profit (B Corporation) or not-for-profit  
19 organization, as defined by Section 501(c)(3) of the  
20 Internal Revenue Code; or

21 (5) the structure is located in an area declared under  
22 an Emergency Declaration or Major Disaster Declaration  
23 under the federal Robert T. Stafford Disaster Relief and  
24 Emergency Assistance Act. The declaration must be no older  
25 than 3 years at the time of application.

26 (b) The annual aggregate authorization of \$15,000,000 set

1     forth in subsection (a) shall be allocated by the Division, in  
2     such proportion as determined by the Director twice in each  
3     calendar year that the program is in effect, provided that the  
4     amount initially allocated by the Division for the first  
5     calendar year application period shall not exceed 65% of the  
6     total amount available for allocation. Any unallocated amount  
7     remaining as of the end of the second application period of a  
8     given calendar year shall be rolled over and added to the total  
9     authorized amount for the next available calendar year. The  
10    qualified rehabilitation plan must meet a readiness test, as  
11    defined by the Division, in order for the application to  
12    qualify. In any given application period, applications that  
13    qualify under this Act will be prioritized as set forth in  
14    subsection (a) and placed in a queue based on the date and time  
15    the application is received. Applicants whose applications  
16    qualify but do not receive an allocation must reapply to be  
17    considered in subsequent application periods.

18       (c) Subject to appropriation to the Division, moneys in  
19    the Historic Property Administrative Fund shall be used, on a  
20    biennial basis, beginning at the end of the second fiscal year  
21    after the effective date of this Act, to hire a qualified third  
22    party to prepare a biennial report to assess the overall  
23    impact of this Act from the qualified rehabilitation plans  
24    under this Act completed in that year and in previous years.  
25    Baseline data of the metrics in the report shall be collected  
26    at the initiation of a qualified rehabilitation plan. The

1 overall economic impact shall include at least:

2 (1) the number of applications, project locations, and  
3 proposed use of qualified historic structures;

4 (2) the amount of credits awarded and the number and  
5 location of projects receiving credit allocations;

6 (3) the status of ongoing projects and projected  
7 qualifying expenditures for ongoing projects;

8 (4) for completed projects, the total amount of  
9 qualifying rehabilitation expenditures and non-qualifying  
10 expenditures, the number of housing units created and the  
11 number of housing units that qualify as affordable, and  
12 the total square footage rehabilitated and developed;

13 (5) direct, indirect, and induced economic impacts;

14 (6) temporary, permanent, and construction jobs  
15 created; and

16 (7) sales, income, and property tax generation before  
17 construction, during construction, and after completion.

18 The report to the General Assembly shall be filed with the  
19 Clerk of the House of Representatives and the Secretary of the  
20 Senate in electronic form only, in the manner that the Clerk  
21 and the Secretary shall direct.

22 (d) Any time prior to issuance of a tax credit  
23 certificate, the Director of the Division, the State Historic  
24 Preservation Officer, or staff of the Division may, upon  
25 reasonable notice of not less than 3 business days, conduct a  
26 site visit to the project to inspect and evaluate the project.

1           (e) Any time prior to the issuance of a tax credit  
2 certificate, the Director may, upon reasonable notice of not  
3 less than 30 calendar days, request a status report from the  
4 Applicant consisting of information and updates relevant to  
5 the status of the project. Status reports shall not be  
6 requested more than twice yearly.

7           (f) In order to demonstrate sufficient evidence of  
8 reviewable progress within 12 months after the date the  
9 Applicant received notification of allocation from the  
10 Division, the Director may require the Applicant to provide  
11 all of the following:

12                 (1) a viable financial plan which demonstrates by way  
13 of an executed agreement that all financing has been  
14 secured for the project; such financing shall include, but  
15 not be limited to, equity investment as demonstrated by  
16 letters of commitment from the owner of the property,  
17 investment partners, and equity investors;

18                 (2) (blank); and

19                 (3) all historic approvals, including all federal and  
20 State rehabilitation documents required by the Division.

21           The Director shall review the submitted evidence and may  
22 request additional documentation from the Applicant if  
23 necessary. The Applicant will have 30 calendar days to provide  
24 the information requested, otherwise the allocation may be  
25 rescinded at the discretion of the Director.

26           (g) In order to demonstrate sufficient evidence of

1 reviewable progress within 24 months after the date the  
2 application received notification of approval from the  
3 Division, the Director may require the Applicant to provide  
4 detailed evidence that the Applicant has secured and closed on  
5 financing for the complete scope of rehabilitation for the  
6 project. To demonstrate evidence that the Applicant has  
7 secured and closed on financing, the Applicant will need to  
8 provide signed and processed loan agreements, bank financing  
9 documents or other legal and contractual evidence to  
10 demonstrate that adequate financing is available to complete  
11 the project. The Director shall review the submitted evidence  
12 and may request additional documentation from the Applicant if  
13 necessary. The Applicant will have 30 calendar days to provide  
14 the information requested, otherwise the allocation may be  
15 rescinded at the discretion of the Director.

16 If the Applicant fails to document reviewable progress  
17 within 24 months of approval, the Director may notify the  
18 Applicant that the allocation is rescinded. However, should  
19 financing and construction be imminent, the Director may elect  
20 to grant the Applicant no more than 5 months to close on  
21 financing and commence construction. If the Applicant fails to  
22 meet these conditions in the required timeframe, the Director  
23 shall notify the Applicant that the allocation is rescinded.  
24 Any such rescinded allocation shall be added to the aggregate  
25 amount of credits available for allocation for the year in  
26 which the forfeiture occurred.



1           The amount of the qualified expenditures identified in the  
2 qualified taxpayer's certification of completion and reflected  
3 on the Historic Preservation Tax Credit certificate issued by  
4 the Director is subject to inspection, examination, and audit  
5 by the Department of Revenue.

6           The qualified taxpayer shall establish and maintain for a  
7 period of 4 years following the effective date on a project tax  
8 credit certificate such records as required by the Director.  
9 Such records include, but are not limited to, records  
10 documenting project expenditures and compliance with the U.S.  
11 Secretary of the Interior's Standards. The qualified taxpayer  
12 shall make such records available for review and verification  
13 by the Director, the State Historic Preservation Officer, the  
14 Department of Revenue, or appropriate staff, as well as other  
15 appropriate State agencies. In the event the Director  
16 determines an Applicant has submitted a status report  
17 containing erroneous information or data not supported by  
18 records established and maintained under this Act, the  
19 Director may, after providing notice, require the Applicant to  
20 resubmit corrected reports.

21       (Source: P.A. 102-741, eff. 5-6-22.)

22                                   ARTICLE 45. HIGH IMPACT BUSINESSES

23           Section 45-5. The Illinois Enterprise Zone Act is amended  
24 by changing Section 5.5 as follows:

1 (20 ILCS 655/5.5) (from Ch. 67 1/2, par. 609.1)

2 Sec. 5.5. High Impact Business.

3 (a) In order to respond to unique opportunities to assist  
4 in the encouragement, development, growth, and expansion of  
5 the private sector through large scale investment and  
6 development projects, the Department is authorized to receive  
7 and approve applications for the designation of "High Impact  
8 Businesses" in Illinois, for an initial term of 20 years with  
9 an option for renewal for a term not to exceed 20 years,  
10 subject to the following conditions:

11 (1) such applications may be submitted at any time  
12 during the year;

13 (2) such business is not located, at the time of  
14 designation, in an enterprise zone designated pursuant to  
15 this Act;

16 (3) the business intends to do one or more of the  
17 following:

18 (A) the business intends to make a minimum  
19 investment of \$12,000,000 which will be placed in  
20 service in qualified property and intends to create  
21 500 full-time equivalent jobs at a designated location  
22 in Illinois or intends to make a minimum investment of  
23 \$30,000,000 which will be placed in service in  
24 qualified property and intends to retain 1,500  
25 full-time retained jobs at a designated location in

1 Illinois. The terms "placed in service" and "qualified  
2 property" have the same meanings as described in  
3 subsection (h) of Section 201 of the Illinois Income  
4 Tax Act; or

5 (B) the business intends to establish a new  
6 electric generating facility at a designated location  
7 in Illinois. "New electric generating facility", for  
8 purposes of this Section, means a newly constructed  
9 electric generation plant or a newly constructed  
10 generation capacity expansion at an existing electric  
11 generation plant, including the transmission lines and  
12 associated equipment that transfers electricity from  
13 points of supply to points of delivery, and for which  
14 such new foundation construction commenced not sooner  
15 than July 1, 2001. Such facility shall be designed to  
16 provide baseload electric generation and shall operate  
17 on a continuous basis throughout the year; and (i)  
18 shall have an aggregate rated generating capacity of  
19 at least 1,000 megawatts for all new units at one site  
20 if it uses natural gas as its primary fuel and  
21 foundation construction of the facility is commenced  
22 on or before December 31, 2004, or shall have an  
23 aggregate rated generating capacity of at least 400  
24 megawatts for all new units at one site if it uses coal  
25 or gases derived from coal as its primary fuel and  
26 shall support the creation of at least 150 new

1 Illinois coal mining jobs, or (ii) shall be funded  
2 through a federal Department of Energy grant before  
3 December 31, 2010 and shall support the creation of  
4 Illinois coal-mining jobs, or (iii) shall use coal  
5 gasification or integrated gasification-combined cycle  
6 units that generate electricity or chemicals, or both,  
7 and shall support the creation of Illinois coal-mining  
8 jobs. The term "placed in service" has the same  
9 meaning as described in subsection (h) of Section 201  
10 of the Illinois Income Tax Act; or

11 (B-5) the business intends to establish a new  
12 gasification facility at a designated location in  
13 Illinois. As used in this Section, "new gasification  
14 facility" means a newly constructed coal gasification  
15 facility that generates chemical feedstocks or  
16 transportation fuels derived from coal (which may  
17 include, but are not limited to, methane, methanol,  
18 and nitrogen fertilizer), that supports the creation  
19 or retention of Illinois coal-mining jobs, and that  
20 qualifies for financial assistance from the Department  
21 before December 31, 2010. A new gasification facility  
22 does not include a pilot project located within  
23 Jefferson County or within a county adjacent to  
24 Jefferson County for synthetic natural gas from coal;  
25 or

26 (C) the business intends to establish production

1 operations at a new coal mine, re-establish production  
2 operations at a closed coal mine, or expand production  
3 at an existing coal mine at a designated location in  
4 Illinois not sooner than July 1, 2001; provided that  
5 the production operations result in the creation of  
6 150 new Illinois coal mining jobs as described in  
7 subdivision (a)(3)(B) of this Section, and further  
8 provided that the coal extracted from such mine is  
9 utilized as the predominant source for a new electric  
10 generating facility. The term "placed in service" has  
11 the same meaning as described in subsection (h) of  
12 Section 201 of the Illinois Income Tax Act; or

13 (D) the business intends to construct new  
14 transmission facilities or upgrade existing  
15 transmission facilities at designated locations in  
16 Illinois, for which construction commenced not sooner  
17 than July 1, 2001. For the purposes of this Section,  
18 "transmission facilities" means transmission lines  
19 with a voltage rating of 115 kilovolts or above,  
20 including associated equipment, that transfer  
21 electricity from points of supply to points of  
22 delivery and that transmit a majority of the  
23 electricity generated by a new electric generating  
24 facility designated as a High Impact Business in  
25 accordance with this Section. The term "placed in  
26 service" has the same meaning as described in

1 subsection (h) of Section 201 of the Illinois Income  
2 Tax Act; or

3 (E) the business intends to establish a new wind  
4 power facility at a designated location in Illinois.  
5 For purposes of this Section, "new wind power  
6 facility" means a newly constructed electric  
7 generation facility, a newly constructed expansion of  
8 an existing electric generation facility, or the  
9 replacement of an existing electric generation  
10 facility, including the demolition and removal of an  
11 electric generation facility irrespective of whether  
12 it will be replaced, placed in service or replaced on  
13 or after July 1, 2009, that generates electricity  
14 using wind energy devices, and such facility shall be  
15 deemed to include any permanent structures associated  
16 with the electric generation facility and all  
17 associated transmission lines, substations, and other  
18 equipment related to the generation of electricity  
19 from wind energy devices. For purposes of this  
20 Section, "wind energy device" means any device, with a  
21 nameplate capacity of at least 0.5 megawatts, that is  
22 used in the process of converting kinetic energy from  
23 the wind to generate electricity; or

24 (E-5) the business intends to establish a new  
25 utility-scale solar facility at a designated location  
26 in Illinois. For purposes of this Section, "new

1 utility-scale solar power facility" means a newly  
2 constructed electric generation facility, or a newly  
3 constructed expansion of an existing electric  
4 generation facility, placed in service on or after  
5 July 1, 2021, that (i) generates electricity using  
6 photovoltaic cells and (ii) has a nameplate capacity  
7 that is greater than 5,000 kilowatts, and such  
8 facility shall be deemed to include all associated  
9 transmission lines, substations, energy storage  
10 facilities, and other equipment related to the  
11 generation and storage of electricity from  
12 photovoltaic cells; or

13 (F) the business commits to (i) make a minimum  
14 investment of \$500,000,000, which will be placed in  
15 service in a qualified property, (ii) create 125  
16 full-time equivalent jobs at a designated location in  
17 Illinois, (iii) establish a fertilizer plant at a  
18 designated location in Illinois that complies with the  
19 set-back standards as described in Table 1: Initial  
20 Isolation and Protective Action Distances in the 2012  
21 Emergency Response Guidebook published by the United  
22 States Department of Transportation, (iv) pay a  
23 prevailing wage for employees at that location who are  
24 engaged in construction activities, and (v) secure an  
25 appropriate level of general liability insurance to  
26 protect against catastrophic failure of the fertilizer

1 plant or any of its constituent systems; in addition,  
2 the business must agree to enter into a construction  
3 project labor agreement including provisions  
4 establishing wages, benefits, and other compensation  
5 for employees performing work under the project labor  
6 agreement at that location; for the purposes of this  
7 Section, "fertilizer plant" means a newly constructed  
8 or upgraded plant utilizing gas used in the production  
9 of anhydrous ammonia and downstream nitrogen  
10 fertilizer products for resale; for the purposes of  
11 this Section, "prevailing wage" means the hourly cash  
12 wages plus fringe benefits for training and  
13 apprenticeship programs approved by the U.S.  
14 Department of Labor, Bureau of Apprenticeship and  
15 Training, health and welfare, insurance, vacations and  
16 pensions paid generally, in the locality in which the  
17 work is being performed, to employees engaged in work  
18 of a similar character on public works; this paragraph  
19 (F) applies only to businesses that submit an  
20 application to the Department within 60 days after  
21 July 25, 2013 (the effective date of Public Act  
22 98-109); or ~~and~~

23 (G) the business intends to establish a new  
24 cultured cell material food production facility at a  
25 designated location in Illinois. As used in this  
26 paragraph (G):



1           "Cultured cell material food production facility"  
2           means a facility (i) at which cultured animal cell  
3           food is developed using animal cell culture  
4           technology, (ii) at which production processes occur  
5           that include the establishment of cell lines and cell  
6           banks, manufacturing controls, and all components and  
7           inputs, and (iii) that complies with all existing  
8           registrations, inspections, licensing, and approvals  
9           from all applicable and participating State and  
10           federal food agencies, including the Department of  
11           Agriculture, the Department of Public Health, and the  
12           United States Food and Drug Administration, to ensure  
13           that all food production is safe and lawful under  
14           provisions of the Federal Food, Drug and Cosmetic Act  
15           related to the development, production, and storage of  
16           cultured animal cell food.

17           "New cultured cell material food production  
18           facility" means a newly constructed cultured cell  
19           material food production facility that is placed in  
20           service on or after the effective date of this  
21           amendatory Act of the 103rd General Assembly or a  
22           newly constructed expansion of an existing cultured  
23           cell material food production facility, in a  
24           controlled environment, when the improvements are  
25           placed in service on or after the effective date of  
26           this amendatory Act of the 103rd General Assembly; and

1           (4) no later than 90 days after an application is  
2           submitted, the Department shall notify the applicant of  
3           the Department's determination of the qualification of the  
4           proposed High Impact Business under this Section.

5           (b) Businesses designated as High Impact Businesses  
6           pursuant to subdivision (a)(3)(A) of this Section shall  
7           qualify for the credits and exemptions described in the  
8           following Acts: Section 9-222 and Section 9-222.1A of the  
9           Public Utilities Act, subsection (h) of Section 201 of the  
10          Illinois Income Tax Act, and Section 1d of the Retailers'  
11          Occupation Tax Act; provided that these credits and exemptions  
12          described in these Acts shall not be authorized until the  
13          minimum investments set forth in subdivision (a)(3)(A) of this  
14          Section have been placed in service in qualified properties  
15          and, in the case of the exemptions described in the Public  
16          Utilities Act and Section 1d of the Retailers' Occupation Tax  
17          Act, the minimum full-time equivalent jobs or full-time  
18          retained jobs set forth in subdivision (a)(3)(A) of this  
19          Section have been created or retained. Businesses designated  
20          as High Impact Businesses under this Section shall also  
21          qualify for the exemption described in Section 51 of the  
22          Retailers' Occupation Tax Act. The credit provided in  
23          subsection (h) of Section 201 of the Illinois Income Tax Act  
24          shall be applicable to investments in qualified property as  
25          set forth in subdivision (a)(3)(A) of this Section.

26          (b-5) Businesses designated as High Impact Businesses

1 pursuant to subdivisions (a)(3)(B), (a)(3)(B-5), (a)(3)(C),  
2 ~~and~~ (a)(3)(D), and (a)(3)(G) of this Section shall qualify for  
3 the credits and exemptions described in the following Acts:  
4 Section 51 of the Retailers' Occupation Tax Act, Section 9-222  
5 and Section 9-222.1A of the Public Utilities Act, and  
6 subsection (h) of Section 201 of the Illinois Income Tax Act;  
7 however, the credits and exemptions authorized under Section  
8 9-222 and Section 9-222.1A of the Public Utilities Act, and  
9 subsection (h) of Section 201 of the Illinois Income Tax Act  
10 shall not be authorized until the new electric generating  
11 facility, the new gasification facility, the new transmission  
12 facility, ~~or~~ the new, expanded, or reopened coal mine, or the  
13 new cultured cell material food production facility is  
14 operational, except that a new electric generating facility  
15 whose primary fuel source is natural gas is eligible only for  
16 the exemption under Section 51 of the Retailers' Occupation  
17 Tax Act.

18 (b-6) Businesses designated as High Impact Businesses  
19 pursuant to subdivision (a)(3)(E) or (a)(3)(E-5) of this  
20 Section shall qualify for the exemptions described in Section  
21 51 of the Retailers' Occupation Tax Act; any business so  
22 designated as a High Impact Business being, for purposes of  
23 this Section, a "Wind Energy Business".

24 (b-7) Beginning on January 1, 2021, businesses designated  
25 as High Impact Businesses by the Department shall qualify for  
26 the High Impact Business construction jobs credit under

1 subsection (h-5) of Section 201 of the Illinois Income Tax Act  
2 if the business meets the criteria set forth in subsection (i)  
3 of this Section. The total aggregate amount of credits awarded  
4 under the Blue Collar Jobs Act (Article 20 of Public Act 101-9)  
5 shall not exceed \$20,000,000 in any State fiscal year.

6 (c) High Impact Businesses located in federally designated  
7 foreign trade zones or sub-zones are also eligible for  
8 additional credits, exemptions and deductions as described in  
9 the following Acts: Section 9-221 and Section 9-222.1 of the  
10 Public Utilities Act; and subsection (g) of Section 201, and  
11 Section 203 of the Illinois Income Tax Act.

12 (d) Except for businesses contemplated under subdivision  
13 (a) (3) (E), ~~or~~ (a) (3) (E-5), or (a) (3) (G) of this Section,  
14 existing Illinois businesses which apply for designation as a  
15 High Impact Business must provide the Department with the  
16 prospective plan for which 1,500 full-time retained jobs would  
17 be eliminated in the event that the business is not  
18 designated.

19 (e) Except for new businesses ~~wind power facilities~~  
20 contemplated under subdivision (a) (3) (E) or subdivision  
21 (a) (3) (G) of this Section, new proposed facilities which apply  
22 for designation as High Impact Business must provide the  
23 Department with proof of alternative non-Illinois sites which  
24 would receive the proposed investment and job creation in the  
25 event that the business is not designated as a High Impact  
26 Business.

1           (f) Except for businesses contemplated under subdivision  
2           (a) (3) (E) or subdivision (a) (3) (G) of this Section, in the  
3           event that a business is designated a High Impact Business and  
4           it is later determined after reasonable notice and an  
5           opportunity for a hearing as provided under the Illinois  
6           Administrative Procedure Act, that the business would have  
7           placed in service in qualified property the investments and  
8           created or retained the requisite number of jobs without the  
9           benefits of the High Impact Business designation, the  
10          Department shall be required to immediately revoke the  
11          designation and notify the Director of the Department of  
12          Revenue who shall begin proceedings to recover all wrongfully  
13          exempted State taxes with interest. The business shall also be  
14          ineligible for all State funded Department programs for a  
15          period of 10 years.

16          (g) The Department shall revoke a High Impact Business  
17          designation if the participating business fails to comply with  
18          the terms and conditions of the designation.

19          (h) Prior to designating a business, the Department shall  
20          provide the members of the General Assembly and Commission on  
21          Government Forecasting and Accountability with a report  
22          setting forth the terms and conditions of the designation and  
23          guarantees that have been received by the Department in  
24          relation to the proposed business being designated.

25          (i) High Impact Business construction jobs credit.  
26          Beginning on January 1, 2021, a High Impact Business may

1 receive a tax credit against the tax imposed under subsections  
2 (a) and (b) of Section 201 of the Illinois Income Tax Act in an  
3 amount equal to 50% of the amount of the incremental income tax  
4 attributable to High Impact Business construction jobs credit  
5 employees employed in the course of completing a High Impact  
6 Business construction jobs project. However, the High Impact  
7 Business construction jobs credit may equal 75% of the amount  
8 of the incremental income tax attributable to High Impact  
9 Business construction jobs credit employees if the High Impact  
10 Business construction jobs credit project is located in an  
11 underserved area.

12 The Department shall certify to the Department of Revenue:  
13 (1) the identity of taxpayers that are eligible for the High  
14 Impact Business construction jobs credit; and (2) the amount  
15 of High Impact Business construction jobs credits that are  
16 claimed pursuant to subsection (h-5) of Section 201 of the  
17 Illinois Income Tax Act in each taxable year. Any business  
18 entity that receives a High Impact Business construction jobs  
19 credit shall maintain a certified payroll pursuant to  
20 subsection (j) of this Section.

21 As used in this subsection (i):

22 "High Impact Business construction jobs credit" means an  
23 amount equal to 50% (or 75% if the High Impact Business  
24 construction project is located in an underserved area) of the  
25 incremental income tax attributable to High Impact Business  
26 construction job employees. The total aggregate amount of

1 credits awarded under the Blue Collar Jobs Act (Article 20 of  
2 Public Act 101-9) shall not exceed \$20,000,000 in any State  
3 fiscal year

4 "High Impact Business construction job employee" means a  
5 laborer or worker who is employed by an Illinois contractor or  
6 subcontractor in the actual construction work on the site of a  
7 High Impact Business construction job project.

8 "High Impact Business construction jobs project" means  
9 building a structure or building or making improvements of any  
10 kind to real property, undertaken and commissioned by a  
11 business that was designated as a High Impact Business by the  
12 Department. The term "High Impact Business construction jobs  
13 project" does not include the routine operation, routine  
14 repair, or routine maintenance of existing structures,  
15 buildings, or real property.

16 "Incremental income tax" means the total amount withheld  
17 during the taxable year from the compensation of High Impact  
18 Business construction job employees.

19 "Underserved area" means a geographic area that meets one  
20 or more of the following conditions:

21 (1) the area has a poverty rate of at least 20%  
22 according to the latest American Community Survey;

23 (2) 35% or more of the families with children in the  
24 area are living below 130% of the poverty line, according  
25 to the latest American Community Survey;

26 (3) at least 20% of the households in the area receive

1 assistance under the Supplemental Nutrition Assistance  
2 Program (SNAP); or

3 (4) the area has an average unemployment rate, as  
4 determined by the Illinois Department of Employment  
5 Security, that is more than 120% of the national  
6 unemployment average, as determined by the U.S. Department  
7 of Labor, for a period of at least 2 consecutive calendar  
8 years preceding the date of the application.

9 (j) Each contractor and subcontractor who is engaged in  
10 and executing a High Impact Business Construction jobs  
11 project, as defined under subsection (i) of this Section, for  
12 a business that is entitled to a credit pursuant to subsection  
13 (i) of this Section shall:

14 (1) make and keep, for a period of 5 years from the  
15 date of the last payment made on or after June 5, 2019 (the  
16 effective date of Public Act 101-9) on a contract or  
17 subcontract for a High Impact Business Construction Jobs  
18 Project, records for all laborers and other workers  
19 employed by the contractor or subcontractor on the  
20 project; the records shall include:

21 (A) the worker's name;

22 (B) the worker's address;

23 (C) the worker's telephone number, if available;

24 (D) the worker's social security number;

25 (E) the worker's classification or  
26 classifications;



1 (F) the worker's gross and net wages paid in each  
2 pay period;

3 (G) the worker's number of hours worked each day;

4 (H) the worker's starting and ending times of work  
5 each day;

6 (I) the worker's hourly wage rate;

7 (J) the worker's hourly overtime wage rate;

8 (K) the worker's race and ethnicity; and

9 (L) the worker's gender;

10 (2) no later than the 15th day of each calendar month,  
11 provide a certified payroll for the immediately preceding  
12 month to the taxpayer in charge of the High Impact  
13 Business construction jobs project; within 5 business days  
14 after receiving the certified payroll, the taxpayer shall  
15 file the certified payroll with the Department of Labor  
16 and the Department of Commerce and Economic Opportunity; a  
17 certified payroll must be filed for only those calendar  
18 months during which construction on a High Impact Business  
19 construction jobs project has occurred; the certified  
20 payroll shall consist of a complete copy of the records  
21 identified in paragraph (1) of this subsection (j), but  
22 may exclude the starting and ending times of work each  
23 day; the certified payroll shall be accompanied by a  
24 statement signed by the contractor or subcontractor or an  
25 officer, employee, or agent of the contractor or  
26 subcontractor which avers that:

1           (A) he or she has examined the certified payroll  
2 records required to be submitted by the Act and such  
3 records are true and accurate; and

4           (B) the contractor or subcontractor is aware that  
5 filing a certified payroll that he or she knows to be  
6 false is a Class A misdemeanor.

7           A general contractor is not prohibited from relying on a  
8 certified payroll of a lower-tier subcontractor, provided the  
9 general contractor does not knowingly rely upon a  
10 subcontractor's false certification.

11           Any contractor or subcontractor subject to this  
12 subsection, and any officer, employee, or agent of such  
13 contractor or subcontractor whose duty as an officer,  
14 employee, or agent it is to file a certified payroll under this  
15 subsection, who willfully fails to file such a certified  
16 payroll on or before the date such certified payroll is  
17 required by this paragraph to be filed and any person who  
18 willfully files a false certified payroll that is false as to  
19 any material fact is in violation of this Act and guilty of a  
20 Class A misdemeanor.

21           The taxpayer in charge of the project shall keep the  
22 records submitted in accordance with this subsection on or  
23 after June 5, 2019 (the effective date of Public Act 101-9) for  
24 a period of 5 years from the date of the last payment for work  
25 on a contract or subcontract for the High Impact Business  
26 construction jobs project.

1           The records submitted in accordance with this subsection  
2 shall be considered public records, except an employee's  
3 address, telephone number, and social security number, and  
4 made available in accordance with the Freedom of Information  
5 Act. The Department of Labor shall share the information with  
6 the Department in order to comply with the awarding of a High  
7 Impact Business construction jobs credit. A contractor,  
8 subcontractor, or public body may retain records required  
9 under this Section in paper or electronic format.

10           (k) Upon 7 business days' notice, each contractor and  
11 subcontractor shall make available for inspection and copying  
12 at a location within this State during reasonable hours, the  
13 records identified in this subsection (j) to the taxpayer in  
14 charge of the High Impact Business construction jobs project,  
15 its officers and agents, the Director of the Department of  
16 Labor and his or her deputies and agents, and to federal,  
17 State, or local law enforcement agencies and prosecutors.

18           (l) The changes made to this Section by this amendatory  
19 Act of the 102nd General Assembly, other than the changes in  
20 subsection (a), apply to high impact businesses that submit  
21 applications on or after the effective date of this amendatory  
22 Act of the 102nd General Assembly.

23           (Source: P.A. 101-9, eff. 6-5-19; 102-108, eff. 1-1-22;  
24 102-558, eff. 8-20-21; 102-605, eff. 8-27-21; 102-662, eff.  
25 9-15-21; 102-673, eff. 11-30-21; 102-813, eff. 5-13-22;  
26 102-1125, eff. 2-3-23.)

1           Section 45-10. The Economic Development for a Growing  
2 Economy Tax Credit Act is amended by changing Sections 5-5 and  
3 5-15 as follows:

4           (35 ILCS 10/5-5)

5           Sec. 5-5. Definitions. As used in this Act:

6           "Agreement" means the Agreement between a Taxpayer and the  
7 Department under the provisions of Section 5-50 of this Act.

8           "Applicant" means a Taxpayer that is operating a business  
9 located or that the Taxpayer plans to locate within the State  
10 of Illinois and that is engaged in interstate or intrastate  
11 commerce for the purpose of manufacturing, processing,  
12 assembling, warehousing, or distributing products, conducting  
13 research and development, providing tourism services, or  
14 providing services in interstate commerce, office industries,  
15 or agricultural processing, but excluding retail, retail food,  
16 health, or professional services. "Applicant" does not include  
17 a Taxpayer who closes or substantially reduces an operation at  
18 one location in the State and relocates substantially the same  
19 operation to another location in the State. This does not  
20 prohibit a Taxpayer from expanding its operations at another  
21 location in the State, provided that existing operations of a  
22 similar nature located within the State are not closed or  
23 substantially reduced. This also does not prohibit a Taxpayer  
24 from moving its operations from one location in the State to

1 another location in the State for the purpose of expanding the  
2 operation provided that the Department determines that  
3 expansion cannot reasonably be accommodated within the  
4 municipality in which the business is located, or in the case  
5 of a business located in an incorporated area of the county,  
6 within the county in which the business is located, after  
7 conferring with the chief elected official of the municipality  
8 or county and taking into consideration any evidence offered  
9 by the municipality or county regarding the ability to  
10 accommodate expansion within the municipality or county.

11 "Credit" means the amount agreed to between the Department  
12 and Applicant under this Act, but not to exceed the lesser of:  
13 (1) the sum of (i) 50% of the Incremental Income Tax  
14 attributable to New Employees at the Applicant's project and  
15 (ii) 10% of the training costs of New Employees; or (2) 100% of  
16 the Incremental Income Tax attributable to New Employees at  
17 the Applicant's project. However, if the project is located in  
18 an underserved area, then the amount of the Credit may not  
19 exceed the lesser of: (1) the sum of (i) 75% of the Incremental  
20 Income Tax attributable to New Employees at the Applicant's  
21 project and (ii) 10% of the training costs of New Employees; or  
22 (2) 100% of the Incremental Income Tax attributable to New  
23 Employees at the Applicant's project. If the project is not  
24 located in an underserved area and the Applicant agrees to  
25 hire the required number of New Employees, then the maximum  
26 amount of the Credit for that Applicant may be increased by an

1 amount not to exceed 25% of the Incremental Income Tax  
2 attributable to retained employees at the Applicant's project.  
3 If the project is located in an underserved area and the  
4 Applicant agrees to hire the required number of New Employees,  
5 then the maximum amount of the credit for that Applicant may be  
6 increased by an amount not to exceed 50% of the Incremental  
7 Income Tax attributable to retained employees at the  
8 Applicant's project.

9 "Department" means the Department of Commerce and Economic  
10 Opportunity.

11 "Director" means the Director of Commerce and Economic  
12 Opportunity.

13 "Full-time Employee" means an individual who is employed  
14 for consideration for at least 35 hours each week or who  
15 renders any other standard of service generally accepted by  
16 industry custom or practice as full-time employment. An  
17 individual for whom a W-2 is issued by a Professional Employer  
18 Organization (PEO) is a full-time employee if employed in the  
19 service of the Applicant for consideration for at least 35  
20 hours each week or who renders any other standard of service  
21 generally accepted by industry custom or practice as full-time  
22 employment to Applicant.

23 "Incremental Income Tax" means the total amount withheld  
24 during the taxable year from the compensation of New Employees  
25 and, if applicable, retained employees under Article 7 of the  
26 Illinois Income Tax Act arising from employment at a project

1 that is the subject of an Agreement.

2 "New Construction EDGE Agreement" means the Agreement  
3 between a Taxpayer and the Department under the provisions of  
4 Section 5-51 of this Act.

5 "New Construction EDGE Credit" means an amount agreed to  
6 between the Department and the Applicant under this Act as  
7 part of a New Construction EDGE Agreement that does not exceed  
8 50% of the Incremental Income Tax attributable to New  
9 Construction EDGE Employees at the Applicant's project;  
10 however, if the New Construction EDGE Project is located in an  
11 underserved area, then the amount of the New Construction EDGE  
12 Credit may not exceed 75% of the Incremental Income Tax  
13 attributable to New Construction EDGE Employees at the  
14 Applicant's New Construction EDGE Project.

15 "New Construction EDGE Employee" means a laborer or worker  
16 who is employed by an Illinois contractor or subcontractor in  
17 the actual construction work on the site of a New Construction  
18 EDGE Project, pursuant to a New Construction EDGE Agreement.

19 "New Construction EDGE Incremental Income Tax" means the  
20 total amount withheld during the taxable year from the  
21 compensation of New Construction EDGE Employees.

22 "New Construction EDGE Project" means the building of a  
23 Taxpayer's structure or building, or making improvements of  
24 any kind to real property. "New Construction EDGE Project"  
25 does not include the routine operation, routine repair, or  
26 routine maintenance of existing structures, buildings, or real

1 property.

2 "New Employee" means:

3 (a) A Full-time Employee first employed by a Taxpayer  
4 in the project that is the subject of an Agreement and who  
5 is hired after the Taxpayer enters into the tax credit  
6 Agreement.

7 (b) The term "New Employee" does not include:

8 (1) an employee of the Taxpayer who performs a job  
9 that was previously performed by another employee, if  
10 that job existed for at least 6 months before hiring  
11 the employee;

12 (2) an employee of the Taxpayer who was previously  
13 employed in Illinois by a Related Member of the  
14 Taxpayer and whose employment was shifted to the  
15 Taxpayer after the Taxpayer entered into the tax  
16 credit Agreement; or

17 (3) a child, grandchild, parent, or spouse, other  
18 than a spouse who is legally separated from the  
19 individual, of any individual who has a direct or an  
20 indirect ownership interest of at least 5% in the  
21 profits, capital, or value of the Taxpayer.

22 (c) Notwithstanding paragraph (1) of subsection (b),  
23 an employee may be considered a New Employee under the  
24 Agreement if the employee performs a job that was  
25 previously performed by an employee who was:

26 (1) treated under the Agreement as a New Employee;



1           and

2                   (2) promoted by the Taxpayer to another job.

3           (d) Notwithstanding subsection (a), the Department may  
4           award Credit to an Applicant with respect to an employee  
5           hired prior to the date of the Agreement if:

6                   (1) the Applicant is in receipt of a letter from  
7           the Department stating an intent to enter into a  
8           credit Agreement;

9                   (2) the letter described in paragraph (1) is  
10           issued by the Department not later than 15 days after  
11           the effective date of this Act; and

12                   (3) the employee was hired after the date the  
13           letter described in paragraph (1) was issued.

14           "Noncompliance Date" means, in the case of a Taxpayer that  
15           is not complying with the requirements of the Agreement or the  
16           provisions of this Act, the day following the last date upon  
17           which the Taxpayer was in compliance with the requirements of  
18           the Agreement and the provisions of this Act, as determined by  
19           the Director, pursuant to Section 5-65.

20           "Pass Through Entity" means an entity that is exempt from  
21           the tax under subsection (b) or (c) of Section 205 of the  
22           Illinois Income Tax Act.

23           "Professional Employer Organization" (PEO) means an  
24           employee leasing company, as defined in Section 206.1(A)(2) of  
25           the Illinois Unemployment Insurance Act.

26           "Related Member" means a person that, with respect to the

1 Taxpayer during any portion of the taxable year, is any one of  
2 the following:

3 (1) An individual stockholder, if the stockholder and  
4 the members of the stockholder's family (as defined in  
5 Section 318 of the Internal Revenue Code) own directly,  
6 indirectly, beneficially, or constructively, in the  
7 aggregate, at least 50% of the value of the Taxpayer's  
8 outstanding stock.

9 (2) A partnership, estate, or trust and any partner or  
10 beneficiary, if the partnership, estate, or trust, and its  
11 partners or beneficiaries own directly, indirectly,  
12 beneficially, or constructively, in the aggregate, at  
13 least 50% of the profits, capital, stock, or value of the  
14 Taxpayer.

15 (3) A corporation, and any party related to the  
16 corporation in a manner that would require an attribution  
17 of stock from the corporation to the party or from the  
18 party to the corporation under the attribution rules of  
19 Section 318 of the Internal Revenue Code, if the Taxpayer  
20 owns directly, indirectly, beneficially, or constructively  
21 at least 50% of the value of the corporation's outstanding  
22 stock.

23 (4) A corporation and any party related to that  
24 corporation in a manner that would require an attribution  
25 of stock from the corporation to the party or from the  
26 party to the corporation under the attribution rules of

1 Section 318 of the Internal Revenue Code, if the  
2 corporation and all such related parties own in the  
3 aggregate at least 50% of the profits, capital, stock, or  
4 value of the Taxpayer.

5 (5) A person to or from whom there is attribution of  
6 stock ownership in accordance with Section 1563(e) of the  
7 Internal Revenue Code, except, for purposes of determining  
8 whether a person is a Related Member under this paragraph,  
9 20% shall be substituted for 5% wherever 5% appears in  
10 Section 1563(e) of the Internal Revenue Code.

11 "Startup taxpayer" means, for Agreements that are executed  
12 before the effective date of the changes made to this Section  
13 by this amendatory Act of the 103rd General Assembly, a  
14 corporation, partnership, or other entity incorporated or  
15 organized no more than 5 years before the filing of an  
16 application for an Agreement that has never had any Illinois  
17 income tax liability, excluding any Illinois income tax  
18 liability of a Related Member which shall not be attributed to  
19 the startup taxpayer. "Startup taxpayer" means, for Agreements  
20 that are executed on or after the effective date of this  
21 amendatory Act of the 103rd General Assembly, a corporation,  
22 partnership, or other entity that is incorporated or organized  
23 no more than 10 years before the filing of an application for  
24 an Agreement and that has never had any Illinois income tax  
25 liability. For the purpose of determining whether the taxpayer  
26 has had any Illinois income tax liability, the Illinois income

1 tax liability of a Related Member shall not be attributed to  
2 the startup taxpayer.

3 "Taxpayer" means an individual, corporation, partnership,  
4 or other entity that has any Illinois Income Tax liability.

5 Until July 1, 2022, "underserved area" means a geographic  
6 area that meets one or more of the following conditions:

7 (1) the area has a poverty rate of at least 20%  
8 according to the latest federal decennial census;

9 (2) 75% or more of the children in the area  
10 participate in the federal free lunch program according to  
11 reported statistics from the State Board of Education;

12 (3) at least 20% of the households in the area receive  
13 assistance under the Supplemental Nutrition Assistance  
14 Program (SNAP); or

15 (4) the area has an average unemployment rate, as  
16 determined by the Illinois Department of Employment  
17 Security, that is more than 120% of the national  
18 unemployment average, as determined by the U.S. Department  
19 of Labor, for a period of at least 2 consecutive calendar  
20 years preceding the date of the application.

21 On and after July 1, 2022, "underserved area" means a  
22 geographic area that meets one or more of the following  
23 conditions:

24 (1) the area has a poverty rate of at least 20%  
25 according to the latest American Community Survey;

26 (2) 35% or more of the families with children in the

1 area are living below 130% of the poverty line, according  
2 to the latest American Community Survey;

3 (3) at least 20% of the households in the area receive  
4 assistance under the Supplemental Nutrition Assistance  
5 Program (SNAP); or

6 (4) the area has an average unemployment rate, as  
7 determined by the Illinois Department of Employment  
8 Security, that is more than 120% of the national  
9 unemployment average, as determined by the U.S. Department  
10 of Labor, for a period of at least 2 consecutive calendar  
11 years preceding the date of the application.

12 (Source: P.A. 101-9, eff. 6-5-19; 102-330, eff. 1-1-22;  
13 102-700, eff. 4-19-22; 102-1125, eff. 2-3-23.)

14 (35 ILCS 10/5-15)

15 Sec. 5-15. Tax Credit Awards. Subject to the conditions  
16 set forth in this Act, a Taxpayer is entitled to a Credit  
17 against or, as described in subsection (g) of this Section, a  
18 payment towards taxes imposed pursuant to subsections (a) and  
19 (b) of Section 201 of the Illinois Income Tax Act that may be  
20 imposed on the Taxpayer for a taxable year beginning on or  
21 after January 1, 1999, if the Taxpayer is awarded a Credit by  
22 the Department under this Act for that taxable year.

23 (a) The Department shall make Credit awards under this Act  
24 to foster job creation and retention in Illinois.

25 (b) A person that proposes a project to create new jobs in

1 Illinois must enter into an Agreement with the Department for  
2 the Credit under this Act.

3 (c) The Credit shall be claimed for the taxable years  
4 specified in the Agreement.

5 (d) The Credit shall not exceed the Incremental Income Tax  
6 attributable to the project that is the subject of the  
7 Agreement.

8 (e) Nothing herein shall prohibit a Tax Credit Award to an  
9 Applicant that uses a PEO if all other award criteria are  
10 satisfied.

11 (f) In lieu of the Credit allowed under this Act against  
12 the taxes imposed pursuant to subsections (a) and (b) of  
13 Section 201 of the Illinois Income Tax Act for any taxable year  
14 ending on or after December 31, 2009, for Taxpayers that  
15 entered into Agreements prior to January 1, 2015 and otherwise  
16 meet the criteria set forth in this subsection (f), the  
17 Taxpayer may elect to claim the Credit against its obligation  
18 to pay over withholding under Section 704A of the Illinois  
19 Income Tax Act.

20 (1) The election under this subsection (f) may be made  
21 only by a Taxpayer that (i) is primarily engaged in one of  
22 the following business activities: water purification and  
23 treatment, motor vehicle metal stamping, automobile  
24 manufacturing, automobile and light duty motor vehicle  
25 manufacturing, motor vehicle manufacturing, light truck  
26 and utility vehicle manufacturing, heavy duty truck

1 manufacturing, motor vehicle body manufacturing, cable  
2 television infrastructure design or manufacturing, or  
3 wireless telecommunication or computing terminal device  
4 design or manufacturing for use on public networks and  
5 (ii) meets the following criteria:

6 (A) the Taxpayer (i) had an Illinois net loss or an  
7 Illinois net loss deduction under Section 207 of the  
8 Illinois Income Tax Act for the taxable year in which  
9 the Credit is awarded, (ii) employed a minimum of  
10 1,000 full-time employees in this State during the  
11 taxable year in which the Credit is awarded, (iii) has  
12 an Agreement under this Act on December 14, 2009 (the  
13 effective date of Public Act 96-834), and (iv) is in  
14 compliance with all provisions of that Agreement;

15 (B) the Taxpayer (i) had an Illinois net loss or an  
16 Illinois net loss deduction under Section 207 of the  
17 Illinois Income Tax Act for the taxable year in which  
18 the Credit is awarded, (ii) employed a minimum of  
19 1,000 full-time employees in this State during the  
20 taxable year in which the Credit is awarded, and (iii)  
21 has applied for an Agreement within 365 days after  
22 December 14, 2009 (the effective date of Public Act  
23 96-834);

24 (C) the Taxpayer (i) had an Illinois net operating  
25 loss carryforward under Section 207 of the Illinois  
26 Income Tax Act in a taxable year ending during

1 calendar year 2008, (ii) has applied for an Agreement  
2 within 150 days after the effective date of this  
3 amendatory Act of the 96th General Assembly, (iii)  
4 creates at least 400 new jobs in Illinois, (iv)  
5 retains at least 2,000 jobs in Illinois that would  
6 have been at risk of relocation out of Illinois over a  
7 10-year period, and (v) makes a capital investment of  
8 at least \$75,000,000;

9 (D) the Taxpayer (i) had an Illinois net operating  
10 loss carryforward under Section 207 of the Illinois  
11 Income Tax Act in a taxable year ending during  
12 calendar year 2009, (ii) has applied for an Agreement  
13 within 150 days after the effective date of this  
14 amendatory Act of the 96th General Assembly, (iii)  
15 creates at least 150 new jobs, (iv) retains at least  
16 1,000 jobs in Illinois that would have been at risk of  
17 relocation out of Illinois over a 10-year period, and  
18 (v) makes a capital investment of at least  
19 \$57,000,000; or

20 (E) the Taxpayer (i) employed at least 2,500  
21 full-time employees in the State during the year in  
22 which the Credit is awarded, (ii) commits to make at  
23 least \$500,000,000 in combined capital improvements  
24 and project costs under the Agreement, (iii) applies  
25 for an Agreement between January 1, 2011 and June 30,  
26 2011, (iv) executes an Agreement for the Credit during



1 calendar year 2011, and (v) was incorporated no more  
2 than 5 years before the filing of an application for an  
3 Agreement.

4 (1.5) The election under this subsection (f) may also  
5 be made by a Taxpayer for any Credit awarded pursuant to an  
6 agreement that was executed between January 1, 2011 and  
7 June 30, 2011, if the Taxpayer (i) is primarily engaged in  
8 the manufacture of inner tubes or tires, or both, from  
9 natural and synthetic rubber, (ii) employs a minimum of  
10 2,400 full-time employees in Illinois at the time of  
11 application, (iii) creates at least 350 full-time jobs and  
12 retains at least 250 full-time jobs in Illinois that would  
13 have been at risk of being created or retained outside of  
14 Illinois, and (iv) makes a capital investment of at least  
15 \$200,000,000 at the project location.

16 (1.6) The election under this subsection (f) may also  
17 be made by a Taxpayer for any Credit awarded pursuant to an  
18 agreement that was executed within 150 days after the  
19 effective date of this amendatory Act of the 97th General  
20 Assembly, if the Taxpayer (i) is primarily engaged in the  
21 operation of a discount department store, (ii) maintains  
22 its corporate headquarters in Illinois, (iii) employs a  
23 minimum of 4,250 full-time employees at its corporate  
24 headquarters in Illinois at the time of application, (iv)  
25 retains at least 4,250 full-time jobs in Illinois that  
26 would have been at risk of being relocated outside of

1 Illinois, (v) had a minimum of \$40,000,000,000 in total  
2 revenue in 2010, and (vi) makes a capital investment of at  
3 least \$300,000,000 at the project location.

4 (1.7) Notwithstanding any other provision of law, the  
5 election under this subsection (f) may also be made by a  
6 Taxpayer for any Credit awarded pursuant to an agreement  
7 that was executed or applied for on or after July 1, 2011  
8 and on or before March 31, 2012, if the Taxpayer is  
9 primarily engaged in the manufacture of original and  
10 aftermarket filtration parts and products for automobiles,  
11 motor vehicles, light duty motor vehicles, light trucks  
12 and utility vehicles, and heavy duty trucks, (ii) employs  
13 a minimum of 1,000 full-time employees in Illinois at the  
14 time of application, (iii) creates at least 250 full-time  
15 jobs in Illinois, (iv) relocates its corporate  
16 headquarters to Illinois from another state, and (v) makes  
17 a capital investment of at least \$4,000,000 at the project  
18 location.

19 (1.8) Notwithstanding any other provision of law, the  
20 election under this subsection (f) may also be made by a  
21 startup taxpayer for any Credit awarded pursuant to an  
22 Agreement that was executed ~~or applied for~~ on or after the  
23 effective date of this amendatory Act of the 102nd General  
24 Assembly, ~~if the startup taxpayer, without considering any~~  
25 ~~Related Member or other investor, (i) has never had any~~  
26 ~~Illinois income tax liability and (ii) was incorporated no~~

1 ~~more than 5 years before the filing of an application for~~  
2 ~~an Agreement.~~ Any such election under this paragraph (1.8)  
3 shall be effective unless and until such startup taxpayer  
4 has any Illinois income tax liability. This election under  
5 this paragraph (1.8) shall automatically terminate when  
6 the startup taxpayer has any Illinois income tax liability  
7 at the end of any taxable year during the term of the  
8 Agreement. Thereafter, the startup taxpayer may receive a  
9 Credit, taking into account any benefits previously  
10 enjoyed or received by way of the election under this  
11 paragraph (1.8), so long as the startup taxpayer remains  
12 in compliance with the terms and conditions of the  
13 Agreement.

14 (2) An election under this subsection shall allow the  
15 credit to be taken against payments otherwise due under  
16 Section 704A of the Illinois Income Tax Act during the  
17 first calendar ~~quarter~~ year beginning after the end of the  
18 taxable ~~quarter~~ year in which the credit is awarded under  
19 this Act.

20 (3) The election shall be made in the form and manner  
21 required by the Illinois Department of Revenue and, once  
22 made, shall be irrevocable.

23 (4) If a Taxpayer who meets the requirements of  
24 subparagraph (A) of paragraph (1) of this subsection (f)  
25 elects to claim the Credit against its withholdings as  
26 provided in this subsection (f), then, on and after the

1 date of the election, the terms of the Agreement between  
2 the Taxpayer and the Department may not be further amended  
3 during the term of the Agreement.

4 (g) A pass-through entity that has been awarded a credit  
5 under this Act, its shareholders, or its partners may treat  
6 some or all of the credit awarded pursuant to this Act as a tax  
7 payment for purposes of the Illinois Income Tax Act. The term  
8 "tax payment" means a payment as described in Article 6 or  
9 Article 8 of the Illinois Income Tax Act or a composite payment  
10 made by a pass-through entity on behalf of any of its  
11 shareholders or partners to satisfy such shareholders' or  
12 partners' taxes imposed pursuant to subsections (a) and (b) of  
13 Section 201 of the Illinois Income Tax Act. In no event shall  
14 the amount of the award credited pursuant to this Act exceed  
15 the Illinois income tax liability of the pass-through entity  
16 or its shareholders or partners for the taxable year.

17 (Source: P.A. 102-700, eff. 4-19-22.)

18 Section 45-15. The Public Utilities Act is amended by  
19 changing Section 9-222.1A as follows:

20 (220 ILCS 5/9-222.1A)

21 Sec. 9-222.1A. High impact business. Beginning on August  
22 1, 1998 and thereafter, a business enterprise that is  
23 certified as a High Impact Business by the Department of  
24 Commerce and Economic Opportunity (formerly Department of

1 Commerce and Community Affairs) is exempt from the tax imposed  
2 by Section 2-4 of the Electricity Excise Tax Law, if the High  
3 Impact Business is registered to self-assess that tax, and is  
4 exempt from any additional charges added to the business  
5 enterprise's utility bills as a pass-on of State utility taxes  
6 under Section 9-222 of this Act, to the extent the tax or  
7 charges are exempted by the percentage specified by the  
8 Department of Commerce and Economic Opportunity for State  
9 utility taxes, provided the business enterprise meets the  
10 following criteria:

11 (1) (A) it intends either (i) to make a minimum  
12 eligible investment of \$12,000,000 that will be placed  
13 in service in qualified property in Illinois and is  
14 intended to create at least 500 full-time equivalent  
15 jobs at a designated location in Illinois; or (ii) to  
16 make a minimum eligible investment of \$30,000,000 that  
17 will be placed in service in qualified property in  
18 Illinois and is intended to retain at least 1,500  
19 full-time equivalent jobs at a designated location in  
20 Illinois; or

21 (B) it meets the criteria of subdivision  
22 (a) (3) (B), (a) (3) (C), (a) (3) (D), ~~or~~ (a) (3) (F), or  
23 (a) (3) (G) of Section 5.5 of the Illinois Enterprise  
24 Zone Act;

25 (2) it is designated as a High Impact Business by the  
26 Department of Commerce and Economic Opportunity; and

1           (3) it is certified by the Department of Commerce and  
2           Economic Opportunity as complying with the requirements  
3           specified in clauses (1) and (2) of this Section.

4           The Department of Commerce and Economic Opportunity shall  
5           determine the period during which the exemption from the  
6           Electricity Excise Tax Law and the charges imposed under  
7           Section 9-222 are in effect and shall specify the percentage  
8           of the exemption from those taxes or additional charges.

9           The Department of Commerce and Economic Opportunity is  
10          authorized to promulgate rules and regulations to carry out  
11          the provisions of this Section, including procedures for  
12          complying with the requirements specified in clauses (1) and  
13          (2) of this Section and procedures for applying for the  
14          exemptions authorized under this Section; to define the  
15          amounts and types of eligible investments that business  
16          enterprises must make in order to receive State utility tax  
17          exemptions or exemptions from the additional charges imposed  
18          under Section 9-222 and this Section; to approve such utility  
19          tax exemptions for business enterprises whose investments are  
20          not yet placed in service; and to require that business  
21          enterprises granted tax exemptions or exemptions from  
22          additional charges under Section 9-222 repay the exempted  
23          amount if the business enterprise fails to comply with the  
24          terms and conditions of the certification.

25          Upon certification of the business enterprises by the  
26          Department of Commerce and Economic Opportunity, the

1 Department of Commerce and Economic Opportunity shall notify  
2 the Department of Revenue of the certification. The Department  
3 of Revenue shall notify the public utilities of the exemption  
4 status of business enterprises from the tax or pass-on charges  
5 of State utility taxes. The exemption status shall take effect  
6 within 3 months after certification of the business  
7 enterprise.

8 (Source: P.A. 102-1125, eff. 2-3-23.)

9 ARTICLE 50. INVESTMENT PARTNERSHIPS

10 Section 50-5. The Illinois Income Tax Act is amended by  
11 changing Sections 709.5 and 1501 as follows:

12 (35 ILCS 5/709.5)

13 Sec. 709.5. Withholding by partnerships, Subchapter S  
14 corporations, and trusts.

15 (a) In general. For each taxable year ending on or after  
16 December 31, 2008, every partnership (other than a publicly  
17 traded partnership under Section 7704 of the Internal Revenue  
18 Code or investment partnership), Subchapter S corporation, and  
19 trust must withhold from each nonresident partner,  
20 shareholder, or beneficiary (other than a partner,  
21 shareholder, or beneficiary who is exempt from tax under  
22 Section 501(a) of the Internal Revenue Code or under Section  
23 205 of this Act, who is included on a composite return filed by

1 the partnership or Subchapter S corporation for the taxable  
2 year under subsection (f) of Section 502 of this Act), or who  
3 is a retired partner, to the extent that partner's  
4 distributions are exempt from tax under Section 203(a)(2)(F)  
5 of this Act) an amount equal to the sum of (i) the share of  
6 business income of the partnership, Subchapter S corporation,  
7 or trust apportionable to Illinois plus (ii) for taxable years  
8 ending on or after December 31, 2014, the share of nonbusiness  
9 income of the partnership, Subchapter S corporation, or trust  
10 allocated to Illinois under Section 303 of this Act (other  
11 than an amount allocated to the commercial domicile of the  
12 taxpayer under Section 303 of this Act) that is distributable  
13 to that partner, shareholder, or beneficiary under Sections  
14 702 and 704 and Subchapter S of the Internal Revenue Code,  
15 whether or not distributed, (iii) multiplied by the applicable  
16 rates of tax for that partner, shareholder, or beneficiary  
17 under subsections (a) through (d) of Section 201 of this Act,  
18 and (iv) net of the share of any credit under Article 2 of this  
19 Act that is distributable by the partnership, Subchapter S  
20 corporation, or trust and allowable against the tax liability  
21 of that partner, shareholder, or beneficiary for a taxable  
22 year ending on or after December 31, 2014.

23 (b) Credit for taxes withheld. Any amount withheld under  
24 subsection (a) of this Section and paid to the Department  
25 shall be treated as a payment of the estimated tax liability or  
26 of the liability for withholding under this Section of the



1 partner, shareholder, or beneficiary to whom the income is  
2 distributable for the taxable year in which that person  
3 incurred a liability under this Act with respect to that  
4 income. The Department shall adopt rules pursuant to which a  
5 partner, shareholder, or beneficiary may claim a credit  
6 against its obligation for withholding under this Section for  
7 amounts withheld under this Section with respect to income  
8 distributable to it by a partnership, Subchapter S  
9 corporation, or trust and allowing its partners, shareholders,  
10 or beneficiaries to claim a credit under this subsection (b)  
11 for those withheld amounts.

12 (c) Exemption from withholding.

13 (1) A partnership, Subchapter S corporation, or trust  
14 shall not be required to withhold tax under subsection (a)  
15 of this Section with respect to any nonresident partner,  
16 shareholder, or beneficiary (other than an individual)  
17 from whom the partnership, S corporation, or trust has  
18 received a certificate, completed in the form and manner  
19 prescribed by the Department, stating that such  
20 nonresident partner, shareholder, or beneficiary shall:

21 (A) file all returns that the partner,  
22 shareholder, or beneficiary is required to file under  
23 Section 502 of this Act and make timely payment of all  
24 taxes imposed under Section 201 of this Act or under  
25 this Section on the partner, shareholder, or  
26 beneficiary with respect to income of the partnership,

1 S corporation, or trust; and

2 (B) be subject to personal jurisdiction in this  
3 State for purposes of the collection of income taxes,  
4 together with related interest and penalties, imposed  
5 on the partner, shareholder, or beneficiary with  
6 respect to the income of the partnership, S  
7 corporation, or trust.

8 (2) The Department may revoke the exemption provided  
9 by this subsection (c) at any time that it determines that  
10 the nonresident partner, shareholder, or beneficiary is  
11 not abiding by the terms of the certificate. The  
12 Department shall notify the partnership, S corporation, or  
13 trust that it has revoked a certificate by notice left at  
14 the usual place of business of the partnership, S  
15 corporation, or trust or by mail to the last known address  
16 of the partnership, S corporation, or trust.

17 (3) A partnership, S corporation, or trust that  
18 receives a certificate under this subsection (c) properly  
19 completed by a nonresident partner, shareholder, or  
20 beneficiary shall not be required to withhold any amount  
21 from that partner, shareholder, or beneficiary, the  
22 payment of which would be due under Section 711(a-5) of  
23 this Act after the receipt of the certificate and no  
24 earlier than 60 days after the Department has notified the  
25 partnership, S corporation, or trust that the certificate  
26 has been revoked.

1           (4) Certificates received by a partnership, S  
2 corporation, or trust under this subsection (c) must be  
3 retained by the partnership, S corporation, or trust and a  
4 record of such certificates must be provided to the  
5 Department, in a format in which the record is available  
6 for review by the Department, upon request by the  
7 Department. The Department may, by rule, require the  
8 record of certificates to be maintained and provided to  
9 the Department electronically.

10       (d) For taxable years ending on and after December 31,  
11 2023, every investment partnership, as defined in Section 1501  
12 of this Act, shall withhold from each nonresident partner  
13 (other than a partner who is exempt from tax under Section  
14 501(a) of the Internal Revenue Code or under Section 205 of  
15 this Act, or who is a retired partner, to the extent that  
16 partner's distributions are exempt from tax under Section  
17 203(a)(2)(F) of this Act) an amount calculated as follows:

18           (1) the sum of (i) the share of income that, but for  
19 the provisions of subsection (c-5) of Section 305 of this  
20 Act, would be apportioned to Illinois by the investment  
21 partnership under subsection (a) of Section 305 of this  
22 Act and (ii) the share of nonbusiness income that, but for  
23 the provisions of subsection (c-5) of Section 305 of this  
24 Act, would be allocated to Illinois by the investment  
25 partnership under subsection (b) of Sections 305 and  
26 Section 303 of this Act (other than an amount allocated to

1 the commercial domicile of the taxpayer under Section 303  
2 of this Act) that is distributable to that partner under  
3 Sections 702 and 704 of the Internal Revenue Code, whether  
4 or not distributed; multiplied by

5 (2) the applicable rates of tax for that partner under  
6 subsections (a) through (d) of Section 201 of this Act  
7 (except that, if the partner is a partnership or  
8 subchapter S corporation, the rate shall be equal to the  
9 rate imposed on individuals under subsection (b) of  
10 Section 201 of this Act); and

11 (3) net of the investment partnership's distributive  
12 share of any credit under Article 2 of this Act that is  
13 distributable by the partnership and first allowable  
14 against the tax liability of that partner for a taxable  
15 year ending on or after December 31, 2023.

16 Except to the extent that the income of the investment  
17 partnership is business income in the hands of the partner  
18 under subsection (c-5) of Section 305 of this Act, no credit  
19 for taxes withheld shall be allowed under subsection (b) of  
20 this Section for amounts withheld under this subsection.

21 The provisions of subsection (c) of this Section, allowing  
22 for exemption from withholding, shall not apply for purposes  
23 of this subsection.

24 (Source: P.A. 100-201, eff. 8-18-17.)

25 (35 ILCS 5/1501) (from Ch. 120, par. 15-1501)

1           Sec. 1501. Definitions.

2           (a) In general. When used in this Act, where not otherwise  
3 distinctly expressed or manifestly incompatible with the  
4 intent thereof:

5           (1) Business income. The term "business income" means  
6 all income that may be treated as apportionable business  
7 income under the Constitution of the United States.  
8 Business income is net of the deductions allocable  
9 thereto. Such term does not include compensation or the  
10 deductions allocable thereto. For each taxable year  
11 beginning on or after January 1, 2003, a taxpayer may  
12 elect to treat all income other than compensation as  
13 business income. This election shall be made in accordance  
14 with rules adopted by the Department and, once made, shall  
15 be irrevocable.

16           (1.5) Captive real estate investment trust:

17           (A) The term "captive real estate investment  
18 trust" means a corporation, trust, or association:

19           (i) that is considered a real estate  
20 investment trust for the taxable year under  
21 Section 856 of the Internal Revenue Code;

22           (ii) the certificates of beneficial interest  
23 or shares of which are not regularly traded on an  
24 established securities market; and

25           (iii) of which more than 50% of the voting  
26 power or value of the beneficial interest or

1 shares, at any time during the last half of the  
2 taxable year, is owned or controlled, directly,  
3 indirectly, or constructively, by a single  
4 corporation.

5 (B) The term "captive real estate investment  
6 trust" does not include:

7 (i) a real estate investment trust of which  
8 more than 50% of the voting power or value of the  
9 beneficial interest or shares is owned or  
10 controlled, directly, indirectly, or  
11 constructively, by:

12 (a) a real estate investment trust, other  
13 than a captive real estate investment trust;

14 (b) a person who is exempt from taxation  
15 under Section 501 of the Internal Revenue  
16 Code, and who is not required to treat income  
17 received from the real estate investment trust  
18 as unrelated business taxable income under  
19 Section 512 of the Internal Revenue Code;

20 (c) a listed Australian property trust, if  
21 no more than 50% of the voting power or value  
22 of the beneficial interest or shares of that  
23 trust, at any time during the last half of the  
24 taxable year, is owned or controlled, directly  
25 or indirectly, by a single person;

26 (d) an entity organized as a trust,

1 provided a listed Australian property trust  
2 described in subparagraph (c) owns or  
3 controls, directly or indirectly, or  
4 constructively, 75% or more of the voting  
5 power or value of the beneficial interests or  
6 shares of such entity; or

7 (e) an entity that is organized outside of  
8 the laws of the United States and that  
9 satisfies all of the following criteria:

10 (1) at least 75% of the entity's total  
11 asset value at the close of its taxable  
12 year is represented by real estate assets  
13 (as defined in Section 856(c)(5)(B) of the  
14 Internal Revenue Code, thereby including  
15 shares or certificates of beneficial  
16 interest in any real estate investment  
17 trust), cash and cash equivalents, and  
18 U.S. Government securities;

19 (2) the entity is not subject to tax  
20 on amounts that are distributed to its  
21 beneficial owners or is exempt from  
22 entity-level taxation;

23 (3) the entity distributes at least  
24 85% of its taxable income (as computed in  
25 the jurisdiction in which it is organized)  
26 to the holders of its shares or

1 certificates of beneficial interest on an  
2 annual basis;

3 (4) either (i) the shares or  
4 beneficial interests of the entity are  
5 regularly traded on an established  
6 securities market or (ii) not more than  
7 10% of the voting power or value in the  
8 entity is held, directly, indirectly, or  
9 constructively, by a single entity or  
10 individual; and

11 (5) the entity is organized in a  
12 country that has entered into a tax treaty  
13 with the United States; or

14 (ii) during its first taxable year for which  
15 it elects to be treated as a real estate  
16 investment trust under Section 856(c)(1) of the  
17 Internal Revenue Code, a real estate investment  
18 trust the certificates of beneficial interest or  
19 shares of which are not regularly traded on an  
20 established securities market, but only if the  
21 certificates of beneficial interest or shares of  
22 the real estate investment trust are regularly  
23 traded on an established securities market prior  
24 to the earlier of the due date (including  
25 extensions) for filing its return under this Act  
26 for that first taxable year or the date it



1           actually files that return.

2           (C) For the purposes of this subsection (1.5), the  
3           constructive ownership rules prescribed under Section  
4           318(a) of the Internal Revenue Code, as modified by  
5           Section 856(d)(5) of the Internal Revenue Code, apply  
6           in determining the ownership of stock, assets, or net  
7           profits of any person.

8           (D) For the purposes of this item (1.5), for  
9           taxable years ending on or after August 16, 2007, the  
10          voting power or value of the beneficial interest or  
11          shares of a real estate investment trust does not  
12          include any voting power or value of beneficial  
13          interest or shares in a real estate investment trust  
14          held directly or indirectly in a segregated asset  
15          account by a life insurance company (as described in  
16          Section 817 of the Internal Revenue Code) to the  
17          extent such voting power or value is for the benefit of  
18          entities or persons who are either immune from  
19          taxation or exempt from taxation under subtitle A of  
20          the Internal Revenue Code.

21          (2) Commercial domicile. The term "commercial  
22          domicile" means the principal place from which the trade  
23          or business of the taxpayer is directed or managed.

24          (3) Compensation. The term "compensation" means wages,  
25          salaries, commissions and any other form of remuneration  
26          paid to employees for personal services.

1           (4) Corporation. The term "corporation" includes  
2           associations, joint-stock companies, insurance companies  
3           and cooperatives. Any entity, including a limited  
4           liability company formed under the Illinois Limited  
5           Liability Company Act, shall be treated as a corporation  
6           if it is so classified for federal income tax purposes.

7           (5) Department. The term "Department" means the  
8           Department of Revenue of this State.

9           (6) Director. The term "Director" means the Director  
10          of Revenue of this State.

11          (7) Fiduciary. The term "fiduciary" means a guardian,  
12          trustee, executor, administrator, receiver, or any person  
13          acting in any fiduciary capacity for any person.

14          (8) Financial organization.

15                (A) The term "financial organization" means any  
16          bank, bank holding company, trust company, savings  
17          bank, industrial bank, land bank, safe deposit  
18          company, private banker, savings and loan association,  
19          building and loan association, credit union, currency  
20          exchange, cooperative bank, small loan company, sales  
21          finance company, investment company, or any person  
22          which is owned by a bank or bank holding company. For  
23          the purpose of this Section a "person" will include  
24          only those persons which a bank holding company may  
25          acquire and hold an interest in, directly or  
26          indirectly, under the provisions of the Bank Holding

1 Company Act of 1956 (12 U.S.C. 1841, et seq.), except  
2 where interests in any person must be disposed of  
3 within certain required time limits under the Bank  
4 Holding Company Act of 1956.

5 (B) For purposes of subparagraph (A) of this  
6 paragraph, the term "bank" includes (i) any entity  
7 that is regulated by the Comptroller of the Currency  
8 under the National Bank Act, or by the Federal Reserve  
9 Board, or by the Federal Deposit Insurance Corporation  
10 and (ii) any federally or State chartered bank  
11 operating as a credit card bank.

12 (C) For purposes of subparagraph (A) of this  
13 paragraph, the term "sales finance company" has the  
14 meaning provided in the following item (i) or (ii):

15 (i) A person primarily engaged in one or more  
16 of the following businesses: the business of  
17 purchasing customer receivables, the business of  
18 making loans upon the security of customer  
19 receivables, the business of making loans for the  
20 express purpose of funding purchases of tangible  
21 personal property or services by the borrower, or  
22 the business of finance leasing. For purposes of  
23 this item (i), "customer receivable" means:

24 (a) a retail installment contract or  
25 retail charge agreement within the meaning of  
26 the Sales Finance Agency Act, the Retail

1           Installment Sales Act, or the Motor Vehicle  
2           Retail Installment Sales Act;

3                   (b) an installment, charge, credit, or  
4                   similar contract or agreement arising from the  
5                   sale of tangible personal property or services  
6                   in a transaction involving a deferred payment  
7                   price payable in one or more installments  
8                   subsequent to the sale; or

9                   (c) the outstanding balance of a contract  
10                  or agreement described in provisions (a) or  
11                  (b) of this item (i).

12                  A customer receivable need not provide for  
13                  payment of interest on deferred payments. A sales  
14                  finance company may purchase a customer receivable  
15                  from, or make a loan secured by a customer  
16                  receivable to, the seller in the original  
17                  transaction or to a person who purchased the  
18                  customer receivable directly or indirectly from  
19                  that seller.

20                  (ii) A corporation meeting each of the  
21                  following criteria:

22                          (a) the corporation must be a member of an  
23                          "affiliated group" within the meaning of  
24                          Section 1504(a) of the Internal Revenue Code,  
25                          determined without regard to Section 1504(b)  
26                          of the Internal Revenue Code;

1 (b) more than 50% of the gross income of  
2 the corporation for the taxable year must be  
3 interest income derived from qualifying loans.  
4 A "qualifying loan" is a loan made to a member  
5 of the corporation's affiliated group that  
6 originates customer receivables (within the  
7 meaning of item (i)) or to whom customer  
8 receivables originated by a member of the  
9 affiliated group have been transferred, to the  
10 extent the average outstanding balance of  
11 loans from that corporation to members of its  
12 affiliated group during the taxable year do  
13 not exceed the limitation amount for that  
14 corporation. The "limitation amount" for a  
15 corporation is the average outstanding  
16 balances during the taxable year of customer  
17 receivables (within the meaning of item (i))  
18 originated by all members of the affiliated  
19 group. If the average outstanding balances of  
20 the loans made by a corporation to members of  
21 its affiliated group exceed the limitation  
22 amount, the interest income of that  
23 corporation from qualifying loans shall be  
24 equal to its interest income from loans to  
25 members of its affiliated groups times a  
26 fraction equal to the limitation amount

1           divided by the average outstanding balances of  
2           the loans made by that corporation to members  
3           of its affiliated group;

4           (c) the total of all shareholder's equity  
5           (including, without limitation, paid-in  
6           capital on common and preferred stock and  
7           retained earnings) of the corporation plus the  
8           total of all of its loans, advances, and other  
9           obligations payable or owed to members of its  
10          affiliated group may not exceed 20% of the  
11          total assets of the corporation at any time  
12          during the tax year; and

13          (d) more than 50% of all interest-bearing  
14          obligations of the affiliated group payable to  
15          persons outside the group determined in  
16          accordance with generally accepted accounting  
17          principles must be obligations of the  
18          corporation.

19                This amendatory Act of the 91st General Assembly  
20                is declaratory of existing law.

21                (D) Subparagraphs (B) and (C) of this paragraph  
22                are declaratory of existing law and apply  
23                retroactively, for all tax years beginning on or  
24                before December 31, 1996, to all original returns, to  
25                all amended returns filed no later than 30 days after  
26                the effective date of this amendatory Act of 1996, and

1 to all notices issued on or before the effective date  
2 of this amendatory Act of 1996 under subsection (a) of  
3 Section 903, subsection (a) of Section 904, subsection  
4 (e) of Section 909, or Section 912. A taxpayer that is  
5 a "financial organization" that engages in any  
6 transaction with an affiliate shall be a "financial  
7 organization" for all purposes of this Act.

8 (E) For all tax years beginning on or before  
9 December 31, 1996, a taxpayer that falls within the  
10 definition of a "financial organization" under  
11 subparagraphs (B) or (C) of this paragraph, but who  
12 does not fall within the definition of a "financial  
13 organization" under the Proposed Regulations issued by  
14 the Department of Revenue on July 19, 1996, may  
15 irrevocably elect to apply the Proposed Regulations  
16 for all of those years as though the Proposed  
17 Regulations had been lawfully promulgated, adopted,  
18 and in effect for all of those years. For purposes of  
19 applying subparagraphs (B) or (C) of this paragraph to  
20 all of those years, the election allowed by this  
21 subparagraph applies only to the taxpayer making the  
22 election and to those members of the taxpayer's  
23 unitary business group who are ordinarily required to  
24 apportion business income under the same subsection of  
25 Section 304 of this Act as the taxpayer making the  
26 election. No election allowed by this subparagraph

1 shall be made under a claim filed under subsection (d)  
2 of Section 909 more than 30 days after the effective  
3 date of this amendatory Act of 1996.

4 (F) Finance Leases. For purposes of this  
5 subsection, a finance lease shall be treated as a loan  
6 or other extension of credit, rather than as a lease,  
7 regardless of how the transaction is characterized for  
8 any other purpose, including the purposes of any  
9 regulatory agency to which the lessor is subject. A  
10 finance lease is any transaction in the form of a lease  
11 in which the lessee is treated as the owner of the  
12 leased asset entitled to any deduction for  
13 depreciation allowed under Section 167 of the Internal  
14 Revenue Code.

15 (9) Fiscal year. The term "fiscal year" means an  
16 accounting period of 12 months ending on the last day of  
17 any month other than December.

18 (9.5) Fixed place of business. The term "fixed place  
19 of business" has the same meaning as that term is given in  
20 Section 864 of the Internal Revenue Code and the related  
21 Treasury regulations.

22 (10) Includes and including. The terms "includes" and  
23 "including" when used in a definition contained in this  
24 Act shall not be deemed to exclude other things otherwise  
25 within the meaning of the term defined.

26 (11) Internal Revenue Code. The term "Internal Revenue



1 Code" means the United States Internal Revenue Code of  
2 1954 or any successor law or laws relating to federal  
3 income taxes in effect for the taxable year.

4 (11.5) Investment partnership.

5 (A) For tax years ending before December 31, 2023,  
6 the ~~The~~ term "investment partnership" means any entity  
7 that is treated as a partnership for federal income  
8 tax purposes that meets the following requirements:

9 (i) no less than 90% of the partnership's cost  
10 of its total assets consists of qualifying  
11 investment securities, deposits at banks or other  
12 financial institutions, and office space and  
13 equipment reasonably necessary to carry on its  
14 activities as an investment partnership;

15 (ii) no less than 90% of its gross income  
16 consists of interest, dividends, and gains from  
17 the sale or exchange of qualifying investment  
18 securities; and

19 (iii) the partnership is not a dealer in  
20 qualifying investment securities.

21 (A-5) For tax years ending on or after December  
22 31, 2023, the term "investment partnership" means any  
23 entity that is treated as a partnership for federal  
24 income tax purposes that meets the following  
25 requirements:

26 (i) no less than 90% of the partnership's cost

1           of its total assets consists of qualifying  
2           investment securities, deposits at banks or other  
3           financial institutions, and office space and  
4           equipment reasonably necessary to carry on its  
5           activities as an investment partnership; and

6           (ii) no less than 90% of its gross income  
7           consists of interest, dividends, gains from the  
8           sale or exchange of qualifying investment  
9           securities, and the distributive share of  
10           partnership income from lower-tier partnership  
11           interests meeting the definition of qualifying  
12           investment security under subparagraph (B)(xiii);  
13           for the purposes of this subparagraph (ii), "gross  
14           income" does not include income from partnerships  
15           that are operating at a federal taxable loss.

16           (B) For purposes of this paragraph (11.5), the  
17           term "qualifying investment securities" (other than,  
18           for tax years ending on or after December 31, 2023,  
19           securities with respect to which the taxpayer is  
20           required to apply the rules of Internal Revenue Code  
21           Section 475(a)) includes all of the following:

22           (i) common stock, including preferred or debt  
23           securities convertible into common stock, and  
24           preferred stock;

25           (ii) bonds, debentures, and other debt  
26           securities;

1 (iii) foreign and domestic currency deposits  
2 secured by federal, state, or local governmental  
3 agencies;

4 (iv) mortgage or asset-backed securities  
5 secured by federal, state, or local governmental  
6 agencies;

7 (v) repurchase agreements and loan  
8 participations;

9 (vi) foreign currency exchange contracts and  
10 forward and futures contracts on foreign  
11 currencies;

12 (vii) stock and bond index securities and  
13 futures contracts and other similar financial  
14 securities and futures contracts on those  
15 securities;

16 (viii) options for the purchase or sale of any  
17 of the securities, currencies, contracts, or  
18 financial instruments described in items (i) to  
19 (vii), inclusive;

20 (ix) regulated futures contracts;

21 (x) commodities (not described in Section  
22 1221(a)(1) of the Internal Revenue Code) or  
23 futures, forwards, and options with respect to  
24 such commodities, provided, however, that any item  
25 of a physical commodity to which title is actually  
26 acquired in the partnership's capacity as a dealer

1 in such commodity shall not be a qualifying  
2 investment security;

3 (xi) derivatives; ~~and~~

4 (xii) a partnership interest in another  
5 partnership that is an investment partnership; and

6 ~~and~~

7 (xiii) for tax years ending on or after  
8 December 31, 2023, a partnership interest that, in  
9 the hands of the partnership, qualifies as a  
10 security within the meaning of subsection (a)(1)  
11 of Subchapter 77b of Chapter 2A of Title 15 of the  
12 United States Code.

13 (12) Mathematical error. The term "mathematical error"  
14 includes the following types of errors, omissions, or  
15 defects in a return filed by a taxpayer which prevents  
16 acceptance of the return as filed for processing:

17 (A) arithmetic errors or incorrect computations on  
18 the return or supporting schedules;

19 (B) entries on the wrong lines;

20 (C) omission of required supporting forms or  
21 schedules or the omission of the information in whole  
22 or in part called for thereon; and

23 (D) an attempt to claim, exclude, deduct, or  
24 improperly report, in a manner directly contrary to  
25 the provisions of the Act and regulations thereunder  
26 any item of income, exemption, deduction, or credit.

1           (13) Nonbusiness income. The term "nonbusiness income"  
2 means all income other than business income or  
3 compensation.

4           (14) Nonresident. The term "nonresident" means a  
5 person who is not a resident.

6           (15) Paid, incurred and accrued. The terms "paid",  
7 "incurred" and "accrued" shall be construed according to  
8 the method of accounting upon the basis of which the  
9 person's base income is computed under this Act.

10           (16) Partnership and partner. The term "partnership"  
11 includes a syndicate, group, pool, joint venture or other  
12 unincorporated organization, through or by means of which  
13 any business, financial operation, or venture is carried  
14 on, and which is not, within the meaning of this Act, a  
15 trust or estate or a corporation; and the term "partner"  
16 includes a member in such syndicate, group, pool, joint  
17 venture or organization.

18           The term "partnership" includes any entity, including  
19 a limited liability company formed under the Illinois  
20 Limited Liability Company Act, classified as a partnership  
21 for federal income tax purposes.

22           The term "partnership" does not include a syndicate,  
23 group, pool, joint venture, or other unincorporated  
24 organization established for the sole purpose of playing  
25 the Illinois State Lottery.

26           (17) Part-year resident. The term "part-year resident"

1 means an individual who became a resident during the  
2 taxable year or ceased to be a resident during the taxable  
3 year. Under Section 1501(a)(20)(A)(i) residence commences  
4 with presence in this State for other than a temporary or  
5 transitory purpose and ceases with absence from this State  
6 for other than a temporary or transitory purpose. Under  
7 Section 1501(a)(20)(A)(ii) residence commences with the  
8 establishment of domicile in this State and ceases with  
9 the establishment of domicile in another State.

10 (18) Person. The term "person" shall be construed to  
11 mean and include an individual, a trust, estate,  
12 partnership, association, firm, company, corporation,  
13 limited liability company, or fiduciary. For purposes of  
14 Section 1301 and 1302 of this Act, a "person" means (i) an  
15 individual, (ii) a corporation, (iii) an officer, agent,  
16 or employee of a corporation, (iv) a member, agent or  
17 employee of a partnership, or (v) a member, manager,  
18 employee, officer, director, or agent of a limited  
19 liability company who in such capacity commits an offense  
20 specified in Section 1301 and 1302.

21 (18A) Records. The term "records" includes all data  
22 maintained by the taxpayer, whether on paper, microfilm,  
23 microfiche, or any type of machine-sensible data  
24 compilation.

25 (19) Regulations. The term "regulations" includes  
26 rules promulgated and forms prescribed by the Department.

1 (20) Resident. The term "resident" means:

2 (A) an individual (i) who is in this State for  
3 other than a temporary or transitory purpose during  
4 the taxable year; or (ii) who is domiciled in this  
5 State but is absent from the State for a temporary or  
6 transitory purpose during the taxable year;

7 (B) The estate of a decedent who at his or her  
8 death was domiciled in this State;

9 (C) A trust created by a will of a decedent who at  
10 his death was domiciled in this State; and

11 (D) An irrevocable trust, the grantor of which was  
12 domiciled in this State at the time such trust became  
13 irrevocable. For purpose of this subparagraph, a trust  
14 shall be considered irrevocable to the extent that the  
15 grantor is not treated as the owner thereof under  
16 Sections 671 through 678 of the Internal Revenue Code.

17 (21) Sales. The term "sales" means all gross receipts  
18 of the taxpayer not allocated under Sections 301, 302 and  
19 303.

20 (22) State. The term "state" when applied to a  
21 jurisdiction other than this State means any state of the  
22 United States, the District of Columbia, the Commonwealth  
23 of Puerto Rico, any Territory or Possession of the United  
24 States, and any foreign country, or any political  
25 subdivision of any of the foregoing. For purposes of the  
26 foreign tax credit under Section 601, the term "state"

1 means any state of the United States, the District of  
2 Columbia, the Commonwealth of Puerto Rico, and any  
3 territory or possession of the United States, or any  
4 political subdivision of any of the foregoing, effective  
5 for tax years ending on or after December 31, 1989.

6 (23) Taxable year. The term "taxable year" means the  
7 calendar year, or the fiscal year ending during such  
8 calendar year, upon the basis of which the base income is  
9 computed under this Act. "Taxable year" means, in the case  
10 of a return made for a fractional part of a year under the  
11 provisions of this Act, the period for which such return  
12 is made.

13 (24) Taxpayer. The term "taxpayer" means any person  
14 subject to the tax imposed by this Act.

15 (25) International banking facility. The term  
16 international banking facility shall have the same meaning  
17 as is set forth in the Illinois Banking Act or as is set  
18 forth in the laws of the United States or regulations of  
19 the Board of Governors of the Federal Reserve System.

20 (26) Income Tax Return Preparer.

21 (A) The term "income tax return preparer" means  
22 any person who prepares for compensation, or who  
23 employs one or more persons to prepare for  
24 compensation, any return of tax imposed by this Act or  
25 any claim for refund of tax imposed by this Act. The  
26 preparation of a substantial portion of a return or



1 claim for refund shall be treated as the preparation  
2 of that return or claim for refund.

3 (B) A person is not an income tax return preparer  
4 if all he or she does is

5 (i) furnish typing, reproducing, or other  
6 mechanical assistance;

7 (ii) prepare returns or claims for refunds for  
8 the employer by whom he or she is regularly and  
9 continuously employed;

10 (iii) prepare as a fiduciary returns or claims  
11 for refunds for any person; or

12 (iv) prepare claims for refunds for a taxpayer  
13 in response to any notice of deficiency issued to  
14 that taxpayer or in response to any waiver of  
15 restriction after the commencement of an audit of  
16 that taxpayer or of another taxpayer if a  
17 determination in the audit of the other taxpayer  
18 directly or indirectly affects the tax liability  
19 of the taxpayer whose claims he or she is  
20 preparing.

21 (27) Unitary business group.

22 (A) The term "unitary business group" means a  
23 group of persons related through common ownership  
24 whose business activities are integrated with,  
25 dependent upon and contribute to each other. The group  
26 will not include those members whose business activity

1 outside the United States is 80% or more of any such  
2 member's total business activity; for purposes of this  
3 paragraph and clause (a)(3)(B)(ii) of Section 304,  
4 business activity within the United States shall be  
5 measured by means of the factors ordinarily applicable  
6 under subsections (a), (b), (c), (d), or (h) of  
7 Section 304 except that, in the case of members  
8 ordinarily required to apportion business income by  
9 means of the 3 factor formula of property, payroll and  
10 sales specified in subsection (a) of Section 304,  
11 including the formula as weighted in subsection (h) of  
12 Section 304, such members shall not use the sales  
13 factor in the computation and the results of the  
14 property and payroll factor computations of subsection  
15 (a) of Section 304 shall be divided by 2 (by one if  
16 either the property or payroll factor has a  
17 denominator of zero). The computation required by the  
18 preceding sentence shall, in each case, involve the  
19 division of the member's property, payroll, or revenue  
20 miles in the United States, insurance premiums on  
21 property or risk in the United States, or financial  
22 organization business income from sources within the  
23 United States, as the case may be, by the respective  
24 worldwide figures for such items. Common ownership in  
25 the case of corporations is the direct or indirect  
26 control or ownership of more than 50% of the

1 outstanding voting stock of the persons carrying on  
2 unitary business activity. Unitary business activity  
3 can ordinarily be illustrated where the activities of  
4 the members are: (1) in the same general line (such as  
5 manufacturing, wholesaling, retailing of tangible  
6 personal property, insurance, transportation or  
7 finance); or (2) are steps in a vertically structured  
8 enterprise or process (such as the steps involved in  
9 the production of natural resources, which might  
10 include exploration, mining, refining, and marketing);  
11 and, in either instance, the members are functionally  
12 integrated through the exercise of strong centralized  
13 management (where, for example, authority over such  
14 matters as purchasing, financing, tax compliance,  
15 product line, personnel, marketing and capital  
16 investment is not left to each member).

17 (B) In no event, for taxable years ending prior to  
18 December 31, 2017, shall any unitary business group  
19 include members which are ordinarily required to  
20 apportion business income under different subsections  
21 of Section 304 except that for tax years ending on or  
22 after December 31, 1987 this prohibition shall not  
23 apply to a holding company that would otherwise be a  
24 member of a unitary business group with taxpayers that  
25 apportion business income under any of subsections  
26 (b), (c), (c-1), or (d) of Section 304. If a unitary

1 business group would, but for the preceding sentence,  
2 include members that are ordinarily required to  
3 apportion business income under different subsections  
4 of Section 304, then for each subsection of Section  
5 304 for which there are two or more members, there  
6 shall be a separate unitary business group composed of  
7 such members. For purposes of the preceding two  
8 sentences, a member is "ordinarily required to  
9 apportion business income" under a particular  
10 subsection of Section 304 if it would be required to  
11 use the apportionment method prescribed by such  
12 subsection except for the fact that it derives  
13 business income solely from Illinois. As used in this  
14 paragraph, for taxable years ending before December  
15 31, 2017, the phrase "United States" means only the 50  
16 states and the District of Columbia, but does not  
17 include any territory or possession of the United  
18 States or any area over which the United States has  
19 asserted jurisdiction or claimed exclusive rights with  
20 respect to the exploration for or exploitation of  
21 natural resources. For taxable years ending on or  
22 after December 31, 2017, the phrase "United States",  
23 as used in this paragraph, means only the 50 states,  
24 the District of Columbia, and any area over which the  
25 United States has asserted jurisdiction or claimed  
26 exclusive rights with respect to the exploration for

1 or exploitation of natural resources, but does not  
2 include any territory or possession of the United  
3 States.

4 (C) Holding companies.

5 (i) For purposes of this subparagraph, a  
6 "holding company" is a corporation (other than a  
7 corporation that is a financial organization under  
8 paragraph (8) of this subsection (a) of Section  
9 1501 because it is a bank holding company under  
10 the provisions of the Bank Holding Company Act of  
11 1956 (12 U.S.C. 1841, et seq.) or because it is  
12 owned by a bank or a bank holding company) that  
13 owns a controlling interest in one or more other  
14 taxpayers ("controlled taxpayers"); that, during  
15 the period that includes the taxable year and the  
16 2 immediately preceding taxable years or, if the  
17 corporation was formed during the current or  
18 immediately preceding taxable year, the taxable  
19 years in which the corporation has been in  
20 existence, derived substantially all its gross  
21 income from dividends, interest, rents, royalties,  
22 fees or other charges received from controlled  
23 taxpayers for the provision of services, and gains  
24 on the sale or other disposition of interests in  
25 controlled taxpayers or in property leased or  
26 licensed to controlled taxpayers or used by the

1 taxpayer in providing services to controlled  
2 taxpayers; and that incurs no substantial expenses  
3 other than expenses (including interest and other  
4 costs of borrowing) incurred in connection with  
5 the acquisition and holding of interests in  
6 controlled taxpayers and in the provision of  
7 services to controlled taxpayers or in the leasing  
8 or licensing of property to controlled taxpayers.

9 (ii) The income of a holding company which is  
10 a member of more than one unitary business group  
11 shall be included in each unitary business group  
12 of which it is a member on a pro rata basis, by  
13 including in each unitary business group that  
14 portion of the base income of the holding company  
15 that bears the same proportion to the total base  
16 income of the holding company as the gross  
17 receipts of the unitary business group bears to  
18 the combined gross receipts of all unitary  
19 business groups (in both cases without regard to  
20 the holding company) or on any other reasonable  
21 basis, consistently applied.

22 (iii) A holding company shall apportion its  
23 business income under the subsection of Section  
24 304 used by the other members of its unitary  
25 business group. The apportionment factors of a  
26 holding company which would be a member of more

1           than one unitary business group shall be included  
2           with the apportionment factors of each unitary  
3           business group of which it is a member on a pro  
4           rata basis using the same method used in clause  
5           (ii).

6           (iv) The provisions of this subparagraph (C)  
7           are intended to clarify existing law.

8           (D) If including the base income and factors of a  
9           holding company in more than one unitary business  
10          group under subparagraph (C) does not fairly reflect  
11          the degree of integration between the holding company  
12          and one or more of the unitary business groups, the  
13          dependence of the holding company and one or more of  
14          the unitary business groups upon each other, or the  
15          contributions between the holding company and one or  
16          more of the unitary business groups, the holding  
17          company may petition the Director, under the  
18          procedures provided under Section 304(f), for  
19          permission to include all base income and factors of  
20          the holding company only with members of a unitary  
21          business group apportioning their business income  
22          under one subsection of subsections (a), (b), (c), or  
23          (d) of Section 304. If the petition is granted, the  
24          holding company shall be included in a unitary  
25          business group only with persons apportioning their  
26          business income under the selected subsection of

1 Section 304 until the Director grants a petition of  
2 the holding company either to be included in more than  
3 one unitary business group under subparagraph (C) or  
4 to include its base income and factors only with  
5 members of a unitary business group apportioning their  
6 business income under a different subsection of  
7 Section 304.

8 (E) If the unitary business group members'  
9 accounting periods differ, the common parent's  
10 accounting period or, if there is no common parent,  
11 the accounting period of the member that is expected  
12 to have, on a recurring basis, the greatest Illinois  
13 income tax liability must be used to determine whether  
14 to use the apportionment method provided in subsection  
15 (a) or subsection (h) of Section 304. The prohibition  
16 against membership in a unitary business group for  
17 taxpayers ordinarily required to apportion income  
18 under different subsections of Section 304 does not  
19 apply to taxpayers required to apportion income under  
20 subsection (a) and subsection (h) of Section 304. The  
21 provisions of this amendatory Act of 1998 apply to tax  
22 years ending on or after December 31, 1998.

23 (28) Subchapter S corporation. The term "Subchapter S  
24 corporation" means a corporation for which there is in  
25 effect an election under Section 1362 of the Internal  
26 Revenue Code, or for which there is a federal election to



1 opt out of the provisions of the Subchapter S Revision Act  
2 of 1982 and have applied instead the prior federal  
3 Subchapter S rules as in effect on July 1, 1982.

4 (30) Foreign person. The term "foreign person" means  
5 any person who is a nonresident individual who is a  
6 national or citizen of a country other than the United  
7 States and any nonindividual entity, regardless of where  
8 created or organized, whose business activity outside the  
9 United States is 80% or more of the entity's total  
10 business activity.

11 (b) Other definitions.

12 (1) Words denoting number, gender, and so forth, when  
13 used in this Act, where not otherwise distinctly expressed  
14 or manifestly incompatible with the intent thereof:

15 (A) Words importing the singular include and apply  
16 to several persons, parties or things;

17 (B) Words importing the plural include the  
18 singular; and

19 (C) Words importing the masculine gender include  
20 the feminine as well.

21 (2) "Company" or "association" as including successors  
22 and assigns. The word "company" or "association", when  
23 used in reference to a corporation, shall be deemed to  
24 embrace the words "successors and assigns of such company  
25 or association", and in like manner as if these last-named  
26 words, or words of similar import, were expressed.

1           (3) Other terms. Any term used in any Section of this  
2           Act with respect to the application of, or in connection  
3           with, the provisions of any other Section of this Act  
4           shall have the same meaning as in such other Section.

5           (Source: P.A. 102-1030, eff. 5-27-22.)

6   ARTICLE 55. ANGEL INVESTMENT CREDIT

7           Section 55-5. The Illinois Income Tax Act is amended by  
8           changing Section 220 as follows:

9           (35 ILCS 5/220)

10          Sec. 220. Angel investment credit.

11          (a) As used in this Section:

12          "Applicant" means a corporation, partnership, limited  
13          liability company, or a natural person that makes an  
14          investment in a qualified new business venture. The term  
15          "applicant" does not include (i) a corporation, partnership,  
16          limited liability company, or a natural person who has a  
17          direct or indirect ownership interest of at least 51% in the  
18          profits, capital, or value of the qualified new business  
19          venture receiving the investment or (ii) a related member.

20          "Claimant" means an applicant certified by the Department  
21          who files a claim for a credit under this Section.

22          "Department" means the Department of Commerce and Economic  
23          Opportunity.

1 "Investment" means money (or its equivalent) given to a  
2 qualified new business venture, at a risk of loss, in  
3 consideration for an equity interest of the qualified new  
4 business venture. The Department may adopt rules to permit  
5 certain forms of contingent equity investments to be  
6 considered eligible for a tax credit under this Section.

7 "Qualified new business venture" means a business that is  
8 registered with the Department under this Section.

9 "Related member" means a person that, with respect to the  
10 applicant, is any one of the following:

11 (1) An individual, if the individual and the members  
12 of the individual's family (as defined in Section 318 of  
13 the Internal Revenue Code) own directly, indirectly,  
14 beneficially, or constructively, in the aggregate, at  
15 least 50% of the value of the outstanding profits,  
16 capital, stock, or other ownership interest in the  
17 qualified new business venture that is the recipient of  
18 the applicant's investment.

19 (2) A partnership, estate, or trust and any partner or  
20 beneficiary, if the partnership, estate, or trust and its  
21 partners or beneficiaries own directly, indirectly,  
22 beneficially, or constructively, in the aggregate, at  
23 least 50% of the profits, capital, stock, or other  
24 ownership interest in the qualified new business venture  
25 that is the recipient of the applicant's investment.

26 (3) A corporation, and any party related to the

1 corporation in a manner that would require an attribution  
2 of stock from the corporation under the attribution rules  
3 of Section 318 of the Internal Revenue Code, if the  
4 applicant and any other related member own, in the  
5 aggregate, directly, indirectly, beneficially, or  
6 constructively, at least 50% of the value of the  
7 outstanding stock of the qualified new business venture  
8 that is the recipient of the applicant's investment.

9 (4) A corporation and any party related to that  
10 corporation in a manner that would require an attribution  
11 of stock from the corporation to the party or from the  
12 party to the corporation under the attribution rules of  
13 Section 318 of the Internal Revenue Code, if the  
14 corporation and all such related parties own, in the  
15 aggregate, at least 50% of the profits, capital, stock, or  
16 other ownership interest in the qualified new business  
17 venture that is the recipient of the applicant's  
18 investment.

19 (5) A person to or from whom there is attribution of  
20 ownership of stock in the qualified new business venture  
21 that is the recipient of the applicant's investment in  
22 accordance with Section 1563(e) of the Internal Revenue  
23 Code, except that for purposes of determining whether a  
24 person is a related member under this paragraph, "20%"  
25 shall be substituted for "5%" whenever "5%" appears in  
26 Section 1563(e) of the Internal Revenue Code.

1 (b) For taxable years beginning after December 31, 2010,  
2 and ending on or before December 31, 2026, subject to the  
3 limitations provided in this Section, a claimant may claim, as  
4 a credit against the tax imposed under subsections (a) and (b)  
5 of Section 201 of this Act, an amount equal to 25% of the  
6 claimant's investment made directly in a qualified new  
7 business venture. However, the amount of the credit is 35% of  
8 the claimant's investment made directly in the qualified new  
9 business venture if the investment is made in: (1) a qualified  
10 new business venture that is a minority-owned business, a  
11 women-owned business, or a business owned a person with a  
12 disability (as those terms are used and defined in the  
13 Business Enterprise for Minorities, Women, and Persons with  
14 Disabilities Act); or (2) a qualified new business venture in  
15 which the principal place of business is located in a county  
16 with a population of not more than 250,000. In order for an  
17 investment in a qualified new business venture to be eligible  
18 for tax credits, the business must have applied for and  
19 received certification under subsection (e) for the taxable  
20 year in which the investment was made prior to the date on  
21 which the investment was made. The credit under this Section  
22 may not exceed the taxpayer's Illinois income tax liability  
23 for the taxable year. If the amount of the credit exceeds the  
24 tax liability for the year, the excess may be carried forward  
25 and applied to the tax liability of the 5 taxable years  
26 following the excess credit year. The credit shall be applied

1 to the earliest year for which there is a tax liability. If  
2 there are credits from more than one tax year that are  
3 available to offset a liability, the earlier credit shall be  
4 applied first. In the case of a partnership or Subchapter S  
5 Corporation, the credit is allowed to the partners or  
6 shareholders in accordance with the determination of income  
7 and distributive share of income under Sections 702 and 704  
8 and Subchapter S of the Internal Revenue Code.

9 (c) The minimum amount an applicant must invest in any  
10 single qualified new business venture in order to be eligible  
11 for a credit under this Section is \$10,000. The maximum amount  
12 of an applicant's total investment made in any single  
13 qualified new business venture that may be used as the basis  
14 for a credit under this Section is \$2,000,000.

15 (d) The Department shall implement a program to certify an  
16 applicant for an angel investment credit. Upon satisfactory  
17 review, the Department shall issue a tax credit certificate  
18 stating the amount of the tax credit to which the applicant is  
19 entitled. The Department shall annually certify that: (i) each  
20 qualified new business venture that receives an angel  
21 investment under this Section has maintained a minimum  
22 employment threshold, as defined by rule, in the State (and  
23 continues to maintain a minimum employment threshold in the  
24 State for a period of no less than 3 years from the issue date  
25 of the last tax credit certificate issued by the Department  
26 with respect to such business pursuant to this Section); and

1 (ii) the claimant's investment has been made and remains,  
2 except in the event of a qualifying liquidity event, in the  
3 qualified new business venture for no less than 3 years.

4 If an investment for which a claimant is allowed a credit  
5 under subsection (b) is held by the claimant for less than 3  
6 years, other than as a result of a permitted sale of the  
7 investment to person who is not a related member, the claimant  
8 shall pay to the Department of Revenue, in the manner  
9 prescribed by the Department of Revenue, the aggregate amount  
10 of the disqualified credits that the claimant received related  
11 to the subject investment.

12 If the Department determines that a qualified new business  
13 venture failed to maintain a minimum employment threshold in  
14 the State through the date which is 3 years from the issue date  
15 of the last tax credit certificate issued by the Department  
16 with respect to the subject business pursuant to this Section,  
17 the claimant or claimants shall pay to the Department of  
18 Revenue, in the manner prescribed by the Department of  
19 Revenue, the aggregate amount of the disqualified credits that  
20 claimant or claimants received related to investments in that  
21 business.

22 (e) The Department shall implement a program to register  
23 qualified new business ventures for purposes of this Section.  
24 A business desiring registration under this Section shall be  
25 required to submit a full and complete application to the  
26 Department. A submitted application shall be effective only

1 for the taxable year in which it is submitted, and a business  
2 desiring registration under this Section shall be required to  
3 submit a separate application in and for each taxable year for  
4 which the business desires registration. Further, if at any  
5 time prior to the acceptance of an application for  
6 registration under this Section by the Department one or more  
7 events occurs which makes the information provided in that  
8 application materially false or incomplete (in whole or in  
9 part), the business shall promptly notify the Department of  
10 the same. Any failure of a business to promptly provide the  
11 foregoing information to the Department may, at the discretion  
12 of the Department, result in a revocation of a previously  
13 approved application for that business, or disqualification of  
14 the business from future registration under this Section, or  
15 both. The Department may register the business only if all of  
16 the following conditions are satisfied:

17 (1) it has its principal place of business in this  
18 State;

19 (2) at least 51% of the employees employed by the  
20 business are employed in this State;

21 (3) the business has the potential for increasing jobs  
22 in this State, increasing capital investment in this  
23 State, or both, as determined by the Department, and  
24 either of the following apply:

25 (A) it is principally engaged in innovation in any  
26 of the following: manufacturing; biotechnology;



1 nanotechnology; communications; agricultural  
2 sciences; clean energy creation or storage technology;  
3 processing or assembling products, including medical  
4 devices, pharmaceuticals, computer software, computer  
5 hardware, semiconductors, other innovative technology  
6 products, or other products that are produced using  
7 manufacturing methods that are enabled by applying  
8 proprietary technology; or providing services that are  
9 enabled by applying proprietary technology; or

10 (B) it is undertaking pre-commercialization  
11 activity related to proprietary technology that  
12 includes conducting research, developing a new product  
13 or business process, or developing a service that is  
14 principally reliant on applying proprietary  
15 technology;

16 (4) it is not principally engaged in real estate  
17 development, insurance, banking, lending, lobbying,  
18 political consulting, professional services provided by  
19 attorneys, accountants, business consultants, physicians,  
20 or health care consultants, wholesale or retail trade,  
21 leisure, hospitality, transportation, or construction,  
22 except construction of power production plants that derive  
23 energy from a renewable energy resource, as defined in  
24 Section 1 of the Illinois Power Agency Act;

25 (5) at the time it is first certified:

26 (A) it has fewer than 100 employees;

1 (B) it has been in operation in Illinois for not  
2 more than 10 consecutive years prior to the year of  
3 certification; and

4 (C) it has received not more than \$10,000,000 in  
5 aggregate investments;

6 (5.1) it agrees to maintain a minimum employment  
7 threshold in the State of Illinois prior to the date which  
8 is 3 years from the issue date of the last tax credit  
9 certificate issued by the Department with respect to that  
10 business pursuant to this Section;

11 (6) (blank); and

12 (7) it has received not more than \$4,000,000 in  
13 investments that qualified for tax credits under this  
14 Section.

15 (f) The Department, in consultation with the Department of  
16 Revenue, shall adopt rules to administer this Section. For  
17 taxable years beginning before January 1, 2024, the ~~The~~  
18 aggregate amount of the tax credits that may be claimed under  
19 this Section for investments made in qualified new business  
20 ventures shall be limited to ~~at~~ \$10,000,000 per calendar year,  
21 of which \$500,000 shall be reserved for investments made in  
22 qualified new business ventures which are minority-owned  
23 businesses, women-owned businesses, or businesses owned by a  
24 person with a disability (as those terms are used and defined  
25 in the Business Enterprise for Minorities, Women, and Persons  
26 with Disabilities Act), and an additional \$500,000 shall be

1 reserved for investments made in qualified new business  
2 ventures with their principal place of business in counties  
3 with a population of not more than 250,000. For taxable years  
4 beginning on or after January 1, 2024, the aggregate amount of  
5 the tax credits that may be claimed under this Section for  
6 investments made in qualified new business ventures shall be  
7 limited to \$15,000,000 per calendar year, of which \$2,500,000  
8 shall be reserved for investments made in qualified new  
9 business ventures that are minority-owned businesses (as the  
10 term is defined in the Business Enterprise for Minorities,  
11 Women, and Persons with Disabilities Act), \$1,250,000 shall be  
12 reserved for investments made in qualified new business  
13 ventures that are women-owned businesses or businesses owned  
14 by a person with a disability (as those terms are defined in  
15 the Business Enterprise for Minorities, Women, and Persons  
16 with Disabilities Act), and \$1,250,000 shall be reserved for  
17 investments made in qualified new business ventures with their  
18 principal place of business in a county with a population of  
19 not more than 250,000. The ~~foregoing~~ annual allowable amounts  
20 set forth in this Section shall be allocated by the  
21 Department, on a per calendar quarter basis and prior to the  
22 commencement of each calendar year, in such proportion as  
23 determined by the Department, provided that: (i) the amount  
24 initially allocated by the Department for any one calendar  
25 quarter shall not exceed 35% of the total allowable amount;  
26 (ii) any portion of the allocated allowable amount remaining

1 unused as of the end of any of the first 3 calendar quarters of  
2 a given calendar year shall be rolled into, and added to, the  
3 total allocated amount for the next available calendar  
4 quarter; and (iii) the reservation of tax credits for  
5 investments in minority-owned businesses, women-owned  
6 businesses, businesses owned by a person with a disability,  
7 and in businesses in counties with a population of not more  
8 than 250,000 is limited to the first 3 calendar quarters of a  
9 given calendar year, after which they may be claimed by  
10 investors in any qualified new business venture.

11 (g) A claimant may not sell or otherwise transfer a credit  
12 awarded under this Section to another person.

13 (h) On or before March 1 of each year, the Department shall  
14 report to the Governor and to the General Assembly on the tax  
15 credit certificates awarded under this Section for the prior  
16 calendar year.

17 (1) This report must include, for each tax credit  
18 certificate awarded:

19 (A) the name of the claimant and the amount of  
20 credit awarded or allocated to that claimant;

21 (B) the name and address (including the county) of  
22 the qualified new business venture that received the  
23 investment giving rise to the credit, the North  
24 American Industry Classification System (NAICS) code  
25 applicable to that qualified new business venture, and  
26 the number of employees of the qualified new business

1 venture; and

2 (C) the date of approval by the Department of each  
3 claimant's tax credit certificate.

4 (2) The report must also include:

5 (A) the total number of applicants and the total  
6 number of claimants, including the amount of each tax  
7 credit certificate awarded to a claimant under this  
8 Section in the prior calendar year;

9 (B) the total number of applications from  
10 businesses seeking registration under this Section,  
11 the total number of new qualified business ventures  
12 registered by the Department, and the aggregate amount  
13 of investment upon which tax credit certificates were  
14 issued in the prior calendar year; and

15 (C) the total amount of tax credit certificates  
16 sought by applicants, the amount of each tax credit  
17 certificate issued to a claimant, the aggregate amount  
18 of all tax credit certificates issued in the prior  
19 calendar year and the aggregate amount of tax credit  
20 certificates issued as authorized under this Section  
21 for all calendar years.

22 (i) For each business seeking registration under this  
23 Section after December 31, 2016, the Department shall require  
24 the business to include in its application the North American  
25 Industry Classification System (NAICS) code applicable to the  
26 business and the number of employees of the business at the

1 time of application. Each business registered by the  
2 Department as a qualified new business venture that receives  
3 an investment giving rise to the issuance of a tax credit  
4 certificate pursuant to this Section shall, for each of the 3  
5 years following the issue date of the last tax credit  
6 certificate issued by the Department with respect to such  
7 business pursuant to this Section, report to the Department  
8 the following:

9 (1) the number of employees and the location at which  
10 those employees are employed, both as of the end of each  
11 year;

12 (2) the amount of additional new capital investment  
13 raised as of the end of each year, if any; and

14 (3) the terms of any liquidity event occurring during  
15 such year; for the purposes of this Section, a "liquidity  
16 event" means any event that would be considered an exit  
17 for an illiquid investment, including any event that  
18 allows the equity holders of the business (or any material  
19 portion thereof) to cash out some or all of their  
20 respective equity interests.

21 (Source: P.A. 101-81, eff. 7-12-19; 102-16, eff. 6-17-21.)

22 ARTICLE 60. NEW MARKETS DEVELOPMENT PROGRAM

23 Section 60-5. The New Markets Development Program Act is  
24 amended by changing Sections 5, 20, 25, 45, and 50 as follows:

1 (20 ILCS 663/5)

2 Sec. 5. Definitions. As used in this Act:

3 "Applicable percentage" means 0% for each of the first 2  
4 credit allowance dates, 7% for the third credit allowance  
5 date, and 8% for the next 4 credit allowance dates.

6 "Credit allowance date" means with respect to any  
7 qualified equity investment:

8 (1) the date on which the investment is initially  
9 made; and

10 (2) each of the 6 anniversary dates of that date  
11 thereafter.

12 "Department" means the Department of Commerce and Economic  
13 Opportunity.

14 "Long-term debt security" means any debt instrument issued  
15 by a qualified community development entity, at par value or a  
16 premium, with an original maturity date of at least 7 years  
17 from the date of its issuance, with no acceleration of  
18 repayment, amortization, or prepayment features prior to its  
19 original maturity date. Cumulative cash payments of interest  
20 on the qualified debt instrument during the period commencing  
21 with the issuance of the qualified debt instrument and ending  
22 with the seventh anniversary of its issuance shall not exceed  
23 the sum of such cash interest payments and the cumulative net  
24 income of the issuing community development entity for the  
25 same period. This definition in no way limits the holder's

1 ability to accelerate payments on the debt instrument in  
2 situations where the issuer has defaulted on covenants  
3 designed to ensure compliance with this Act or Section 45D of  
4 the Internal Revenue Code of 1986, as amended.

5 "Purchase price" means the amount paid to the issuer of a  
6 qualified equity investment for that qualified equity  
7 investment.

8 "Qualified active low-income community business" has the  
9 meaning given to that term in Section 45D of the Internal  
10 Revenue Code of 1986, as amended; except that any business  
11 that derives or projects to derive 15% or more of its annual  
12 revenue from the rental or sale of real estate is not  
13 considered to be a qualified active low-income community  
14 business. This exception does not apply to a business that is  
15 controlled by or under common control with another business if  
16 the second business (i) does not derive or project to derive  
17 15% or more of its annual revenue from the rental or sale of  
18 real estate and (ii) is the primary tenant of the real estate  
19 leased from the initial business. A business shall be  
20 considered a qualified active low-income community business  
21 for the duration of the qualified community development  
22 entity's investment in or loan to the business if the entity  
23 reasonably expects, at the time it makes the investment or  
24 loan, that the business will continue to satisfy the  
25 requirements for being a qualified active low-income community  
26 business throughout the entire period of the investment or



1 loan.

2 "Qualified community development entity" has the meaning  
3 given to that term in Section 45D of the Internal Revenue Code  
4 of 1986, as amended; provided that such entity has entered  
5 into, or is controlled by an entity that has entered into, an  
6 allocation agreement with the Community Development Financial  
7 Institutions Fund of the U.S. Treasury Department with respect  
8 to credits authorized by Section 45D of the Internal Revenue  
9 Code of 1986, as amended, that includes the State of Illinois  
10 within the service area set forth in that allocation  
11 agreement.

12 "Qualified equity investment" means any equity investment  
13 in, or long-term debt security issued by, a qualified  
14 community development entity that:

15 (1) is acquired after the effective date of this Act  
16 at its original issuance solely in exchange for cash;

17 (2) with respect to qualified equity investments made  
18 before January 1, 2024 ~~2017~~, has at least 85% of its cash  
19 purchase price used by the issuer to make qualified  
20 low-income community investments in the State of Illinois,  
21 and, with respect to qualified equity investments made on  
22 or after January 1, 2024 ~~2017~~, has 100% of the cash  
23 purchase price used by the issuer to make qualified  
24 low-income community investments in the State of Illinois;  
25 and

26 (3) is designated by the issuer as a qualified equity

1 investment under this Act; with respect to qualified  
2 equity investments made on or after January 1, 2024 ~~2017~~,  
3 is designated by the issuer as a qualified equity  
4 investment under Section 45D of the Internal Revenue Code  
5 of 1986, as amended; and is certified by the Department as  
6 not exceeding the limitation contained in Section 20.

7 This term includes any qualified equity investment that  
8 does not meet the provisions of item (1) of this definition if  
9 the investment was a qualified equity investment in the hands  
10 of a prior holder.

11 "Qualified low-income community investment" means any  
12 capital or equity investment in, or loan to, any qualified  
13 active low-income community business. With respect to any one  
14 qualified active low-income community business, the maximum  
15 amount of qualified low-income community investments made in  
16 that business, on a collective basis with all of its  
17 affiliates that may be counted towards the satisfaction of  
18 paragraph (2) of the definition of qualified equity  
19 investment, shall be \$10,000,000 whether issued to one or  
20 several qualified community development entities.

21 "Tax credit" means a credit against any income, franchise,  
22 or insurance premium taxes, including insurance retaliatory  
23 taxes, otherwise due under Illinois law.

24 "Taxpayer" means any individual or entity subject to any  
25 income, franchise, or insurance premium tax under Illinois  
26 law.

1 (Source: P.A. 100-408, eff. 8-25-17.)

2 (20 ILCS 663/20)

3 Sec. 20. Annual cap on credits. The Department shall limit  
4 the monetary amount of qualified equity investments permitted  
5 under this Act to a level necessary to limit tax credit use at  
6 no more than (i) \$20,000,000 in ~~of~~ tax credits for fiscal years  
7 beginning before July 1, 2023 and (ii) \$25,000,000 in tax  
8 credits for fiscal years beginning on or after July 1, 2023 ~~in~~  
9 any fiscal year. This limitation on qualified equity  
10 investments shall be based on the anticipated use of credits  
11 without regard to the potential for taxpayers to carry forward  
12 tax credits to later tax years.

13 (Source: P.A. 100-408, eff. 8-25-17.)

14 (20 ILCS 663/25)

15 Sec. 25. Certification of qualified equity investments.

16 (a) A qualified community development entity that seeks to  
17 have an equity investment or long-term debt security  
18 designated as a qualified equity investment and eligible for  
19 tax credits under this Section shall apply to the Department.  
20 The qualified community development entity must submit an  
21 application on a form that the Department provides that  
22 includes:

23 (1) The name, address, tax identification number of  
24 the entity, and evidence of the entity's certification as

1 a qualified community development entity.

2 (2) A copy of the allocation agreement executed by the  
3 entity, or its controlling entity, and the Community  
4 Development Financial Institutions Fund.

5 (3) A certificate executed by an executive officer of  
6 the entity attesting that the allocation agreement remains  
7 in effect and has not been revoked or cancelled by the  
8 Community Development Financial Institutions Fund.

9 (4) A description of the proposed amount, structure,  
10 and purchaser of the equity investment or long-term debt  
11 security.

12 (5) The name and tax identification number of any  
13 taxpayer eligible to utilize tax credits earned as a  
14 result of the issuance of the qualified equity investment.

15 (6) Information regarding the proposed use of proceeds  
16 from the issuance of the qualified equity investment.

17 (7) A nonrefundable application fee of \$5,000. This  
18 fee shall be paid to the Department and shall be required  
19 of each application submitted.

20 (8) With respect to qualified equity investments made  
21 on or after January 1, 2017, the amount of qualified  
22 equity investment authority the applicant agrees to  
23 designate as a federal qualified equity investment under  
24 Section 45D of the Internal Revenue Code, including a copy  
25 of the screen shot from the Community Development  
26 Financial Institutions Fund's Allocation Tracking System

1 of the applicant's remaining federal qualified equity  
2 investment authority.

3 (b) Within 30 days after receipt of a completed  
4 application containing the information necessary for the  
5 Department to certify a potential qualified equity investment,  
6 including the payment of the application fee, the Department  
7 shall grant or deny the application in full or in part. If the  
8 Department denies any part of the application, it shall inform  
9 the qualified community development entity of the grounds for  
10 the denial. If the qualified community development entity  
11 provides any additional information required by the Department  
12 or otherwise completes its application within 15 days of the  
13 notice of denial, the application shall be considered  
14 completed as of the original date of submission. If the  
15 qualified community development entity fails to provide the  
16 information or complete its application within the 15-day  
17 period, the application remains denied and must be resubmitted  
18 in full with a new submission date.

19 (c) If the application is deemed complete, the Department  
20 shall certify the proposed equity investment or long-term debt  
21 security as a qualified equity investment that is eligible for  
22 tax credits under this Section, subject to the limitations  
23 contained in Section 20. The Department shall provide written  
24 notice of the certification to the qualified community  
25 development entity. The notice shall include the names of  
26 those taxpayers who are eligible to utilize the credits and

1 their respective credit amounts. If the names of the taxpayers  
2 who are eligible to utilize the credits change due to a  
3 transfer of a qualified equity investment or a change in an  
4 allocation pursuant to Section 15, the qualified community  
5 development entity shall notify the Department of such change.

6 (d) With respect to applications received before January  
7 1, 2017, the Department shall certify qualified equity  
8 investments in the order applications are received by the  
9 Department. Applications received on the same day shall be  
10 deemed to have been received simultaneously. For applications  
11 received on the same day and deemed complete, the Department  
12 shall certify, consistent with remaining tax credit capacity,  
13 qualified equity investments in proportionate percentages  
14 based upon the ratio of the amount of qualified equity  
15 investment requested in an application to the total amount of  
16 qualified equity investments requested in all applications  
17 received on the same day.

18 (d-5) With respect to applications received on or after  
19 January 1, 2017, the Department shall certify applications by  
20 applicants that agree to designate qualified equity  
21 investments as federal qualified equity investments in  
22 accordance with item (8) of subsection (a) of this Section in  
23 proportionate percentages based upon the ratio of the amount  
24 of qualified equity investments requested in an application to  
25 be designated as federal qualified equity investments to the  
26 total amount of qualified equity investments to be designated

1 as federal qualified equity investments requested in all  
2 applications received on the same day.

3 (d-10) With respect to applications received on or after  
4 January 1, 2017, after complying with subsection (d-5), the  
5 Department shall certify the qualified equity investments of  
6 all other applicants, including the remaining qualified equity  
7 investment authority requested by applicants not designated as  
8 federal qualified equity investments in accordance with item  
9 (8) of subsection (a) of this Section, in proportionate  
10 percentages based upon the ratio of the amount of qualified  
11 equity investments requested in the applications to the total  
12 amount of qualified equity investments requested in all  
13 applications received on the same day.

14 (e) Once the Department has certified qualified equity  
15 investments that, on a cumulative basis, are eligible for  
16 \$20,000,000 in tax credits (for taxable years beginning before  
17 July 1, 2023) or \$25,000,000 in tax credits (for taxable years  
18 beginning on or after July 1, 2023), the Department may not  
19 certify any more qualified equity investments. If a pending  
20 request cannot be fully certified, the Department shall  
21 certify the portion that may be certified unless the qualified  
22 community development entity elects to withdraw its request  
23 rather than receive partial credit.

24 (f) Within 30 days after receiving notice of  
25 certification, the qualified community development entity  
26 shall (i) issue the qualified equity investment and receive

1 cash in the amount of the certified amount and (ii) with  
2 respect to qualified equity investments made on or after  
3 January 1, 2017, if applicable, designate the required amount  
4 of qualified equity investment authority as a federal  
5 qualified equity investment. The qualified community  
6 development entity must provide the Department with evidence  
7 of the receipt of the cash investment within 10 business days  
8 after receipt and, with respect to qualified equity  
9 investments made on or after January 1, 2017, if applicable,  
10 provide evidence that the required amount of qualified equity  
11 investment authority was designated as a federal qualified  
12 equity investment. If the qualified community development  
13 entity does not receive the cash investment and issue the  
14 qualified equity investment within 30 days following receipt  
15 of the certification notice, the certification shall lapse and  
16 the entity may not issue the qualified equity investment  
17 without reapplying to the Department for certification. A  
18 certification that lapses reverts back to the Department and  
19 may be reissued only in accordance with the application  
20 process outline in this Section 25.

21 (g) Allocation rounds enabled by this Act shall be applied  
22 for according to the following schedule:

23 (1) on January 2, 2019, \$125,000,000 of qualified  
24 equity investments; ~~and~~

25 (2) not less than 45 days after but not more than 90  
26 days after the Community Development Financial



1 Institutions Fund of the United States Department of the  
2 Treasury announces allocation awards under a Notice of  
3 Funding Availability that is published in the Federal  
4 Register after September 6, 2019, \$125,000,000 of  
5 qualified equity investments; and -

6 (3) on or after January 1, 2024, but not more than 120  
7 days after the Community Development Financial  
8 Institutions Fund of the United States Department of the  
9 Treasury announces allocation awards under a Notice of  
10 Funding Availability that was published in the Federal  
11 Register on November 22, 2022, \$312,500,000 of qualified  
12 equity investments.

13 (Source: P.A. 100-408, eff. 8-25-17; 101-604, eff. 12-13-19.)

14 (20 ILCS 663/45)

15 Sec. 45. Examination and Rulemaking.

16 (a) The Department may conduct examinations to verify that  
17 the tax credits under this Act have been received and applied  
18 according to the requirements of this Act and to verify that no  
19 event has occurred that would result in a recapture of tax  
20 credits under Section 40.

21 (b) Neither the Department nor the Department of Revenue  
22 shall have the authority to promulgate rules under the Act,  
23 but, with respect to qualified equity investments issued  
24 before January 1, 2024, the Department and the Department of  
25 Revenue shall have the authority to issue advisory letters to

1 individual qualified community development entities and their  
2 investors that are limited to the specific facts outlined in  
3 an advisory letter request from a qualified community  
4 development entity. Such rulings cannot be relied upon by any  
5 person or entity other than the qualified community  
6 development entity that requested the letter and the taxpayers  
7 that are entitled to any tax credits generated from  
8 investments in such entity. For purposes of this subsection,  
9 "rules" is given the meaning contained in Section 1-70 of the  
10 Illinois Administrative Procedure Act.

11 (c) In rendering advisory letters and making other  
12 determinations under this Act prior to January 1, 2024, to the  
13 extent applicable, the Department and the Department of  
14 Revenue shall look for guidance to Section 45D of the Internal  
15 Revenue Code of 1986, as amended, and the rules and  
16 regulations issued thereunder.

17 (d) It is the intent of the General Assembly that  
18 qualified equity investment structures allowed pursuant to  
19 advisory letters and other determinations by the Department  
20 and the Department of Revenue prior to January 1, 2024 shall be  
21 allowed and that qualified community development entities may  
22 rely on the rules and regulations issued under Section 45D of  
23 the Internal Revenue Code of 1986, as amended, where  
24 applicable.

25 (Source: P.A. 95-1024, eff. 12-31-08.)

1 (20 ILCS 663/50)

2 Sec. 50. Sunset. For fiscal years following fiscal year  
3 2031 ~~2024~~, qualified equity investments shall not be made  
4 under this Act unless reauthorization is made pursuant to this  
5 Section. For all fiscal years following fiscal year 2031 ~~2024~~,  
6 unless the General Assembly adopts a joint resolution granting  
7 authority to the Department to approve qualified equity  
8 investments for the Illinois new markets development program  
9 and clearly describing the amount of tax credits available for  
10 the next fiscal year, or otherwise complies with the  
11 provisions of this Section, no qualified equity investments  
12 may be permitted to be made under this Act. The amount of  
13 available tax credits contained in such a resolution shall not  
14 exceed the limitation provided under Section 20. Nothing in  
15 this Section precludes a taxpayer who makes a qualified equity  
16 investment prior to the expiration of authority to make  
17 qualified equity investments from claiming tax credits  
18 relating to that qualified equity investment for each  
19 applicable credit allowance date.

20 (Source: P.A. 102-16, eff. 6-17-21.)

21 ARTICLE 65. STANDARD EXEMPTION

22 Section 65-5. The Illinois Income Tax Act is amended by  
23 changing Section 204 as follows:

1 (35 ILCS 5/204) (from Ch. 120, par. 2-204)

2 Sec. 204. Standard exemption.

3 (a) Allowance of exemption. In computing net income under  
4 this Act, there shall be allowed as an exemption the sum of the  
5 amounts determined under subsections (b), (c) and (d),  
6 multiplied by a fraction the numerator of which is the amount  
7 of the taxpayer's base income allocable to this State for the  
8 taxable year and the denominator of which is the taxpayer's  
9 total base income for the taxable year.

10 (b) Basic amount. For the purpose of subsection (a) of  
11 this Section, except as provided by subsection (a) of Section  
12 205 and in this subsection, each taxpayer shall be allowed a  
13 basic amount of \$1000, except that for corporations the basic  
14 amount shall be zero for tax years ending on or after December  
15 31, 2003, and for individuals the basic amount shall be:

16 (1) for taxable years ending on or after December 31,  
17 1998 and prior to December 31, 1999, \$1,300;

18 (2) for taxable years ending on or after December 31,  
19 1999 and prior to December 31, 2000, \$1,650;

20 (3) for taxable years ending on or after December 31,  
21 2000 and prior to December 31, 2012, \$2,000;

22 (4) for taxable years ending on or after December 31,  
23 2012 and prior to December 31, 2013, \$2,050;

24 (5) for taxable years ending on or after December 31,  
25 2013 and on or before December 31, 2022 ~~December 31, 2023~~,  
26 \$2,050 plus the cost-of-living adjustment under subsection

1 (d-5);

2 (6) for taxable years ending on or after December 31,  
3 2023 and prior to December 31, 2024, \$2,425;

4 (7) for taxable years ending on or after December 31,  
5 2024 and on or before December 31, 2028, \$2,050 plus the  
6 cost-of-living adjustment under subsection (d-5).

7 For taxable years ending on or after December 31, 1992, a  
8 taxpayer whose Illinois base income exceeds the basic amount  
9 and who is claimed as a dependent on another person's tax  
10 return under the Internal Revenue Code shall not be allowed  
11 any basic amount under this subsection.

12 (c) Additional amount for individuals. In the case of an  
13 individual taxpayer, there shall be allowed for the purpose of  
14 subsection (a), in addition to the basic amount provided by  
15 subsection (b), an additional exemption equal to the basic  
16 amount for each exemption in excess of one allowable to such  
17 individual taxpayer for the taxable year under Section 151 of  
18 the Internal Revenue Code.

19 (d) Additional exemptions for an individual taxpayer and  
20 his or her spouse. In the case of an individual taxpayer and  
21 his or her spouse, he or she shall each be allowed additional  
22 exemptions as follows:

23 (1) Additional exemption for taxpayer or spouse 65  
24 years of age or older.

25 (A) For taxpayer. An additional exemption of  
26 \$1,000 for the taxpayer if he or she has attained the

1           age of 65 before the end of the taxable year.

2           (B) For spouse when a joint return is not filed. An  
3           additional exemption of \$1,000 for the spouse of the  
4           taxpayer if a joint return is not made by the taxpayer  
5           and his spouse, and if the spouse has attained the age  
6           of 65 before the end of such taxable year, and, for the  
7           calendar year in which the taxable year of the  
8           taxpayer begins, has no gross income and is not the  
9           dependent of another taxpayer.

10          (2) Additional exemption for blindness of taxpayer or  
11          spouse.

12                 (A) For taxpayer. An additional exemption of  
13                 \$1,000 for the taxpayer if he or she is blind at the  
14                 end of the taxable year.

15                 (B) For spouse when a joint return is not filed. An  
16                 additional exemption of \$1,000 for the spouse of the  
17                 taxpayer if a separate return is made by the taxpayer,  
18                 and if the spouse is blind and, for the calendar year  
19                 in which the taxable year of the taxpayer begins, has  
20                 no gross income and is not the dependent of another  
21                 taxpayer. For purposes of this paragraph, the  
22                 determination of whether the spouse is blind shall be  
23                 made as of the end of the taxable year of the taxpayer;  
24                 except that if the spouse dies during such taxable  
25                 year such determination shall be made as of the time of  
26                 such death.

1 (C) Blindness defined. For purposes of this  
2 subsection, an individual is blind only if his or her  
3 central visual acuity does not exceed 20/200 in the  
4 better eye with correcting lenses, or if his or her  
5 visual acuity is greater than 20/200 but is  
6 accompanied by a limitation in the fields of vision  
7 such that the widest diameter of the visual fields  
8 subtends an angle no greater than 20 degrees.

9 (d-5) Cost-of-living adjustment. For purposes of item (5)  
10 of subsection (b), the cost-of-living adjustment for any  
11 calendar year and for taxable years ending prior to the end of  
12 the subsequent calendar year is equal to \$2,050 times the  
13 percentage (if any) by which:

14 (1) the Consumer Price Index for the preceding  
15 calendar year, exceeds

16 (2) the Consumer Price Index for the calendar year  
17 2011.

18 The Consumer Price Index for any calendar year is the  
19 average of the Consumer Price Index as of the close of the  
20 12-month period ending on August 31 of that calendar year.

21 The term "Consumer Price Index" means the last Consumer  
22 Price Index for All Urban Consumers published by the United  
23 States Department of Labor or any successor agency.

24 If any cost-of-living adjustment is not a multiple of \$25,  
25 that adjustment shall be rounded to the next lowest multiple  
26 of \$25.

1 (e) Cross reference. See Article 3 for the manner of  
2 determining base income allocable to this State.

3 (f) Application of Section 250. Section 250 does not apply  
4 to the amendments to this Section made by Public Act 90-613.

5 (g) Notwithstanding any other provision of law, for  
6 taxable years beginning on or after January 1, 2017, no  
7 taxpayer may claim an exemption under this Section if the  
8 taxpayer's adjusted gross income for the taxable year exceeds  
9 (i) \$500,000, in the case of spouses filing a joint federal tax  
10 return or (ii) \$250,000, in the case of all other taxpayers.  
11 (Source: P.A. 100-22, eff. 7-6-17; 100-865, eff. 8-14-18.)

12 ARTICLE 70. AVIATION FUEL

13 Section 70-5. The Use Tax Act is amended by changing  
14 Section 3-87 as follows:

15 (35 ILCS 105/3-87)

16 Sec. 3-87. Sustainable Aviation Fuel Purchase Credit.

17 (a) From July 1, 2023 through December 31, 2032 ~~June 1,~~  
18 ~~2023 through January 1, 2033~~, sustainable aviation fuel sold  
19 to or used by an air common carrier, certified by the carrier  
20 ~~to the Department~~ to be used in Illinois, earns a credit in the  
21 amount of \$1.50 per gallon of sustainable aviation fuel  
22 purchased. The credit earned shall be referred to as the  
23 Sustainable Aviation Fuel Purchase Credit.



1       Only that portion of each gallon of aviation fuel that  
2       consists of sustainable aviation fuel, as defined in this  
3       Section, is eligible to earn the credit.

4       The credit is earned at the time sustainable aviation fuel  
5       is purchased for use in Illinois. The amount of credit that is  
6       earned is based on the number of whole gallons of sustainable  
7       aviation fuel purchased for use in Illinois. Partial gallons  
8       will not earn a credit. Credits may be used at the same time as  
9       they are earned.

10       For a sale or use of aviation fuel to qualify to earn the  
11       Sustainable Aviation Fuel Purchase Credit, taxpayers must  
12       retain in their books and records a certification from the  
13       producer of the aviation fuel that the aviation fuel sold or  
14       used and for which a sustainable aviation fuel purchase credit  
15       was earned meets the definition of sustainable aviation fuel  
16       under this Section. The documentation must include detail  
17       sufficient for the Department to determine the number of  
18       gallons of sustainable aviation fuel sold or used.

19       A Sustainable Aviation Fuel Purchase Credit earned by an  
20       air common carrier expires on December 31, 2032. The  
21       Sustainable Aviation Fuel Purchase Credit is non-transferable  
22       and non-refundable. Taxpayers shall account for the earning  
23       and usage of Sustainable Aviation Fuel Purchase Credits on  
24       each monthly return filed with the Department, as deemed  
25       necessary by the Department.

26       The purchaser of sustainable aviation fuel shall certify

1 to the seller of the aviation fuel that the purchaser is  
2 satisfying all or part of its liability for the 6.25% tax under  
3 the Use Tax Act or the Service Use Tax Act that is due on the  
4 purchase of aviation fuel by use of the sustainable aviation  
5 fuel purchase credit.

6 The Sustainable Aviation Fuel Purchase Credit  
7 certification must be dated and shall include the name and  
8 address of the purchaser, the purchaser's registration number,  
9 if registered, the credit being applied, and a statement that  
10 the State Use Tax or Service Use Tax ~~use tax or service use tax~~  
11 liability is being satisfied with the air common carrier's  
12 ~~accumulated~~ sustainable aviation fuel purchase credit.

13 An air common carrier-purchaser of aviation fuel may  
14 utilize the Sustainable Aviation Fuel Purchase Credit in  
15 satisfaction of the 6.25% tax arising from the purchase of  
16 aviation fuel, but not in satisfaction of penalty or interest.

17 Until January 1, 2033 ~~July 1, 2033~~, on an annual basis,  
18 running from January through December each year, no credit may  
19 be earned by an air common carrier for soybean oil-derived  
20 sustainable aviation fuel once air common carriers in this  
21 State have collectively purchased sustainable aviation fuel  
22 containing 10,000,000 gallons of soybean oil feedstock. If, in  
23 any year, air common carriers collectively purchase  
24 sustainable aviation fuel containing more than 10,000,000  
25 gallons of soybean oil feedstock for use in this State, then,  
26 in the month in which taxpayer reporting shows that the credit

1 earned from these purchases exceeds the cap, the Department  
2 shall first determine the remaining number of gallons of  
3 soybean oil feedstock available to earn the credit for that  
4 year by subtracting from 10,000,000 the number of gallons of  
5 soybean oil feedstock collectively purchased that year based  
6 on the prior month's taxpayer reporting. The Department shall  
7 then allocate the credit from these remaining gallons of  
8 soybean oil feedstock available to earn the credit for that  
9 year by allowing credit to each air common carrier in the same  
10 proportion as the number of gallons of soybean oil feedstock  
11 reported as having been purchased by each air common carrier  
12 during the month in which the cap is exceeded is to all of the  
13 gallons of soybean oil feedstock reported as having been  
14 purchased during that month. The earning of any credit in  
15 excess of this shall be disallowed for the remainder of the  
16 year. For any credit that was used, the earning of which was  
17 disallowed in the process described in this paragraph, any  
18 resulting tax shall be due on or before April 20th of the year  
19 following the year in which the 10,000,000 gallon cap on  
20 soybean oil feedstock was exceeded and shall be reported and  
21 paid on the aviation fuel tax return. Any credit that is earned  
22 for the purchase of soybean oil feedstock but not timely  
23 reported in a year in which the cap is exceeded is disallowed.

24 A Sustainable Aviation Fuel Purchase Credit certification  
25 provided by the air common carrier may be used to satisfy the  
26 retailer's or serviceman's 6.25% tax liability on aviation

1 fuel under the Retailers' Occupation Tax Act or Service  
2 Occupation Tax Act for the credit claimed.

3 (b) As used in this Section, "sustainable aviation fuel"  
4 means liquid fuel that meets the criteria set forth in  
5 subsections (d) and (e) of Section 40B of the federal Internal  
6 Revenue Code of 1986 or:

7 (1) consists of synthesized hydrocarbons and meets the  
8 requirements of:

9 (A) the American Society for Testing and Materials  
10 International Standard D7566; or

11 (B) the Fischer-Tropsch provisions of American  
12 Society for Testing and Materials International  
13 Standard D1655, Annex A1;

14 (2) prior to June 1, 2028, is derived from biomass  
15 resources, waste streams, renewable energy sources, or  
16 gaseous carbon oxides, and beginning on June 1, 2028 is  
17 derived from domestic biomass resources;

18 (3) is not derived from any palm derivatives; and

19 (4) the fuel production pathway for the sustainable  
20 aviation fuel achieves at least a 50% lifecycle greenhouse  
21 gas emissions reduction in comparison with petroleum-based  
22 jet fuel, as determined by a test that shows:

23 (A) that the fuel production pathway achieves at  
24 least a 50% reduction of the aggregate attributional  
25 core lifecycle emissions and the positive induced land  
26 use change values under the lifecycle methodology for

1 sustainable aviation fuels adopted by the  
2 International Civil Aviation Organization with the  
3 agreement of the United States; or

4 (B) that the fuel production pathway achieves at  
5 least a 50% reduction of the aggregate attributional  
6 core lifecycle greenhouse gas emissions values  
7 utilizing the most recent version of Argonne National  
8 Laboratory's GREET model, inclusive of agricultural  
9 practices and carbon capture and sequestration.

10 (Source: P.A. 102-1125, eff. 2-3-23.)

11 Section 70-10. The Service Use Tax Act is amended by  
12 changing Section 3-72 as follows:

13 (35 ILCS 110/3-72)

14 Sec. 3-72. Sustainable Aviation Fuel Purchase Credit.

15 (a) From July 1, 2023 through December 31, 2032 ~~June 1,~~  
16 ~~2023 through January 1, 2033~~, sustainable aviation fuel sold  
17 to or used by an air common carrier, certified by the carrier  
18 ~~to the Department~~ to be used in Illinois, earns a credit in the  
19 amount of \$1.50 per gallon of sustainable aviation fuel  
20 purchased. The credit earned shall be referred to as the  
21 Sustainable Aviation Fuel Purchase Credit.

22 Only that portion of each gallon of aviation fuel that  
23 consists of sustainable aviation fuel, as defined in this  
24 Section, is eligible to earn the credit.

1       The credit is earned at the time sustainable aviation fuel  
2       is purchased for use in Illinois. The amount of credit that is  
3       earned is based on the number of whole gallons of sustainable  
4       aviation fuel purchased for use in Illinois. Partial gallons  
5       will not earn a credit. Credits may be used at the same time as  
6       they are earned.

7       For a sale or use of aviation fuel to qualify to earn the  
8       Sustainable Aviation Fuel Purchase Credit, taxpayers must  
9       retain in their books and records a certification from the  
10       producer of the aviation fuel that the aviation fuel sold or  
11       used and for which a sustainable aviation fuel purchase credit  
12       was earned meets the definition of sustainable aviation fuel  
13       under this Section. The documentation must include detail  
14       sufficient for the Department to determine the number of  
15       gallons of sustainable aviation fuel sold or used.

16       A Sustainable Aviation Fuel Purchase Credit earned by an  
17       air common carrier expires on December 31, 2032. The  
18       Sustainable Aviation Fuel Purchase Credit is a  
19       non-transferable and non-refundable credit. Taxpayers shall  
20       account for the earning and usage of Sustainable Aviation Fuel  
21       Purchase Credits on each monthly return filed with the  
22       Department, as deemed necessary by the Department.

23       The purchaser of sustainable aviation fuel shall certify  
24       to the seller of the aviation fuel that the purchaser is  
25       satisfying all or part of its liability for the 6.25% tax under  
26       the Use Tax Act or the Service Use Tax Act that is due on the

1 purchase of aviation fuel by use of the sustainable aviation  
2 fuel purchase credit.

3 The Sustainable Aviation Fuel Purchase Credit  
4 certification must be dated and shall include the name and  
5 address of the purchaser, the purchaser's registration number,  
6 if registered, the credit being applied, and a statement that  
7 the State Use Tax or Service Use Tax ~~use tax or service use tax~~  
8 liability is being satisfied with the air common carrier's  
9 ~~accumulated~~ sustainable aviation fuel purchase credit.

10 An air common carrier-purchaser of aviation fuel may  
11 utilize the Sustainable Aviation Fuel Purchase Credit in  
12 satisfaction of the 6.25% tax arising from the purchase of  
13 aviation fuel, but not in satisfaction of penalty or interest.

14 Until January 1, 2033 ~~July 1, 2033~~, on an annual basis  
15 running from January through December each year, no credit may  
16 be earned by an air common carrier for soybean oil-derived  
17 sustainable aviation fuel once air common carriers in this  
18 State have collectively purchased sustainable aviation fuel  
19 containing 10,000,000 gallons of soybean oil feedstock. If, in  
20 any year, air common carriers collectively purchase  
21 sustainable aviation fuel containing more than 10,000,000  
22 gallons of soybean oil feedstock for use in this State, then,  
23 in the month in which taxpayer reporting shows that the credit  
24 earned from these purchases exceeds the cap, the Department  
25 shall first determine the remaining number of gallons of  
26 soybean oil feedstock available to earn the credit for that

1 year by subtracting from 10,000,000 the number of gallons of  
2 soybean oil feedstock collectively purchased that year based  
3 on the prior month's taxpayer reporting. The Department shall  
4 then allocate the credit from these remaining gallons of  
5 soybean oil feedstock available to earn the credit for that  
6 year by allowing credit to each air common carrier in the same  
7 proportion as the number of gallons of soybean oil feedstock  
8 reported as having been purchased by each air common carrier  
9 during the month in which the cap is exceeded is to all of the  
10 gallons of soybean oil feedstock reported as having been  
11 purchased during that month. The earning of any credit in  
12 excess of this shall be disallowed for the remainder of the  
13 year. For any credit that was used, the earning of which was  
14 disallowed in the process described in this paragraph, any  
15 resulting tax shall be due on or before April 20th of the year  
16 following the year in which the 10,000,000 gallon cap on  
17 soybean oil feedstock was exceeded and shall be reported and  
18 paid on the aviation fuel tax return. Any credit that is earned  
19 for the purchase of soybean oil feedstock but not timely  
20 reported in a year in which the cap is exceeded is disallowed.

21 A Sustainable Aviation Fuel Purchase Credit certification  
22 provided by the air common carrier may be used to satisfy the  
23 retailer's or serviceman's 6.25% tax liability on aviation  
24 fuel under the Retailers' Occupation Tax Act or Service  
25 Occupation Tax Act for the credit claimed.

26 (b) As used in this Section, "sustainable aviation fuel"



1 means liquid fuel that meets the criteria set forth in  
2 subsections (d) and (e) of Section 40B of the federal Internal  
3 Revenue Code of 1986 or:

4 (1) consists of synthesized hydrocarbons and meets the  
5 requirements of:

6 (A) the American Society for Testing and Materials  
7 International Standard D7566; or

8 (B) the Fischer-Tropsch provisions of American  
9 Society for Testing and Materials International  
10 Standard D1655, Annex A1;

11 (2) prior to June 1, 2028, is derived from biomass  
12 resources, waste streams, renewable energy sources, or  
13 gaseous carbon oxides, and beginning on June 1, 2028 is  
14 derived from domestic biomass resources;

15 (3) is not derived from any palm derivatives; and

16 (4) the fuel production pathway for the sustainable  
17 aviation fuel achieves at least a 50% lifecycle greenhouse  
18 gas emissions reduction in comparison with petroleum-based  
19 jet fuel, as determined by a test that shows:

20 (A) that the fuel production pathway achieves at  
21 least a 50% reduction of the aggregate attributional  
22 core lifecycle emissions and the positive induced land  
23 use change values under the lifecycle methodology for  
24 sustainable aviation fuels adopted by the  
25 International Civil Aviation Organization with the  
26 agreement of the United States; or

1 (B) that the fuel production pathway achieves at  
2 least a 50% reduction of the aggregate attributional  
3 core lifecycle greenhouse gas emissions values  
4 utilizing the most recent version of Argonne National  
5 Laboratory's GREET model, inclusive of agricultural  
6 practices and carbon capture and sequestration.

7 (Source: P.A. 102-1125, eff. 2-3-23.)

8 Section 70-15. The Service Occupation Tax Act is amended  
9 by changing Section 9 as follows:

10 (35 ILCS 115/9) (from Ch. 120, par. 439.109)

11 Sec. 9. Each serviceman required or authorized to collect  
12 the tax herein imposed shall pay to the Department the amount  
13 of such tax at the time when he is required to file his return  
14 for the period during which such tax was collectible, less a  
15 discount of 2.1% prior to January 1, 1990, and 1.75% on and  
16 after January 1, 1990, or \$5 per calendar year, whichever is  
17 greater, which is allowed to reimburse the serviceman for  
18 expenses incurred in collecting the tax, keeping records,  
19 preparing and filing returns, remitting the tax and supplying  
20 data to the Department on request. When determining the  
21 discount allowed under this Section, servicemen shall include  
22 the amount of tax that would have been due at the 1% rate but  
23 for the 0% rate imposed under this amendatory Act of the 102nd  
24 General Assembly. The discount under this Section is not

1 allowed for the 1.25% portion of taxes paid on aviation fuel  
2 that is subject to the revenue use requirements of 49 U.S.C.  
3 47107(b) and 49 U.S.C. 47133. The discount allowed under this  
4 Section is allowed only for returns that are filed in the  
5 manner required by this Act. The Department may disallow the  
6 discount for servicemen whose certificate of registration is  
7 revoked at the time the return is filed, but only if the  
8 Department's decision to revoke the certificate of  
9 registration has become final.

10 Where such tangible personal property is sold under a  
11 conditional sales contract, or under any other form of sale  
12 wherein the payment of the principal sum, or a part thereof, is  
13 extended beyond the close of the period for which the return is  
14 filed, the serviceman, in collecting the tax may collect, for  
15 each tax return period, only the tax applicable to the part of  
16 the selling price actually received during such tax return  
17 period.

18 Except as provided hereinafter in this Section, on or  
19 before the twentieth day of each calendar month, such  
20 serviceman shall file a return for the preceding calendar  
21 month in accordance with reasonable rules and regulations to  
22 be promulgated by the Department of Revenue. Such return shall  
23 be filed on a form prescribed by the Department and shall  
24 contain such information as the Department may reasonably  
25 require. The return shall include the gross receipts which  
26 were received during the preceding calendar month or quarter

1 on the following items upon which tax would have been due but  
2 for the 0% rate imposed under this amendatory Act of the 102nd  
3 General Assembly: (i) 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 (ii) food prepared for immediate  
8 consumption and transferred incident to a sale of service  
9 subject to this Act or the Service Use Tax Act by an entity  
10 licensed under the Hospital Licensing Act, the Nursing Home  
11 Care Act, the Assisted Living and Shared Housing Act, the  
12 ID/DD Community Care Act, the MC/DD Act, the Specialized  
13 Mental Health Rehabilitation Act of 2013, or the Child Care  
14 Act of 1969, or an entity that holds a permit issued pursuant  
15 to the Life Care Facilities Act. The return shall also include  
16 the amount of tax that would have been due on the items listed  
17 in the previous sentence but for the 0% rate imposed under this  
18 amendatory Act of the 102nd General Assembly.

19 On and after January 1, 2018, with respect to servicemen  
20 whose annual gross receipts average \$20,000 or more, all  
21 returns required to be filed pursuant to this Act shall be  
22 filed electronically. Servicemen who demonstrate that they do  
23 not have access to the Internet or demonstrate hardship in  
24 filing electronically may petition the Department to waive the  
25 electronic filing requirement.

26 The Department may require returns to be filed on a

1 quarterly basis. If so required, a return for each calendar  
2 quarter shall be filed on or before the twentieth day of the  
3 calendar month following the end of such calendar quarter. The  
4 taxpayer shall also file a return with the Department for each  
5 of the first two months of each calendar quarter, on or before  
6 the twentieth day of the following calendar month, stating:

7 1. The name of the seller;

8 2. The address of the principal place of business from  
9 which he engages in business as a serviceman in this  
10 State;

11 3. The total amount of taxable receipts received by  
12 him during the preceding calendar month, including  
13 receipts from charge and time sales, but less all  
14 deductions allowed by law;

15 4. The amount of credit provided in Section 2d of this  
16 Act;

17 5. The amount of tax due;

18 5-5. The signature of the taxpayer; and

19 6. Such other reasonable information as the Department  
20 may require.

21 Each serviceman required or authorized to collect the tax  
22 herein imposed on aviation fuel acquired as an incident to the  
23 purchase of a service in this State during the preceding  
24 calendar month shall, instead of reporting and paying tax as  
25 otherwise required by this Section, report and pay such tax on  
26 a separate aviation fuel tax return. The requirements related

1 to the return shall be as otherwise provided in this Section.  
2 Notwithstanding any other provisions of this Act to the  
3 contrary, servicemen transferring aviation fuel incident to  
4 sales of service shall file all aviation fuel tax returns and  
5 shall make all aviation fuel tax payments by electronic means  
6 in the manner and form required by the Department. For  
7 purposes of this Section, "aviation fuel" means jet fuel and  
8 aviation gasoline.

9 If a taxpayer fails to sign a return within 30 days after  
10 the proper notice and demand for signature by the Department,  
11 the return shall be considered valid and any amount shown to be  
12 due on the return shall be deemed assessed.

13 Notwithstanding any other provision of this Act to the  
14 contrary, servicemen subject to tax on cannabis shall file all  
15 cannabis tax returns and shall make all cannabis tax payments  
16 by electronic means in the manner and form required by the  
17 Department.

18 Prior to October 1, 2003, and on and after September 1,  
19 2004 a serviceman may accept a Manufacturer's Purchase Credit  
20 certification from a purchaser in satisfaction of Service Use  
21 Tax as provided in Section 3-70 of the Service Use Tax Act if  
22 the purchaser provides the appropriate documentation as  
23 required by Section 3-70 of the Service Use Tax Act. A  
24 Manufacturer's Purchase Credit certification, accepted prior  
25 to October 1, 2003 or on or after September 1, 2004 by a  
26 serviceman as provided in Section 3-70 of the Service Use Tax

1 Act, may be used by that serviceman to satisfy Service  
2 Occupation Tax liability in the amount claimed in the  
3 certification, not to exceed 6.25% of the receipts subject to  
4 tax from a qualifying purchase. A Manufacturer's Purchase  
5 Credit reported on any original or amended return filed under  
6 this Act after October 20, 2003 for reporting periods prior to  
7 September 1, 2004 shall be disallowed. Manufacturer's Purchase  
8 Credit reported on annual returns due on or after January 1,  
9 2005 will be disallowed for periods prior to September 1,  
10 2004. No Manufacturer's Purchase Credit may be used after  
11 September 30, 2003 through August 31, 2004 to satisfy any tax  
12 liability imposed under this Act, including any audit  
13 liability.

14 Beginning on July 1, 2023 and through December 31, 2032, a  
15 serviceman may accept a Sustainable Aviation Fuel Purchase  
16 Credit certification from an air common carrier-purchaser in  
17 satisfaction of Service Use Tax as provided in Section 3-72 of  
18 the Service Use Tax Act if the purchaser provides the  
19 appropriate documentation as required by Section 3-72 of the  
20 Service Use Tax Act. A Sustainable Aviation Fuel Purchase  
21 Credit certification accepted by a serviceman in accordance  
22 with this paragraph may be used by that serviceman to satisfy  
23 service occupation tax liability (but not in satisfaction of  
24 penalty or interest) in the amount claimed in the  
25 certification, not to exceed 6.25% of the receipts subject to  
26 tax from a sale of aviation fuel. In addition, for a sale of

1 aviation fuel to qualify to earn the Sustainable Aviation Fuel  
2 Purchase Credit, servicemen must retain in their books and  
3 records a certification from the producer of the aviation fuel  
4 that the aviation fuel sold by the serviceman and for which a  
5 sustainable aviation fuel purchase credit was earned meets the  
6 definition of sustainable aviation fuel under Section 3-72 of  
7 the Service Use Tax Act. The documentation must include detail  
8 sufficient for the Department to determine the number of  
9 gallons of sustainable aviation fuel sold.

10       If the serviceman's average monthly tax liability to the  
11 Department does not exceed \$200, the Department may authorize  
12 his returns to be filed on a quarter annual basis, with the  
13 return for January, February and March of a given year being  
14 due by April 20 of such year; with the return for April, May  
15 and June of a given year being due by July 20 of such year;  
16 with the return for July, August and September of a given year  
17 being due by October 20 of such year, and with the return for  
18 October, November and December of a given year being due by  
19 January 20 of the following year.

20       If the serviceman's average monthly tax liability to the  
21 Department does not exceed \$50, the Department may authorize  
22 his returns to be filed on an annual basis, with the return for  
23 a given year being due by January 20 of the following year.

24       Such quarter annual and annual returns, as to form and  
25 substance, shall be subject to the same requirements as  
26 monthly returns.



1           Notwithstanding any other provision in this Act concerning  
2 the time within which a serviceman may file his return, in the  
3 case of any serviceman who ceases to engage in a kind of  
4 business which makes him responsible for filing returns under  
5 this Act, such serviceman shall file a final return under this  
6 Act with the Department not more than 1 month after  
7 discontinuing such business.

8           Beginning October 1, 1993, a taxpayer who has an average  
9 monthly tax liability of \$150,000 or more shall make all  
10 payments required by rules of the Department by electronic  
11 funds transfer. Beginning October 1, 1994, a taxpayer who has  
12 an average monthly tax liability of \$100,000 or more shall  
13 make all payments required by rules of the Department by  
14 electronic funds transfer. Beginning October 1, 1995, a  
15 taxpayer who has an average monthly tax liability of \$50,000  
16 or more shall make all payments required by rules of the  
17 Department by electronic funds transfer. Beginning October 1,  
18 2000, a taxpayer who has an annual tax liability of \$200,000 or  
19 more shall make all payments required by rules of the  
20 Department by electronic funds transfer. The term "annual tax  
21 liability" shall be the sum of the taxpayer's liabilities  
22 under this Act, and under all other State and local occupation  
23 and use tax laws administered by the Department, for the  
24 immediately preceding calendar year. The term "average monthly  
25 tax liability" means the sum of the taxpayer's liabilities  
26 under this Act, and under all other State and local occupation

1 and use tax laws administered by the Department, for the  
2 immediately preceding calendar year divided by 12. Beginning  
3 on October 1, 2002, a taxpayer who has a tax liability in the  
4 amount set forth in subsection (b) of Section 2505-210 of the  
5 Department of Revenue Law shall make all payments required by  
6 rules of the Department by electronic funds transfer.

7 Before August 1 of each year beginning in 1993, the  
8 Department shall notify all taxpayers required to make  
9 payments by electronic funds transfer. All taxpayers required  
10 to make payments by electronic funds transfer shall make those  
11 payments for a minimum of one year beginning on October 1.

12 Any taxpayer not required to make payments by electronic  
13 funds transfer may make payments by electronic funds transfer  
14 with the permission of the Department.

15 All taxpayers required to make payment by electronic funds  
16 transfer and any taxpayers authorized to voluntarily make  
17 payments by electronic funds transfer shall make those  
18 payments in the manner authorized by the Department.

19 The Department shall adopt such rules as are necessary to  
20 effectuate a program of electronic funds transfer and the  
21 requirements of this Section.

22 Where a serviceman collects the tax with respect to the  
23 selling price of tangible personal property which he sells and  
24 the purchaser thereafter returns such tangible personal  
25 property and the serviceman refunds the selling price thereof  
26 to the purchaser, such serviceman shall also refund, to the

1 purchaser, the tax so collected from the purchaser. When  
2 filing his return for the period in which he refunds such tax  
3 to the purchaser, the serviceman may deduct the amount of the  
4 tax so refunded by him to the purchaser from any other Service  
5 Occupation Tax, Service Use Tax, Retailers' Occupation Tax or  
6 Use Tax which such serviceman may be required to pay or remit  
7 to the Department, as shown by such return, provided that the  
8 amount of the tax to be deducted shall previously have been  
9 remitted to the Department by such serviceman. If the  
10 serviceman shall not previously have remitted the amount of  
11 such tax to the Department, he shall be entitled to no  
12 deduction hereunder upon refunding such tax to the purchaser.

13 If experience indicates such action to be practicable, the  
14 Department may prescribe and furnish a combination or joint  
15 return which will enable servicemen, who are required to file  
16 returns hereunder and also under the Retailers' Occupation Tax  
17 Act, the Use Tax Act or the Service Use Tax Act, to furnish all  
18 the return information required by all said Acts on the one  
19 form.

20 Where the serviceman has more than one business registered  
21 with the Department under separate registrations hereunder,  
22 such serviceman shall file separate returns for each  
23 registered business.

24 Beginning January 1, 1990, each month the Department shall  
25 pay into the Local Government Tax Fund the revenue realized  
26 for the preceding month from the 1% tax imposed under this Act.

1           Beginning January 1, 1990, each month the Department shall  
2 pay into the County and Mass Transit District Fund 4% of the  
3 revenue realized for the preceding month from the 6.25%  
4 general rate on sales of tangible personal property other than  
5 aviation fuel sold on or after December 1, 2019. This  
6 exception for aviation fuel only applies for so long as the  
7 revenue use requirements of 49 U.S.C. 47107(b) and 49 U.S.C.  
8 47133 are binding on the State.

9           Beginning August 1, 2000, each month the Department shall  
10 pay into the County and Mass Transit District Fund 20% of the  
11 net revenue realized for the preceding month from the 1.25%  
12 rate on the selling price of motor fuel and gasohol.

13           Beginning January 1, 1990, each month the Department shall  
14 pay into the Local Government Tax Fund 16% of the revenue  
15 realized for the preceding month from the 6.25% general rate  
16 on transfers of tangible personal property other than aviation  
17 fuel sold on or after December 1, 2019. This exception for  
18 aviation fuel only applies for so long as the revenue use  
19 requirements of 49 U.S.C. 47107(b) and 49 U.S.C. 47133 are  
20 binding on the State.

21           For aviation fuel sold on or after December 1, 2019, each  
22 month the Department shall pay into the State Aviation Program  
23 Fund 20% of the net revenue realized for the preceding month  
24 from the 6.25% general rate on the selling price of aviation  
25 fuel, less an amount estimated by the Department to be  
26 required for refunds of the 20% portion of the tax on aviation

1 fuel under this Act, which amount shall be deposited into the  
2 Aviation Fuel Sales Tax Refund Fund. The Department shall only  
3 pay moneys into the State Aviation Program Fund and the  
4 Aviation Fuel Sales Tax Refund Fund under this Act for so long  
5 as the revenue use requirements of 49 U.S.C. 47107(b) and 49  
6 U.S.C. 47133 are binding on the State.

7 Beginning August 1, 2000, each month the Department shall  
8 pay into the Local Government Tax Fund 80% of the net revenue  
9 realized for the preceding month from the 1.25% rate on the  
10 selling price of motor fuel and gasohol.

11 Beginning October 1, 2009, each month the Department shall  
12 pay into the Capital Projects Fund an amount that is equal to  
13 an amount estimated by the Department to represent 80% of the  
14 net revenue realized for the preceding month from the sale of  
15 candy, grooming and hygiene products, and soft drinks that had  
16 been taxed at a rate of 1% prior to September 1, 2009 but that  
17 are now taxed at 6.25%.

18 Beginning July 1, 2013, each month the Department shall  
19 pay into the Underground Storage Tank Fund from the proceeds  
20 collected under this Act, the Use Tax Act, the Service Use Tax  
21 Act, and the Retailers' Occupation Tax Act an amount equal to  
22 the average monthly deficit in the Underground Storage Tank  
23 Fund during the prior year, as certified annually by the  
24 Illinois Environmental Protection Agency, but the total  
25 payment into the Underground Storage Tank Fund under this Act,  
26 the Use Tax Act, the Service Use Tax Act, and the Retailers'

1 Occupation Tax Act shall not exceed \$18,000,000 in any State  
2 fiscal year. As used in this paragraph, the "average monthly  
3 deficit" shall be equal to the difference between the average  
4 monthly claims for payment by the fund and the average monthly  
5 revenues deposited into the fund, excluding payments made  
6 pursuant to this paragraph.

7 Beginning July 1, 2015, of the remainder of the moneys  
8 received by the Department under the Use Tax Act, the Service  
9 Use Tax Act, this Act, and the Retailers' Occupation Tax Act,  
10 each month the Department shall deposit \$500,000 into the  
11 State Crime Laboratory Fund.

12 Of the remainder of the moneys received by the Department  
13 pursuant to this Act, (a) 1.75% thereof shall be paid into the  
14 Build Illinois Fund and (b) prior to July 1, 1989, 2.2% and on  
15 and after July 1, 1989, 3.8% thereof shall be paid into the  
16 Build Illinois Fund; provided, however, that if in any fiscal  
17 year the sum of (1) the aggregate of 2.2% or 3.8%, as the case  
18 may be, of the moneys received by the Department and required  
19 to be paid into the Build Illinois Fund pursuant to Section 3  
20 of the Retailers' Occupation Tax Act, Section 9 of the Use Tax  
21 Act, Section 9 of the Service Use Tax Act, and Section 9 of the  
22 Service Occupation Tax Act, such Acts being hereinafter called  
23 the "Tax Acts" and such aggregate of 2.2% or 3.8%, as the case  
24 may be, of moneys being hereinafter called the "Tax Act  
25 Amount", and (2) the amount transferred to the Build Illinois  
26 Fund from the State and Local Sales Tax Reform Fund shall be

1 less than the Annual Specified Amount (as defined in Section 3  
2 of the Retailers' Occupation Tax Act), an amount equal to the  
3 difference shall be immediately paid into the Build Illinois  
4 Fund from other moneys received by the Department pursuant to  
5 the Tax Acts; and further provided, that if on the last  
6 business day of any month the sum of (1) the Tax Act Amount  
7 required to be deposited into the Build Illinois Account in  
8 the Build Illinois Fund during such month and (2) the amount  
9 transferred during such month to the Build Illinois Fund from  
10 the State and Local Sales Tax Reform Fund shall have been less  
11 than 1/12 of the Annual Specified Amount, an amount equal to  
12 the difference shall be immediately paid into the Build  
13 Illinois Fund from other moneys received by the Department  
14 pursuant to the Tax Acts; and, further provided, that in no  
15 event shall the payments required under the preceding proviso  
16 result in aggregate payments into the Build Illinois Fund  
17 pursuant to this clause (b) for any fiscal year in excess of  
18 the greater of (i) the Tax Act Amount or (ii) the Annual  
19 Specified Amount for such fiscal year; and, further provided,  
20 that the amounts payable into the Build Illinois Fund under  
21 this clause (b) shall be payable only until such time as the  
22 aggregate amount on deposit under each trust indenture  
23 securing Bonds issued and outstanding pursuant to the Build  
24 Illinois Bond Act is sufficient, taking into account any  
25 future investment income, to fully provide, in accordance with  
26 such indenture, for the defeasance of or the payment of the

1 principal of, premium, if any, and interest on the Bonds  
2 secured by such indenture and on any Bonds expected to be  
3 issued thereafter and all fees and costs payable with respect  
4 thereto, all as certified by the Director of the Bureau of the  
5 Budget (now Governor's Office of Management and Budget). If on  
6 the last business day of any month in which Bonds are  
7 outstanding pursuant to the Build Illinois Bond Act, the  
8 aggregate of the moneys deposited in the Build Illinois Bond  
9 Account in the Build Illinois Fund in such month shall be less  
10 than the amount required to be transferred in such month from  
11 the Build Illinois Bond Account to the Build Illinois Bond  
12 Retirement and Interest Fund pursuant to Section 13 of the  
13 Build Illinois Bond Act, an amount equal to such deficiency  
14 shall be immediately paid from other moneys received by the  
15 Department pursuant to the Tax Acts to the Build Illinois  
16 Fund; provided, however, that any amounts paid to the Build  
17 Illinois Fund in any fiscal year pursuant to this sentence  
18 shall be deemed to constitute payments pursuant to clause (b)  
19 of the preceding sentence and shall reduce the amount  
20 otherwise payable for such fiscal year pursuant to clause (b)  
21 of the preceding sentence. The moneys received by the  
22 Department pursuant to this Act and required to be deposited  
23 into the Build Illinois Fund are subject to the pledge, claim  
24 and charge set forth in Section 12 of the Build Illinois Bond  
25 Act.

26 Subject to payment of amounts into the Build Illinois Fund



1 as provided in the preceding paragraph or in any amendment  
2 thereto hereafter enacted, the following specified monthly  
3 installment of the amount requested in the certificate of the  
4 Chairman of the Metropolitan Pier and Exposition Authority  
5 provided under Section 8.25f of the State Finance Act, but not  
6 in excess of the sums designated as "Total Deposit", shall be  
7 deposited in the aggregate from collections under Section 9 of  
8 the Use Tax Act, Section 9 of the Service Use Tax Act, Section  
9 9 of the Service Occupation Tax Act, and Section 3 of the  
10 Retailers' Occupation Tax Act into the McCormick Place  
11 Expansion Project Fund in the specified fiscal years.

12	Fiscal Year	Total Deposit
13	1993	\$0
14	1994	53,000,000
15	1995	58,000,000
16	1996	61,000,000
17	1997	64,000,000
18	1998	68,000,000
19	1999	71,000,000
20	2000	75,000,000
21	2001	80,000,000
22	2002	93,000,000
23	2003	99,000,000
24	2004	103,000,000
25	2005	108,000,000

1	2006	113,000,000
2	2007	119,000,000
3	2008	126,000,000
4	2009	132,000,000
5	2010	139,000,000
6	2011	146,000,000
7	2012	153,000,000
8	2013	161,000,000
9	2014	170,000,000
10	2015	179,000,000
11	2016	189,000,000
12	2017	199,000,000
13	2018	210,000,000
14	2019	221,000,000
15	2020	233,000,000
16	2021	300,000,000
17	2022	300,000,000
18	2023	300,000,000
19	2024	300,000,000
20	2025	300,000,000
21	2026	300,000,000
22	2027	375,000,000
23	2028	375,000,000
24	2029	375,000,000
25	2030	375,000,000
26	2031	375,000,000

1	2032	375,000,000
2	2033	375,000,000
3	2034	375,000,000
4	2035	375,000,000
5	2036	450,000,000

6 and

7 each fiscal year

8 thereafter that bonds

9 are outstanding under

10 Section 13.2 of the

11 Metropolitan Pier and

12 Exposition Authority Act,

13 but not after fiscal year 2060.

14 Beginning July 20, 1993 and in each month of each fiscal  
15 year thereafter, one-eighth of the amount requested in the  
16 certificate of the Chairman of the Metropolitan Pier and  
17 Exposition Authority for that fiscal year, less the amount  
18 deposited into the McCormick Place Expansion Project Fund by  
19 the State Treasurer in the respective month under subsection  
20 (g) of Section 13 of the Metropolitan Pier and Exposition  
21 Authority Act, plus cumulative deficiencies in the deposits  
22 required under this Section for previous months and years,  
23 shall be deposited into the McCormick Place Expansion Project  
24 Fund, until the full amount requested for the fiscal year, but  
25 not in excess of the amount specified above as "Total  
26 Deposit", has been deposited.

1           Subject to payment of amounts into the Capital Projects  
2 Fund, the Build Illinois Fund, and the McCormick Place  
3 Expansion Project Fund pursuant to the preceding paragraphs or  
4 in any amendments thereto hereafter enacted, for aviation fuel  
5 sold on or after December 1, 2019, the Department shall each  
6 month deposit into the Aviation Fuel Sales Tax Refund Fund an  
7 amount estimated by the Department to be required for refunds  
8 of the 80% portion of the tax on aviation fuel under this Act.  
9 The Department shall only deposit moneys into the Aviation  
10 Fuel Sales Tax Refund Fund under this paragraph for so long as  
11 the revenue use requirements of 49 U.S.C. 47107(b) and 49  
12 U.S.C. 47133 are binding on the State.

13           Subject to payment of amounts into the Build Illinois Fund  
14 and the McCormick Place Expansion Project Fund pursuant to the  
15 preceding paragraphs or in any amendments thereto hereafter  
16 enacted, beginning July 1, 1993 and ending on September 30,  
17 2013, the Department shall each month pay into the Illinois  
18 Tax Increment Fund 0.27% of 80% of the net revenue realized for  
19 the preceding month from the 6.25% general rate on the selling  
20 price of tangible personal property.

21           Subject to payment of amounts into the Build Illinois Fund  
22 and the McCormick Place Expansion Project Fund pursuant to the  
23 preceding paragraphs or in any amendments thereto hereafter  
24 enacted, beginning with the receipt of the first report of  
25 taxes paid by an eligible business and continuing for a  
26 25-year period, the Department shall each month pay into the

1 Energy Infrastructure Fund 80% of the net revenue realized  
2 from the 6.25% general rate on the selling price of  
3 Illinois-mined coal that was sold to an eligible business. For  
4 purposes of this paragraph, the term "eligible business" means  
5 a new electric generating facility certified pursuant to  
6 Section 605-332 of the Department of Commerce and Economic  
7 Opportunity Law of the Civil Administrative Code of Illinois.

8 Subject to payment of amounts into the Build Illinois  
9 Fund, the McCormick Place Expansion Project Fund, the Illinois  
10 Tax Increment Fund, and the Energy Infrastructure Fund  
11 pursuant to the preceding paragraphs or in any amendments to  
12 this Section hereafter enacted, beginning on the first day of  
13 the first calendar month to occur on or after August 26, 2014  
14 (the effective date of Public Act 98-1098), each month, from  
15 the collections made under Section 9 of the Use Tax Act,  
16 Section 9 of the Service Use Tax Act, Section 9 of the Service  
17 Occupation Tax Act, and Section 3 of the Retailers' Occupation  
18 Tax Act, the Department shall pay into the Tax Compliance and  
19 Administration Fund, to be used, subject to appropriation, to  
20 fund additional auditors and compliance personnel at the  
21 Department of Revenue, an amount equal to 1/12 of 5% of 80% of  
22 the cash receipts collected during the preceding fiscal year  
23 by the Audit Bureau of the Department under the Use Tax Act,  
24 the Service Use Tax Act, the Service Occupation Tax Act, the  
25 Retailers' Occupation Tax Act, and associated local occupation  
26 and use taxes administered by the Department.

1           Subject to payments of amounts into the Build Illinois  
2 Fund, the McCormick Place Expansion Project Fund, the Illinois  
3 Tax Increment Fund, the Energy Infrastructure Fund, and the  
4 Tax Compliance and Administration Fund as provided in this  
5 Section, beginning on July 1, 2018 the Department shall pay  
6 each month into the Downstate Public Transportation Fund the  
7 moneys required to be so paid under Section 2-3 of the  
8 Downstate Public Transportation Act.

9           Subject to successful execution and delivery of a  
10 public-private agreement between the public agency and private  
11 entity and completion of the civic build, beginning on July 1,  
12 2023, of the remainder of the moneys received by the  
13 Department under the Use Tax Act, the Service Use Tax Act, the  
14 Service Occupation Tax Act, and this Act, the Department shall  
15 deposit the following specified deposits in the aggregate from  
16 collections under the Use Tax Act, the Service Use Tax Act, the  
17 Service Occupation Tax Act, and the Retailers' Occupation Tax  
18 Act, as required under Section 8.25g of the State Finance Act  
19 for distribution consistent with the Public-Private  
20 Partnership for Civic and Transit Infrastructure Project Act.  
21 The moneys received by the Department pursuant to this Act and  
22 required to be deposited into the Civic and Transit  
23 Infrastructure Fund are subject to the pledge, claim and  
24 charge set forth in Section 25-55 of the Public-Private  
25 Partnership for Civic and Transit Infrastructure Project Act.  
26 As used in this paragraph, "civic build", "private entity",

1 "public-private agreement", and "public agency" have the  
 2 meanings provided in Section 25-10 of the Public-Private  
 3 Partnership for Civic and Transit Infrastructure Project Act.

4	Fiscal Year.....	Total Deposit
5	2024 .....	\$200,000,000
6	2025 .....	\$206,000,000
7	2026 .....	\$212,200,000
8	2027 .....	\$218,500,000
9	2028 .....	\$225,100,000
10	2029 .....	\$288,700,000
11	2030 .....	\$298,900,000
12	2031 .....	\$309,300,000
13	2032 .....	\$320,100,000
14	2033 .....	\$331,200,000
15	2034 .....	\$341,200,000
16	2035 .....	\$351,400,000
17	2036 .....	\$361,900,000
18	2037 .....	\$372,800,000
19	2038 .....	\$384,000,000
20	2039 .....	\$395,500,000
21	2040 .....	\$407,400,000
22	2041 .....	\$419,600,000
23	2042 .....	\$432,200,000
24	2043 .....	\$445,100,000

25 Beginning July 1, 2021 and until July 1, 2022, subject to  
 26 the payment of amounts into the County and Mass Transit

1 District Fund, the Local Government Tax Fund, the Build  
2 Illinois Fund, the McCormick Place Expansion Project Fund, the  
3 Illinois Tax Increment Fund, the Energy Infrastructure Fund,  
4 and the Tax Compliance and Administration Fund as provided in  
5 this Section, the Department shall pay each month into the  
6 Road Fund the amount estimated to represent 16% of the net  
7 revenue realized from the taxes imposed on motor fuel and  
8 gasohol. Beginning July 1, 2022 and until July 1, 2023,  
9 subject to the payment of amounts into the County and Mass  
10 Transit District Fund, the Local Government Tax Fund, the  
11 Build Illinois Fund, the McCormick Place Expansion Project  
12 Fund, the Illinois Tax Increment Fund, the Energy  
13 Infrastructure Fund, and the Tax Compliance and Administration  
14 Fund as provided in this Section, the Department shall pay  
15 each month into the Road Fund the amount estimated to  
16 represent 32% of the net revenue realized from the taxes  
17 imposed on motor fuel and gasohol. Beginning July 1, 2023 and  
18 until July 1, 2024, subject to the payment of amounts into the  
19 County and Mass Transit District Fund, the Local Government  
20 Tax Fund, the Build Illinois Fund, the McCormick Place  
21 Expansion Project Fund, the Illinois Tax Increment Fund, the  
22 Energy Infrastructure Fund, and the Tax Compliance and  
23 Administration Fund as provided in this Section, the  
24 Department shall pay each month into the Road Fund the amount  
25 estimated to represent 48% of the net revenue realized from  
26 the taxes imposed on motor fuel and gasohol. Beginning July 1,



1 2024 and until July 1, 2025, subject to the payment of amounts  
2 into the County and Mass Transit District Fund, the Local  
3 Government Tax Fund, the Build Illinois Fund, the McCormick  
4 Place Expansion Project Fund, the Illinois Tax Increment Fund,  
5 the Energy Infrastructure Fund, and the Tax Compliance and  
6 Administration Fund as provided in this Section, the  
7 Department shall pay each month into the Road Fund the amount  
8 estimated to represent 64% of the net revenue realized from  
9 the taxes imposed on motor fuel and gasohol. Beginning on July  
10 1, 2025, subject to the payment of amounts into the County and  
11 Mass Transit District Fund, the Local Government Tax Fund, the  
12 Build Illinois Fund, the McCormick Place Expansion Project  
13 Fund, the Illinois Tax Increment Fund, the Energy  
14 Infrastructure Fund, and the Tax Compliance and Administration  
15 Fund as provided in this Section, the Department shall pay  
16 each month into the Road Fund the amount estimated to  
17 represent 80% of the net revenue realized from the taxes  
18 imposed on motor fuel and gasohol. As used in this paragraph  
19 "motor fuel" has the meaning given to that term in Section 1.1  
20 of the Motor Fuel Tax Law, and "gasohol" has the meaning given  
21 to that term in Section 3-40 of the Use Tax Act.

22 Of the remainder of the moneys received by the Department  
23 pursuant to this Act, 75% shall be paid into the General  
24 Revenue Fund of the State Treasury and 25% shall be reserved in  
25 a special account and used only for the transfer to the Common  
26 School Fund as part of the monthly transfer from the General

1 Revenue Fund in accordance with Section 8a of the State  
2 Finance Act.

3 The Department may, upon separate written notice to a  
4 taxpayer, require the taxpayer to prepare and file with the  
5 Department on a form prescribed by the Department within not  
6 less than 60 days after receipt of the notice an annual  
7 information return for the tax year specified in the notice.  
8 Such annual return to the Department shall include a statement  
9 of gross receipts as shown by the taxpayer's last Federal  
10 income tax return. If the total receipts of the business as  
11 reported in the Federal income tax return do not agree with the  
12 gross receipts reported to the Department of Revenue for the  
13 same period, the taxpayer shall attach to his annual return a  
14 schedule showing a reconciliation of the 2 amounts and the  
15 reasons for the difference. The taxpayer's annual return to  
16 the Department shall also disclose the cost of goods sold by  
17 the taxpayer during the year covered by such return, opening  
18 and closing inventories of such goods for such year, cost of  
19 goods used from stock or taken from stock and given away by the  
20 taxpayer during such year, pay roll information of the  
21 taxpayer's business during such year and any additional  
22 reasonable information which the Department deems would be  
23 helpful in determining the accuracy of the monthly, quarterly  
24 or annual returns filed by such taxpayer as hereinbefore  
25 provided for in this Section.

26 If the annual information return required by this Section

1 is not filed when and as required, the taxpayer shall be liable  
2 as follows:

3 (i) Until January 1, 1994, the taxpayer shall be  
4 liable for a penalty equal to 1/6 of 1% of the tax due from  
5 such taxpayer under this Act during the period to be  
6 covered by the annual return for each month or fraction of  
7 a month until such return is filed as required, the  
8 penalty to be assessed and collected in the same manner as  
9 any other penalty provided for in this Act.

10 (ii) On and after January 1, 1994, the taxpayer shall  
11 be liable for a penalty as described in Section 3-4 of the  
12 Uniform Penalty and Interest Act.

13 The chief executive officer, proprietor, owner or highest  
14 ranking manager shall sign the annual return to certify the  
15 accuracy of the information contained therein. Any person who  
16 willfully signs the annual return containing false or  
17 inaccurate information shall be guilty of perjury and punished  
18 accordingly. The annual return form prescribed by the  
19 Department shall include a warning that the person signing the  
20 return may be liable for perjury.

21 The foregoing portion of this Section concerning the  
22 filing of an annual information return shall not apply to a  
23 serviceman who is not required to file an income tax return  
24 with the United States Government.

25 As soon as possible after the first day of each month, upon  
26 certification of the Department of Revenue, the Comptroller

1 shall order transferred and the Treasurer shall transfer from  
2 the General Revenue Fund to the Motor Fuel Tax Fund an amount  
3 equal to 1.7% of 80% of the net revenue realized under this Act  
4 for the second preceding month. Beginning April 1, 2000, this  
5 transfer is no longer required and shall not be made.

6 Net revenue realized for a month shall be the revenue  
7 collected by the State pursuant to this Act, less the amount  
8 paid out during that month as refunds to taxpayers for  
9 overpayment of liability.

10 For greater simplicity of administration, it shall be  
11 permissible for manufacturers, importers and wholesalers whose  
12 products are sold by numerous servicemen in Illinois, and who  
13 wish to do so, to assume the responsibility for accounting and  
14 paying to the Department all tax accruing under this Act with  
15 respect to such sales, if the servicemen who are affected do  
16 not make written objection to the Department to this  
17 arrangement.

18 (Source: P.A. 101-10, Article 15, Section 15-20, eff. 6-5-19;  
19 101-10, Article 25, Section 25-115, eff. 6-5-19; 101-27, eff.  
20 6-25-19; 101-32, eff. 6-28-19; 101-604, eff. 12-13-19;  
21 101-636, eff. 6-10-20; 102-700, eff. 4-19-22.)

22 Section 70-20. The Retailers' Occupation Tax Act is  
23 amended by changing Section 3 as follows:

24 (35 ILCS 120/3) (from Ch. 120, par. 442)

1           Sec. 3. Except as provided in this Section, on or before  
2 the twentieth day of each calendar month, every person engaged  
3 in the business of selling tangible personal property at  
4 retail in this State during the preceding calendar month shall  
5 file a return with the Department, stating:

6           1. The name of the seller;

7           2. His residence address and the address of his  
8 principal place of business and the address of the  
9 principal place of business (if that is a different  
10 address) from which he engages in the business of selling  
11 tangible personal property at retail in this State;

12           3. Total amount of receipts received by him during the  
13 preceding calendar month or quarter, as the case may be,  
14 from sales of tangible personal property, and from  
15 services furnished, by him during such preceding calendar  
16 month or quarter;

17           4. Total amount received by him during the preceding  
18 calendar month or quarter on charge and time sales of  
19 tangible personal property, and from services furnished,  
20 by him prior to the month or quarter for which the return  
21 is filed;

22           5. Deductions allowed by law;

23           6. Gross receipts which were received by him during  
24 the preceding calendar month or quarter and upon the basis  
25 of which the tax is imposed, including gross receipts on  
26 food for human consumption that is to be consumed off the

1 premises where it is sold (other than alcoholic beverages,  
2 food consisting of or infused with adult use cannabis,  
3 soft drinks, and food that has been prepared for immediate  
4 consumption) which were received during the preceding  
5 calendar month or quarter and upon which tax would have  
6 been due but for the 0% rate imposed under Public Act  
7 102-700 ~~this amendatory Act of the 102nd General Assembly;~~

8 7. The amount of credit provided in Section 2d of this  
9 Act;

10 8. The amount of tax due, including the amount of tax  
11 that would have been due on food for human consumption  
12 that is to be consumed off the premises where it is sold  
13 (other than alcoholic beverages, food consisting of or  
14 infused with adult use cannabis, soft drinks, and food  
15 that has been prepared for immediate consumption) but for  
16 the 0% rate imposed under Public Act 102-700 ~~this~~  
17 ~~amendatory Act of the 102nd General Assembly;~~

18 9. The signature of the taxpayer; and

19 10. Such other reasonable information as the  
20 Department may require.

21 On and after January 1, 2018, except for returns required  
22 to be filed prior to January 1, 2023 for motor vehicles,  
23 watercraft, aircraft, and trailers that are required to be  
24 registered with an agency of this State, with respect to  
25 retailers whose annual gross receipts average \$20,000 or more,  
26 all returns required to be filed pursuant to this Act shall be

1 filed electronically. On and after January 1, 2023, with  
2 respect to retailers whose annual gross receipts average  
3 \$20,000 or more, all returns required to be filed pursuant to  
4 this Act, including, but not limited to, returns for motor  
5 vehicles, watercraft, aircraft, and trailers that are required  
6 to be registered with an agency of this State, shall be filed  
7 electronically. Retailers who demonstrate that they do not  
8 have access to the Internet or demonstrate hardship in filing  
9 electronically may petition the Department to waive the  
10 electronic filing requirement.

11 If a taxpayer fails to sign a return within 30 days after  
12 the proper notice and demand for signature by the Department,  
13 the return shall be considered valid and any amount shown to be  
14 due on the return shall be deemed assessed.

15 Each return shall be accompanied by the statement of  
16 prepaid tax issued pursuant to Section 2e for which credit is  
17 claimed.

18 Prior to October 1, 2003, and on and after September 1,  
19 2004 a retailer may accept a Manufacturer's Purchase Credit  
20 certification from a purchaser in satisfaction of Use Tax as  
21 provided in Section 3-85 of the Use Tax Act if the purchaser  
22 provides the appropriate documentation as required by Section  
23 3-85 of the Use Tax Act. A Manufacturer's Purchase Credit  
24 certification, accepted by a retailer prior to October 1, 2003  
25 and on and after September 1, 2004 as provided in Section 3-85  
26 of the Use Tax Act, may be used by that retailer to satisfy

1 Retailers' Occupation Tax liability in the amount claimed in  
2 the certification, not to exceed 6.25% of the receipts subject  
3 to tax from a qualifying purchase. A Manufacturer's Purchase  
4 Credit reported on any original or amended return filed under  
5 this Act after October 20, 2003 for reporting periods prior to  
6 September 1, 2004 shall be disallowed. Manufacturer's Purchase  
7 Credit reported on annual returns due on or after January 1,  
8 2005 will be disallowed for periods prior to September 1,  
9 2004. No Manufacturer's Purchase Credit may be used after  
10 September 30, 2003 through August 31, 2004 to satisfy any tax  
11 liability imposed under this Act, including any audit  
12 liability.

13 Beginning on July 1, 2023 and through December 31, 2032, a  
14 retailer may accept a Sustainable Aviation Fuel Purchase  
15 Credit certification from an air common carrier-purchaser in  
16 satisfaction of Use Tax on aviation fuel as provided in  
17 Section 3-87 of the Use Tax Act if the purchaser provides the  
18 appropriate documentation as required by Section 3-87 of the  
19 Use Tax Act. A Sustainable Aviation Fuel Purchase Credit  
20 certification accepted by a retailer in accordance with this  
21 paragraph may be used by that retailer to satisfy Retailers'  
22 Occupation Tax liability (but not in satisfaction of penalty  
23 or interest) in the amount claimed in the certification, not  
24 to exceed 6.25% of the receipts subject to tax from a sale of  
25 aviation fuel. In addition, for a sale of aviation fuel to  
26 qualify to earn the Sustainable Aviation Fuel Purchase Credit,



1 retailers must retain in their books and records a  
2 certification from the producer of the aviation fuel that the  
3 aviation fuel sold by the retailer and for which a sustainable  
4 aviation fuel purchase credit was earned meets the definition  
5 of sustainable aviation fuel under Section 3-87 of the Use Tax  
6 Act. The documentation must include detail sufficient for the  
7 Department to determine the number of gallons of sustainable  
8 aviation fuel sold.

9 The Department may require returns to be filed on a  
10 quarterly basis. If so required, a return for each calendar  
11 quarter shall be filed on or before the twentieth day of the  
12 calendar month following the end of such calendar quarter. The  
13 taxpayer shall also file a return with the Department for each  
14 of the first two months of each calendar quarter, on or before  
15 the twentieth day of the following calendar month, stating:

16 1. The name of the seller;

17 2. The address of the principal place of business from  
18 which he engages in the business of selling tangible  
19 personal property at retail in this State;

20 3. The total amount of taxable receipts received by  
21 him during the preceding calendar month from sales of  
22 tangible personal property by him during such preceding  
23 calendar month, including receipts from charge and time  
24 sales, but less all deductions allowed by law;

25 4. The amount of credit provided in Section 2d of this  
26 Act;

1           5. The amount of tax due; and

2           6. Such other reasonable information as the Department  
3           may require.

4           Every person engaged in the business of selling aviation  
5           fuel at retail in this State during the preceding calendar  
6           month shall, instead of reporting and paying tax as otherwise  
7           required by this Section, report and pay such tax on a separate  
8           aviation fuel tax return. The requirements related to the  
9           return shall be as otherwise provided in this Section.  
10          Notwithstanding any other provisions of this Act to the  
11          contrary, retailers selling aviation fuel shall file all  
12          aviation fuel tax returns and shall make all aviation fuel tax  
13          payments by electronic means in the manner and form required  
14          by the Department. For purposes of this Section, "aviation  
15          fuel" means jet fuel and aviation gasoline.

16          Beginning on October 1, 2003, any person who is not a  
17          licensed distributor, importing distributor, or manufacturer,  
18          as defined in the Liquor Control Act of 1934, but is engaged in  
19          the business of selling, at retail, alcoholic liquor shall  
20          file a statement with the Department of Revenue, in a format  
21          and at a time prescribed by the Department, showing the total  
22          amount paid for alcoholic liquor purchased during the  
23          preceding month and such other information as is reasonably  
24          required by the Department. The Department may adopt rules to  
25          require that this statement be filed in an electronic or  
26          telephonic format. Such rules may provide for exceptions from

1 the filing requirements of this paragraph. For the purposes of  
2 this paragraph, the term "alcoholic liquor" shall have the  
3 meaning prescribed in the Liquor Control Act of 1934.

4 Beginning on October 1, 2003, every distributor, importing  
5 distributor, and manufacturer of alcoholic liquor as defined  
6 in the Liquor Control Act of 1934, shall file a statement with  
7 the Department of Revenue, no later than the 10th day of the  
8 month for the preceding month during which transactions  
9 occurred, by electronic means, showing the total amount of  
10 gross receipts from the sale of alcoholic liquor sold or  
11 distributed during the preceding month to purchasers;  
12 identifying the purchaser to whom it was sold or distributed;  
13 the purchaser's tax registration number; and such other  
14 information reasonably required by the Department. A  
15 distributor, importing distributor, or manufacturer of  
16 alcoholic liquor must personally deliver, mail, or provide by  
17 electronic means to each retailer listed on the monthly  
18 statement a report containing a cumulative total of that  
19 distributor's, importing distributor's, or manufacturer's  
20 total sales of alcoholic liquor to that retailer no later than  
21 the 10th day of the month for the preceding month during which  
22 the transaction occurred. The distributor, importing  
23 distributor, or manufacturer shall notify the retailer as to  
24 the method by which the distributor, importing distributor, or  
25 manufacturer will provide the sales information. If the  
26 retailer is unable to receive the sales information by

1 electronic means, the distributor, importing distributor, or  
2 manufacturer shall furnish the sales information by personal  
3 delivery or by mail. For purposes of this paragraph, the term  
4 "electronic means" includes, but is not limited to, the use of  
5 a secure Internet website, e-mail, or facsimile.

6 If a total amount of less than \$1 is payable, refundable or  
7 creditable, such amount shall be disregarded if it is less  
8 than 50 cents and shall be increased to \$1 if it is 50 cents or  
9 more.

10 Notwithstanding any other provision of this Act to the  
11 contrary, retailers subject to tax on cannabis shall file all  
12 cannabis tax returns and shall make all cannabis tax payments  
13 by electronic means in the manner and form required by the  
14 Department.

15 Beginning October 1, 1993, a taxpayer who has an average  
16 monthly tax liability of \$150,000 or more shall make all  
17 payments required by rules of the Department by electronic  
18 funds transfer. Beginning October 1, 1994, a taxpayer who has  
19 an average monthly tax liability of \$100,000 or more shall  
20 make all payments required by rules of the Department by  
21 electronic funds transfer. Beginning October 1, 1995, a  
22 taxpayer who has an average monthly tax liability of \$50,000  
23 or more shall make all payments required by rules of the  
24 Department by electronic funds transfer. Beginning October 1,  
25 2000, a taxpayer who has an annual tax liability of \$200,000 or  
26 more shall make all payments required by rules of the

1 Department by electronic funds transfer. The term "annual tax  
2 liability" shall be the sum of the taxpayer's liabilities  
3 under this Act, and under all other State and local occupation  
4 and use tax laws administered by the Department, for the  
5 immediately preceding calendar year. The term "average monthly  
6 tax liability" shall be the sum of the taxpayer's liabilities  
7 under this Act, and under all other State and local occupation  
8 and use tax laws administered by the Department, for the  
9 immediately preceding calendar year divided by 12. Beginning  
10 on October 1, 2002, a taxpayer who has a tax liability in the  
11 amount set forth in subsection (b) of Section 2505-210 of the  
12 Department of Revenue Law shall make all payments required by  
13 rules of the Department by electronic funds transfer.

14 Before August 1 of each year beginning in 1993, the  
15 Department shall notify all taxpayers required to make  
16 payments by electronic funds transfer. All taxpayers required  
17 to make payments by electronic funds transfer shall make those  
18 payments for a minimum of one year beginning on October 1.

19 Any taxpayer not required to make payments by electronic  
20 funds transfer may make payments by electronic funds transfer  
21 with the permission of the Department.

22 All taxpayers required to make payment by electronic funds  
23 transfer and any taxpayers authorized to voluntarily make  
24 payments by electronic funds transfer shall make those  
25 payments in the manner authorized by the Department.

26 The Department shall adopt such rules as are necessary to

1 effectuate a program of electronic funds transfer and the  
2 requirements of this Section.

3 Any amount which is required to be shown or reported on any  
4 return or other document under this Act shall, if such amount  
5 is not a whole-dollar amount, be increased to the nearest  
6 whole-dollar amount in any case where the fractional part of a  
7 dollar is 50 cents or more, and decreased to the nearest  
8 whole-dollar amount where the fractional part of a dollar is  
9 less than 50 cents.

10 If the retailer is otherwise required to file a monthly  
11 return and if the retailer's average monthly tax liability to  
12 the Department does not exceed \$200, the Department may  
13 authorize his returns to be filed on a quarter annual basis,  
14 with the return for January, February and March of a given year  
15 being due by April 20 of such year; with the return for April,  
16 May and June of a given year being due by July 20 of such year;  
17 with the return for July, August and September of a given year  
18 being due by October 20 of such year, and with the return for  
19 October, November and December of a given year being due by  
20 January 20 of the following year.

21 If the retailer is otherwise required to file a monthly or  
22 quarterly return and if the retailer's average monthly tax  
23 liability with the Department does not exceed \$50, the  
24 Department may authorize his returns to be filed on an annual  
25 basis, with the return for a given year being due by January 20  
26 of the following year.

1           Such quarter annual and annual returns, as to form and  
2 substance, shall be subject to the same requirements as  
3 monthly returns.

4           Notwithstanding any other provision in this Act concerning  
5 the time within which a retailer may file his return, in the  
6 case of any retailer who ceases to engage in a kind of business  
7 which makes him responsible for filing returns under this Act,  
8 such retailer shall file a final return under this Act with the  
9 Department not more than one month after discontinuing such  
10 business.

11          Where the same person has more than one business  
12 registered with the Department under separate registrations  
13 under this Act, such person may not file each return that is  
14 due as a single return covering all such registered  
15 businesses, but shall file separate returns for each such  
16 registered business.

17          In addition, with respect to motor vehicles, watercraft,  
18 aircraft, and trailers that are required to be registered with  
19 an agency of this State, except as otherwise provided in this  
20 Section, every retailer selling this kind of tangible personal  
21 property shall file, with the Department, upon a form to be  
22 prescribed and supplied by the Department, a separate return  
23 for each such item of tangible personal property which the  
24 retailer sells, except that if, in the same transaction, (i) a  
25 retailer of aircraft, watercraft, motor vehicles or trailers  
26 transfers more than one aircraft, watercraft, motor vehicle or

1 trailer to another aircraft, watercraft, motor vehicle  
2 retailer or trailer retailer for the purpose of resale or (ii)  
3 a retailer of aircraft, watercraft, motor vehicles, or  
4 trailers transfers more than one aircraft, watercraft, motor  
5 vehicle, or trailer to a purchaser for use as a qualifying  
6 rolling stock as provided in Section 2-5 of this Act, then that  
7 seller may report the transfer of all aircraft, watercraft,  
8 motor vehicles or trailers involved in that transaction to the  
9 Department on the same uniform invoice-transaction reporting  
10 return form. For purposes of this Section, "watercraft" means  
11 a Class 2, Class 3, or Class 4 watercraft as defined in Section  
12 3-2 of the Boat Registration and Safety Act, a personal  
13 watercraft, or any boat equipped with an inboard motor.

14 In addition, with respect to motor vehicles, watercraft,  
15 aircraft, and trailers that are required to be registered with  
16 an agency of this State, every person who is engaged in the  
17 business of leasing or renting such items and who, in  
18 connection with such business, sells any such item to a  
19 retailer for the purpose of resale is, notwithstanding any  
20 other provision of this Section to the contrary, authorized to  
21 meet the return-filing requirement of this Act by reporting  
22 the transfer of all the aircraft, watercraft, motor vehicles,  
23 or trailers transferred for resale during a month to the  
24 Department on the same uniform invoice-transaction reporting  
25 return form on or before the 20th of the month following the  
26 month in which the transfer takes place. Notwithstanding any



1 other provision of this Act to the contrary, all returns filed  
2 under this paragraph must be filed by electronic means in the  
3 manner and form as required by the Department.

4 Any retailer who sells only motor vehicles, watercraft,  
5 aircraft, or trailers that are required to be registered with  
6 an agency of this State, so that all retailers' occupation tax  
7 liability is required to be reported, and is reported, on such  
8 transaction reporting returns and who is not otherwise  
9 required to file monthly or quarterly returns, need not file  
10 monthly or quarterly returns. However, those retailers shall  
11 be required to file returns on an annual basis.

12 The transaction reporting return, in the case of motor  
13 vehicles or trailers that are required to be registered with  
14 an agency of this State, shall be the same document as the  
15 Uniform Invoice referred to in Section 5-402 of the Illinois  
16 Vehicle Code and must show the name and address of the seller;  
17 the name and address of the purchaser; the amount of the  
18 selling price including the amount allowed by the retailer for  
19 traded-in property, if any; the amount allowed by the retailer  
20 for the traded-in tangible personal property, if any, to the  
21 extent to which Section 1 of this Act allows an exemption for  
22 the value of traded-in property; the balance payable after  
23 deducting such trade-in allowance from the total selling  
24 price; the amount of tax due from the retailer with respect to  
25 such transaction; the amount of tax collected from the  
26 purchaser by the retailer on such transaction (or satisfactory

1 evidence that such tax is not due in that particular instance,  
2 if that is claimed to be the fact); the place and date of the  
3 sale; a sufficient identification of the property sold; such  
4 other information as is required in Section 5-402 of the  
5 Illinois Vehicle Code, and such other information as the  
6 Department may reasonably require.

7 The transaction reporting return in the case of watercraft  
8 or aircraft must show the name and address of the seller; the  
9 name and address of the purchaser; the amount of the selling  
10 price including the amount allowed by the retailer for  
11 traded-in property, if any; the amount allowed by the retailer  
12 for the traded-in tangible personal property, if any, to the  
13 extent to which Section 1 of this Act allows an exemption for  
14 the value of traded-in property; the balance payable after  
15 deducting such trade-in allowance from the total selling  
16 price; the amount of tax due from the retailer with respect to  
17 such transaction; the amount of tax collected from the  
18 purchaser by the retailer on such transaction (or satisfactory  
19 evidence that such tax is not due in that particular instance,  
20 if that is claimed to be the fact); the place and date of the  
21 sale, a sufficient identification of the property sold, and  
22 such other information as the Department may reasonably  
23 require.

24 Such transaction reporting return shall be filed not later  
25 than 20 days after the day of delivery of the item that is  
26 being sold, but may be filed by the retailer at any time sooner

1 than that if he chooses to do so. The transaction reporting  
2 return and tax remittance or proof of exemption from the  
3 Illinois use tax may be transmitted to the Department by way of  
4 the State agency with which, or State officer with whom the  
5 tangible personal property must be titled or registered (if  
6 titling or registration is required) if the Department and  
7 such agency or State officer determine that this procedure  
8 will expedite the processing of applications for title or  
9 registration.

10 With each such transaction reporting return, the retailer  
11 shall remit the proper amount of tax due (or shall submit  
12 satisfactory evidence that the sale is not taxable if that is  
13 the case), to the Department or its agents, whereupon the  
14 Department shall issue, in the purchaser's name, a use tax  
15 receipt (or a certificate of exemption if the Department is  
16 satisfied that the particular sale is tax exempt) which such  
17 purchaser may submit to the agency with which, or State  
18 officer with whom, he must title or register the tangible  
19 personal property that is involved (if titling or registration  
20 is required) in support of such purchaser's application for an  
21 Illinois certificate or other evidence of title or  
22 registration to such tangible personal property.

23 No retailer's failure or refusal to remit tax under this  
24 Act precludes a user, who has paid the proper tax to the  
25 retailer, from obtaining his certificate of title or other  
26 evidence of title or registration (if titling or registration

1 is required) upon satisfying the Department that such user has  
2 paid the proper tax (if tax is due) to the retailer. The  
3 Department shall adopt appropriate rules to carry out the  
4 mandate of this paragraph.

5 If the user who would otherwise pay tax to the retailer  
6 wants the transaction reporting return filed and the payment  
7 of the tax or proof of exemption made to the Department before  
8 the retailer is willing to take these actions and such user has  
9 not paid the tax to the retailer, such user may certify to the  
10 fact of such delay by the retailer and may (upon the Department  
11 being satisfied of the truth of such certification) transmit  
12 the information required by the transaction reporting return  
13 and the remittance for tax or proof of exemption directly to  
14 the Department and obtain his tax receipt or exemption  
15 determination, in which event the transaction reporting return  
16 and tax remittance (if a tax payment was required) shall be  
17 credited by the Department to the proper retailer's account  
18 with the Department, but without the 2.1% or 1.75% discount  
19 provided for in this Section being allowed. When the user pays  
20 the tax directly to the Department, he shall pay the tax in the  
21 same amount and in the same form in which it would be remitted  
22 if the tax had been remitted to the Department by the retailer.

23 Refunds made by the seller during the preceding return  
24 period to purchasers, on account of tangible personal property  
25 returned to the seller, shall be allowed as a deduction under  
26 subdivision 5 of his monthly or quarterly return, as the case

1 may be, in case the seller had theretofore included the  
2 receipts from the sale of such tangible personal property in a  
3 return filed by him and had paid the tax imposed by this Act  
4 with respect to such receipts.

5 Where the seller is a corporation, the return filed on  
6 behalf of such corporation shall be signed by the president,  
7 vice-president, secretary or treasurer or by the properly  
8 accredited agent of such corporation.

9 Where the seller is a limited liability company, the  
10 return filed on behalf of the limited liability company shall  
11 be signed by a manager, member, or properly accredited agent  
12 of the limited liability company.

13 Except as provided in this Section, the retailer filing  
14 the return under this Section shall, at the time of filing such  
15 return, pay to the Department the amount of tax imposed by this  
16 Act less a discount of 2.1% prior to January 1, 1990 and 1.75%  
17 on and after January 1, 1990, or \$5 per calendar year,  
18 whichever is greater, which is allowed to reimburse the  
19 retailer for the expenses incurred in keeping records,  
20 preparing and filing returns, remitting the tax and supplying  
21 data to the Department on request. On and after January 1,  
22 2021, a certified service provider, as defined in the Leveling  
23 the Playing Field for Illinois Retail Act, filing the return  
24 under this Section on behalf of a remote retailer shall, at the  
25 time of such return, pay to the Department the amount of tax  
26 imposed by this Act less a discount of 1.75%. A remote retailer

1 using a certified service provider to file a return on its  
2 behalf, as provided in the Leveling the Playing Field for  
3 Illinois Retail Act, is not eligible for the discount. When  
4 determining the discount allowed under this Section, retailers  
5 shall include the amount of tax that would have been due at the  
6 1% rate but for the 0% rate imposed under Public Act 102-700  
7 ~~this amendatory Act of the 102nd General Assembly~~. When  
8 determining the discount allowed under this Section, retailers  
9 shall include the amount of tax that would have been due at the  
10 6.25% rate but for the 1.25% rate imposed on sales tax holiday  
11 items under Public Act 102-700 ~~this amendatory Act of the~~  
12 ~~102nd General Assembly~~. The discount under this Section is not  
13 allowed for the 1.25% portion of taxes paid on aviation fuel  
14 that is subject to the revenue use requirements of 49 U.S.C.  
15 47107(b) and 49 U.S.C. 47133. Any prepayment made pursuant to  
16 Section 2d of this Act shall be included in the amount on which  
17 such 2.1% or 1.75% discount is computed. In the case of  
18 retailers who report and pay the tax on a transaction by  
19 transaction basis, as provided in this Section, such discount  
20 shall be taken with each such tax remittance instead of when  
21 such retailer files his periodic return. The discount allowed  
22 under this Section is allowed only for returns that are filed  
23 in the manner required by this Act. The Department may  
24 disallow the discount for retailers whose certificate of  
25 registration is revoked at the time the return is filed, but  
26 only if the Department's decision to revoke the certificate of

1 registration has become final.

2 Before October 1, 2000, if the taxpayer's average monthly  
3 tax liability to the Department under this Act, the Use Tax  
4 Act, the Service Occupation Tax Act, and the Service Use Tax  
5 Act, excluding any liability for prepaid sales tax to be  
6 remitted in accordance with Section 2d of this Act, was  
7 \$10,000 or more during the preceding 4 complete calendar  
8 quarters, he shall file a return with the Department each  
9 month by the 20th day of the month next following the month  
10 during which such tax liability is incurred and shall make  
11 payments to the Department on or before the 7th, 15th, 22nd and  
12 last day of the month during which such liability is incurred.  
13 On and after October 1, 2000, if the taxpayer's average  
14 monthly tax liability to the Department under this Act, the  
15 Use Tax Act, the Service Occupation Tax Act, and the Service  
16 Use Tax Act, excluding any liability for prepaid sales tax to  
17 be remitted in accordance with Section 2d of this Act, was  
18 \$20,000 or more during the preceding 4 complete calendar  
19 quarters, he shall file a return with the Department each  
20 month by the 20th day of the month next following the month  
21 during which such tax liability is incurred and shall make  
22 payment to the Department on or before the 7th, 15th, 22nd and  
23 last day of the month during which such liability is incurred.  
24 If the month during which such tax liability is incurred began  
25 prior to January 1, 1985, each payment shall be in an amount  
26 equal to 1/4 of the taxpayer's actual liability for the month

1 or an amount set by the Department not to exceed 1/4 of the  
2 average monthly liability of the taxpayer to the Department  
3 for the preceding 4 complete calendar quarters (excluding the  
4 month of highest liability and the month of lowest liability  
5 in such 4 quarter period). If the month during which such tax  
6 liability is incurred begins on or after January 1, 1985 and  
7 prior to January 1, 1987, each payment shall be in an amount  
8 equal to 22.5% of the taxpayer's actual liability for the  
9 month or 27.5% of the taxpayer's liability for the same  
10 calendar month of the preceding year. If the month during  
11 which such tax liability is incurred begins on or after  
12 January 1, 1987 and prior to January 1, 1988, each payment  
13 shall be in an amount equal to 22.5% of the taxpayer's actual  
14 liability for the month or 26.25% of the taxpayer's liability  
15 for the same calendar month of the preceding year. If the month  
16 during which such tax liability is incurred begins on or after  
17 January 1, 1988, and prior to January 1, 1989, or begins on or  
18 after January 1, 1996, each payment shall be in an amount equal  
19 to 22.5% of the taxpayer's actual liability for the month or  
20 25% of the taxpayer's liability for the same calendar month of  
21 the preceding year. If the month during which such tax  
22 liability is incurred begins on or after January 1, 1989, and  
23 prior to January 1, 1996, each payment shall be in an amount  
24 equal to 22.5% of the taxpayer's actual liability for the  
25 month or 25% of the taxpayer's liability for the same calendar  
26 month of the preceding year or 100% of the taxpayer's actual



1 liability for the quarter monthly reporting period. The amount  
2 of such quarter monthly payments shall be credited against the  
3 final tax liability of the taxpayer's return for that month.  
4 Before October 1, 2000, once applicable, the requirement of  
5 the making of quarter monthly payments to the Department by  
6 taxpayers having an average monthly tax liability of \$10,000  
7 or more as determined in the manner provided above shall  
8 continue until such taxpayer's average monthly liability to  
9 the Department during the preceding 4 complete calendar  
10 quarters (excluding the month of highest liability and the  
11 month of lowest liability) is less than \$9,000, or until such  
12 taxpayer's average monthly liability to the Department as  
13 computed for each calendar quarter of the 4 preceding complete  
14 calendar quarter period is less than \$10,000. However, if a  
15 taxpayer can show the Department that a substantial change in  
16 the taxpayer's business has occurred which causes the taxpayer  
17 to anticipate that his average monthly tax liability for the  
18 reasonably foreseeable future will fall below the \$10,000  
19 threshold stated above, then such taxpayer may petition the  
20 Department for a change in such taxpayer's reporting status.  
21 On and after October 1, 2000, once applicable, the requirement  
22 of the making of quarter monthly payments to the Department by  
23 taxpayers having an average monthly tax liability of \$20,000  
24 or more as determined in the manner provided above shall  
25 continue until such taxpayer's average monthly liability to  
26 the Department during the preceding 4 complete calendar

1 quarters (excluding the month of highest liability and the  
2 month of lowest liability) is less than \$19,000 or until such  
3 taxpayer's average monthly liability to the Department as  
4 computed for each calendar quarter of the 4 preceding complete  
5 calendar quarter period is less than \$20,000. However, if a  
6 taxpayer can show the Department that a substantial change in  
7 the taxpayer's business has occurred which causes the taxpayer  
8 to anticipate that his average monthly tax liability for the  
9 reasonably foreseeable future will fall below the \$20,000  
10 threshold stated above, then such taxpayer may petition the  
11 Department for a change in such taxpayer's reporting status.  
12 The Department shall change such taxpayer's reporting status  
13 unless it finds that such change is seasonal in nature and not  
14 likely to be long term. Quarter monthly payment status shall  
15 be determined under this paragraph as if the rate reduction to  
16 0% in Public Act 102-700 ~~this amendatory Act of the 102nd~~  
17 ~~General Assembly~~ on food for human consumption that is to be  
18 consumed off the premises where it is sold (other than  
19 alcoholic beverages, food consisting of or infused with adult  
20 use cannabis, soft drinks, and food that has been prepared for  
21 immediate consumption) had not occurred. For quarter monthly  
22 payments due under this paragraph on or after July 1, 2023 and  
23 through June 30, 2024, "25% of the taxpayer's liability for  
24 the same calendar month of the preceding year" shall be  
25 determined as if the rate reduction to 0% in Public Act 102-700  
26 ~~this amendatory Act of the 102nd General Assembly~~ had not

1 occurred. Quarter monthly payment status shall be determined  
2 under this paragraph as if the rate reduction to 1.25% in  
3 Public Act 102-700 ~~this amendatory Act of the 102nd General~~  
4 ~~Assembly~~ on sales tax holiday items had not occurred. For  
5 quarter monthly payments due on or after July 1, 2023 and  
6 through June 30, 2024, "25% of the taxpayer's liability for  
7 the same calendar month of the preceding year" shall be  
8 determined as if the rate reduction to 1.25% in Public Act  
9 102-700 ~~this amendatory Act of the 102nd General Assembly~~ on  
10 sales tax holiday items had not occurred. If any such quarter  
11 monthly payment is not paid at the time or in the amount  
12 required by this Section, then the taxpayer shall be liable  
13 for penalties and interest on the difference between the  
14 minimum amount due as a payment and the amount of such quarter  
15 monthly payment actually and timely paid, except insofar as  
16 the taxpayer has previously made payments for that month to  
17 the Department in excess of the minimum payments previously  
18 due as provided in this Section. The Department shall make  
19 reasonable rules and regulations to govern the quarter monthly  
20 payment amount and quarter monthly payment dates for taxpayers  
21 who file on other than a calendar monthly basis.

22 The provisions of this paragraph apply before October 1,  
23 2001. Without regard to whether a taxpayer is required to make  
24 quarter monthly payments as specified above, any taxpayer who  
25 is required by Section 2d of this Act to collect and remit  
26 prepaid taxes and has collected prepaid taxes which average in

1 excess of \$25,000 per month during the preceding 2 complete  
2 calendar quarters, shall file a return with the Department as  
3 required by Section 2f and shall make payments to the  
4 Department on or before the 7th, 15th, 22nd and last day of the  
5 month during which such liability is incurred. If the month  
6 during which such tax liability is incurred began prior to  
7 September 1, 1985 (the effective date of Public Act 84-221),  
8 each payment shall be in an amount not less than 22.5% of the  
9 taxpayer's actual liability under Section 2d. If the month  
10 during which such tax liability is incurred begins on or after  
11 January 1, 1986, each payment shall be in an amount equal to  
12 22.5% of the taxpayer's actual liability for the month or  
13 27.5% of the taxpayer's liability for the same calendar month  
14 of the preceding calendar year. If the month during which such  
15 tax liability is incurred begins on or after January 1, 1987,  
16 each payment shall be in an amount equal to 22.5% of the  
17 taxpayer's actual liability for the month or 26.25% of the  
18 taxpayer's liability for the same calendar month of the  
19 preceding year. The amount of such quarter monthly payments  
20 shall be credited against the final tax liability of the  
21 taxpayer's return for that month filed under this Section or  
22 Section 2f, as the case may be. Once applicable, the  
23 requirement of the making of quarter monthly payments to the  
24 Department pursuant to this paragraph shall continue until  
25 such taxpayer's average monthly prepaid tax collections during  
26 the preceding 2 complete calendar quarters is \$25,000 or less.

1 If any such quarter monthly payment is not paid at the time or  
2 in the amount required, the taxpayer shall be liable for  
3 penalties and interest on such difference, except insofar as  
4 the taxpayer has previously made payments for that month in  
5 excess of the minimum payments previously due.

6 The provisions of this paragraph apply on and after  
7 October 1, 2001. Without regard to whether a taxpayer is  
8 required to make quarter monthly payments as specified above,  
9 any taxpayer who is required by Section 2d of this Act to  
10 collect and remit prepaid taxes and has collected prepaid  
11 taxes that average in excess of \$20,000 per month during the  
12 preceding 4 complete calendar quarters shall file a return  
13 with the Department as required by Section 2f and shall make  
14 payments to the Department on or before the 7th, 15th, 22nd and  
15 last day of the month during which the liability is incurred.  
16 Each payment shall be in an amount equal to 22.5% of the  
17 taxpayer's actual liability for the month or 25% of the  
18 taxpayer's liability for the same calendar month of the  
19 preceding year. The amount of the quarter monthly payments  
20 shall be credited against the final tax liability of the  
21 taxpayer's return for that month filed under this Section or  
22 Section 2f, as the case may be. Once applicable, the  
23 requirement of the making of quarter monthly payments to the  
24 Department pursuant to this paragraph shall continue until the  
25 taxpayer's average monthly prepaid tax collections during the  
26 preceding 4 complete calendar quarters (excluding the month of

1 highest liability and the month of lowest liability) is less  
2 than \$19,000 or until such taxpayer's average monthly  
3 liability to the Department as computed for each calendar  
4 quarter of the 4 preceding complete calendar quarters is less  
5 than \$20,000. If any such quarter monthly payment is not paid  
6 at the time or in the amount required, the taxpayer shall be  
7 liable for penalties and interest on such difference, except  
8 insofar as the taxpayer has previously made payments for that  
9 month in excess of the minimum payments previously due.

10 If any payment provided for in this Section exceeds the  
11 taxpayer's liabilities under this Act, the Use Tax Act, the  
12 Service Occupation Tax Act and the Service Use Tax Act, as  
13 shown on an original monthly return, the Department shall, if  
14 requested by the taxpayer, issue to the taxpayer a credit  
15 memorandum no later than 30 days after the date of payment. The  
16 credit evidenced by such credit memorandum may be assigned by  
17 the taxpayer to a similar taxpayer under this Act, the Use Tax  
18 Act, the Service Occupation Tax Act or the Service Use Tax Act,  
19 in accordance with reasonable rules and regulations to be  
20 prescribed by the Department. If no such request is made, the  
21 taxpayer may credit such excess payment against tax liability  
22 subsequently to be remitted to the Department under this Act,  
23 the Use Tax Act, the Service Occupation Tax Act or the Service  
24 Use Tax Act, in accordance with reasonable rules and  
25 regulations prescribed by the Department. If the Department  
26 subsequently determined that all or any part of the credit

1 taken was not actually due to the taxpayer, the taxpayer's  
2 2.1% and 1.75% vendor's discount shall be reduced by 2.1% or  
3 1.75% of the difference between the credit taken and that  
4 actually due, and that taxpayer shall be liable for penalties  
5 and interest on such difference.

6 If a retailer of motor fuel is entitled to a credit under  
7 Section 2d of this Act which exceeds the taxpayer's liability  
8 to the Department under this Act for the month for which the  
9 taxpayer is filing a return, the Department shall issue the  
10 taxpayer a credit memorandum for the excess.

11 Beginning January 1, 1990, each month the Department shall  
12 pay into the Local Government Tax Fund, a special fund in the  
13 State treasury which is hereby created, the net revenue  
14 realized for the preceding month from the 1% tax imposed under  
15 this Act.

16 Beginning January 1, 1990, each month the Department shall  
17 pay into the County and Mass Transit District Fund, a special  
18 fund in the State treasury which is hereby created, 4% of the  
19 net revenue realized for the preceding month from the 6.25%  
20 general rate other than aviation fuel sold on or after  
21 December 1, 2019. This exception for aviation fuel only  
22 applies for so long as the revenue use requirements of 49  
23 U.S.C. 47107(b) and 49 U.S.C. 47133 are binding on the State.

24 Beginning August 1, 2000, each month the Department shall  
25 pay into the County and Mass Transit District Fund 20% of the  
26 net revenue realized for the preceding month from the 1.25%

1 rate on the selling price of motor fuel and gasohol. If, in any  
2 month, the tax on sales tax holiday items, as defined in  
3 Section 2-8, is imposed at the rate of 1.25%, then the  
4 Department shall pay 20% of the net revenue realized for that  
5 month from the 1.25% rate on the selling price of sales tax  
6 holiday items into the County and Mass Transit District Fund.

7 Beginning January 1, 1990, each month the Department shall  
8 pay into the Local Government Tax Fund 16% of the net revenue  
9 realized for the preceding month from the 6.25% general rate  
10 on the selling price of tangible personal property other than  
11 aviation fuel sold on or after December 1, 2019. This  
12 exception for aviation fuel only applies for so long as the  
13 revenue use requirements of 49 U.S.C. 47107(b) and 49 U.S.C.  
14 47133 are binding on the State.

15 For aviation fuel sold on or after December 1, 2019, each  
16 month the Department shall pay into the State Aviation Program  
17 Fund 20% of the net revenue realized for the preceding month  
18 from the 6.25% general rate on the selling price of aviation  
19 fuel, less an amount estimated by the Department to be  
20 required for refunds of the 20% portion of the tax on aviation  
21 fuel under this Act, which amount shall be deposited into the  
22 Aviation Fuel Sales Tax Refund Fund. The Department shall only  
23 pay moneys into the State Aviation Program Fund and the  
24 Aviation Fuel Sales Tax Refund Fund under this Act for so long  
25 as the revenue use requirements of 49 U.S.C. 47107(b) and 49  
26 U.S.C. 47133 are binding on the State.



1           Beginning August 1, 2000, each month the Department shall  
2 pay into the Local Government Tax Fund 80% of the net revenue  
3 realized for the preceding month from the 1.25% rate on the  
4 selling price of motor fuel and gasohol. If, in any month, the  
5 tax on sales tax holiday items, as defined in Section 2-8, is  
6 imposed at the rate of 1.25%, then the Department shall pay 80%  
7 of the net revenue realized for that month from the 1.25% rate  
8 on the selling price of sales tax holiday items into the Local  
9 Government Tax Fund.

10           Beginning October 1, 2009, each month the Department shall  
11 pay into the Capital Projects Fund an amount that is equal to  
12 an amount estimated by the Department to represent 80% of the  
13 net revenue realized for the preceding month from the sale of  
14 candy, grooming and hygiene products, and soft drinks that had  
15 been taxed at a rate of 1% prior to September 1, 2009 but that  
16 are now taxed at 6.25%.

17           Beginning July 1, 2011, each month the Department shall  
18 pay into the Clean Air Act Permit Fund 80% of the net revenue  
19 realized for the preceding month from the 6.25% general rate  
20 on the selling price of sorbents used in Illinois in the  
21 process of sorbent injection as used to comply with the  
22 Environmental Protection Act or the federal Clean Air Act, but  
23 the total payment into the Clean Air Act Permit Fund under this  
24 Act and the Use Tax Act shall not exceed \$2,000,000 in any  
25 fiscal year.

26           Beginning July 1, 2013, each month the Department shall

1 pay into the Underground Storage Tank Fund from the proceeds  
2 collected under this Act, the Use Tax Act, the Service Use Tax  
3 Act, and the Service Occupation Tax Act an amount equal to the  
4 average monthly deficit in the Underground Storage Tank Fund  
5 during the prior year, as certified annually by the Illinois  
6 Environmental Protection Agency, but the total payment into  
7 the Underground Storage Tank Fund under this Act, the Use Tax  
8 Act, the Service Use Tax Act, and the Service Occupation Tax  
9 Act shall not exceed \$18,000,000 in any State fiscal year. As  
10 used in this paragraph, the "average monthly deficit" shall be  
11 equal to the difference between the average monthly claims for  
12 payment by the fund and the average monthly revenues deposited  
13 into the fund, excluding payments made pursuant to this  
14 paragraph.

15 Beginning July 1, 2015, of the remainder of the moneys  
16 received by the Department under the Use Tax Act, the Service  
17 Use Tax Act, the Service Occupation Tax Act, and this Act, each  
18 month the Department shall deposit \$500,000 into the State  
19 Crime Laboratory Fund.

20 Of the remainder of the moneys received by the Department  
21 pursuant to this Act, (a) 1.75% thereof shall be paid into the  
22 Build Illinois Fund and (b) prior to July 1, 1989, 2.2% and on  
23 and after July 1, 1989, 3.8% thereof shall be paid into the  
24 Build Illinois Fund; provided, however, that if in any fiscal  
25 year the sum of (1) the aggregate of 2.2% or 3.8%, as the case  
26 may be, of the moneys received by the Department and required

1 to be paid into the Build Illinois Fund pursuant to this Act,  
2 Section 9 of the Use Tax Act, Section 9 of the Service Use Tax  
3 Act, and Section 9 of the Service Occupation Tax Act, such Acts  
4 being hereinafter called the "Tax Acts" and such aggregate of  
5 2.2% or 3.8%, as the case may be, of moneys being hereinafter  
6 called the "Tax Act Amount", and (2) the amount transferred to  
7 the Build Illinois Fund from the State and Local Sales Tax  
8 Reform Fund shall be less than the Annual Specified Amount (as  
9 hereinafter defined), an amount equal to the difference shall  
10 be immediately paid into the Build Illinois Fund from other  
11 moneys received by the Department pursuant to the Tax Acts;  
12 the "Annual Specified Amount" means the amounts specified  
13 below for fiscal years 1986 through 1993:

14	Fiscal Year	Annual Specified Amount
15	1986	\$54,800,000
16	1987	\$76,650,000
17	1988	\$80,480,000
18	1989	\$88,510,000
19	1990	\$115,330,000
20	1991	\$145,470,000
21	1992	\$182,730,000
22	1993	\$206,520,000;

23 and means the Certified Annual Debt Service Requirement (as  
24 defined in Section 13 of the Build Illinois Bond Act) or the  
25 Tax Act Amount, whichever is greater, for fiscal year 1994 and  
26 each fiscal year thereafter; and further provided, that if on

1 the last business day of any month the sum of (1) the Tax Act  
2 Amount required to be deposited into the Build Illinois Bond  
3 Account in the Build Illinois Fund during such month and (2)  
4 the amount transferred to the Build Illinois Fund from the  
5 State and Local Sales Tax Reform Fund shall have been less than  
6 1/12 of the Annual Specified Amount, an amount equal to the  
7 difference shall be immediately paid into the Build Illinois  
8 Fund from other moneys received by the Department pursuant to  
9 the Tax Acts; and, further provided, that in no event shall the  
10 payments required under the preceding proviso result in  
11 aggregate payments into the Build Illinois Fund pursuant to  
12 this clause (b) for any fiscal year in excess of the greater of  
13 (i) the Tax Act Amount or (ii) the Annual Specified Amount for  
14 such fiscal year. The amounts payable into the Build Illinois  
15 Fund under clause (b) of the first sentence in this paragraph  
16 shall be payable only until such time as the aggregate amount  
17 on deposit under each trust indenture securing Bonds issued  
18 and outstanding pursuant to the Build Illinois Bond Act is  
19 sufficient, taking into account any future investment income,  
20 to fully provide, in accordance with such indenture, for the  
21 defeasance of or the payment of the principal of, premium, if  
22 any, and interest on the Bonds secured by such indenture and on  
23 any Bonds expected to be issued thereafter and all fees and  
24 costs payable with respect thereto, all as certified by the  
25 Director of the Bureau of the Budget (now Governor's Office of  
26 Management and Budget). If on the last business day of any

1 month in which Bonds are outstanding pursuant to the Build  
2 Illinois Bond Act, the aggregate of moneys deposited in the  
3 Build Illinois Bond Account in the Build Illinois Fund in such  
4 month shall be less than the amount required to be transferred  
5 in such month from the Build Illinois Bond Account to the Build  
6 Illinois Bond Retirement and Interest Fund pursuant to Section  
7 13 of the Build Illinois Bond Act, an amount equal to such  
8 deficiency shall be immediately paid from other moneys  
9 received by the Department pursuant to the Tax Acts to the  
10 Build Illinois Fund; provided, however, that any amounts paid  
11 to the Build Illinois Fund in any fiscal year pursuant to this  
12 sentence shall be deemed to constitute payments pursuant to  
13 clause (b) of the first sentence of this paragraph and shall  
14 reduce the amount otherwise payable for such fiscal year  
15 pursuant to that clause (b). The moneys received by the  
16 Department pursuant to this Act and required to be deposited  
17 into the Build Illinois Fund are subject to the pledge, claim  
18 and charge set forth in Section 12 of the Build Illinois Bond  
19 Act.

20 Subject to payment of amounts into the Build Illinois Fund  
21 as provided in the preceding paragraph or in any amendment  
22 thereto hereafter enacted, the following specified monthly  
23 installment of the amount requested in the certificate of the  
24 Chairman of the Metropolitan Pier and Exposition Authority  
25 provided under Section 8.25f of the State Finance Act, but not  
26 in excess of sums designated as "Total Deposit", shall be

1 deposited in the aggregate from collections under Section 9 of  
2 the Use Tax Act, Section 9 of the Service Use Tax Act, Section  
3 9 of the Service Occupation Tax Act, and Section 3 of the  
4 Retailers' Occupation Tax Act into the McCormick Place  
5 Expansion Project Fund in the specified fiscal years.

6	Fiscal Year	Total Deposit
7	1993	\$0
8	1994	53,000,000
9	1995	58,000,000
10	1996	61,000,000
11	1997	64,000,000
12	1998	68,000,000
13	1999	71,000,000
14	2000	75,000,000
15	2001	80,000,000
16	2002	93,000,000
17	2003	99,000,000
18	2004	103,000,000
19	2005	108,000,000
20	2006	113,000,000
21	2007	119,000,000
22	2008	126,000,000
23	2009	132,000,000
24	2010	139,000,000
25	2011	146,000,000
26	2012	153,000,000

1	2013	161,000,000
2	2014	170,000,000
3	2015	179,000,000
4	2016	189,000,000
5	2017	199,000,000
6	2018	210,000,000
7	2019	221,000,000
8	2020	233,000,000
9	2021	300,000,000
10	2022	300,000,000
11	2023	300,000,000
12	2024	300,000,000
13	2025	300,000,000
14	2026	300,000,000
15	2027	375,000,000
16	2028	375,000,000
17	2029	375,000,000
18	2030	375,000,000
19	2031	375,000,000
20	2032	375,000,000
21	2033	375,000,000
22	2034	375,000,000
23	2035	375,000,000
24	2036	450,000,000
25	and	
26	each fiscal year	

1           thereafter that bonds  
2           are outstanding under  
3           Section 13.2 of the  
4           Metropolitan Pier and  
5           Exposition Authority Act,  
6       but not after fiscal year 2060.

7           Beginning July 20, 1993 and in each month of each fiscal  
8       year thereafter, one-eighth of the amount requested in the  
9       certificate of the Chairman of the Metropolitan Pier and  
10      Exposition Authority for that fiscal year, less the amount  
11      deposited into the McCormick Place Expansion Project Fund by  
12      the State Treasurer in the respective month under subsection  
13      (g) of Section 13 of the Metropolitan Pier and Exposition  
14      Authority Act, plus cumulative deficiencies in the deposits  
15      required under this Section for previous months and years,  
16      shall be deposited into the McCormick Place Expansion Project  
17      Fund, until the full amount requested for the fiscal year, but  
18      not in excess of the amount specified above as "Total  
19      Deposit", has been deposited.

20           Subject to payment of amounts into the Capital Projects  
21      Fund, the Clean Air Act Permit Fund, the Build Illinois Fund,  
22      and the McCormick Place Expansion Project Fund pursuant to the  
23      preceding paragraphs or in any amendments thereto hereafter  
24      enacted, for aviation fuel sold on or after December 1, 2019,  
25      the Department shall each month deposit into the Aviation Fuel  
26      Sales Tax Refund Fund an amount estimated by the Department to



1 be required for refunds of the 80% portion of the tax on  
2 aviation fuel under this Act. The Department shall only  
3 deposit moneys into the Aviation Fuel Sales Tax Refund Fund  
4 under this paragraph for so long as the revenue use  
5 requirements of 49 U.S.C. 47107(b) and 49 U.S.C. 47133 are  
6 binding on the State.

7 Subject to payment of amounts into the Build Illinois Fund  
8 and the McCormick Place Expansion Project Fund pursuant to the  
9 preceding paragraphs or in any amendments thereto hereafter  
10 enacted, beginning July 1, 1993 and ending on September 30,  
11 2013, the Department shall each month pay into the Illinois  
12 Tax Increment Fund 0.27% of 80% of the net revenue realized for  
13 the preceding month from the 6.25% general rate on the selling  
14 price of tangible personal property.

15 Subject to payment of amounts into the Build Illinois Fund  
16 and the McCormick Place Expansion Project Fund pursuant to the  
17 preceding paragraphs or in any amendments thereto hereafter  
18 enacted, beginning with the receipt of the first report of  
19 taxes paid by an eligible business and continuing for a  
20 25-year period, the Department shall each month pay into the  
21 Energy Infrastructure Fund 80% of the net revenue realized  
22 from the 6.25% general rate on the selling price of  
23 Illinois-mined coal that was sold to an eligible business. For  
24 purposes of this paragraph, the term "eligible business" means  
25 a new electric generating facility certified pursuant to  
26 Section 605-332 of the Department of Commerce and Economic

1 Opportunity Law of the Civil Administrative Code of Illinois.

2 Subject to payment of amounts into the Build Illinois  
3 Fund, the McCormick Place Expansion Project Fund, the Illinois  
4 Tax Increment Fund, and the Energy Infrastructure Fund  
5 pursuant to the preceding paragraphs or in any amendments to  
6 this Section hereafter enacted, beginning on the first day of  
7 the first calendar month to occur on or after August 26, 2014  
8 (the effective date of Public Act 98-1098), each month, from  
9 the collections made under Section 9 of the Use Tax Act,  
10 Section 9 of the Service Use Tax Act, Section 9 of the Service  
11 Occupation Tax Act, and Section 3 of the Retailers' Occupation  
12 Tax Act, the Department shall pay into the Tax Compliance and  
13 Administration Fund, to be used, subject to appropriation, to  
14 fund additional auditors and compliance personnel at the  
15 Department of Revenue, an amount equal to 1/12 of 5% of 80% of  
16 the cash receipts collected during the preceding fiscal year  
17 by the Audit Bureau of the Department under the Use Tax Act,  
18 the Service Use Tax Act, the Service Occupation Tax Act, the  
19 Retailers' Occupation Tax Act, and associated local occupation  
20 and use taxes administered by the Department.

21 Subject to payments of amounts into the Build Illinois  
22 Fund, the McCormick Place Expansion Project Fund, the Illinois  
23 Tax Increment Fund, the Energy Infrastructure Fund, and the  
24 Tax Compliance and Administration Fund as provided in this  
25 Section, beginning on July 1, 2018 the Department shall pay  
26 each month into the Downstate Public Transportation Fund the

1 moneys required to be so paid under Section 2-3 of the  
2 Downstate Public Transportation Act.

3 Subject to successful execution and delivery of a  
4 public-private agreement between the public agency and private  
5 entity and completion of the civic build, beginning on July 1,  
6 2023, of the remainder of the moneys received by the  
7 Department under the Use Tax Act, the Service Use Tax Act, the  
8 Service Occupation Tax Act, and this Act, the Department shall  
9 deposit the following specified deposits in the aggregate from  
10 collections under the Use Tax Act, the Service Use Tax Act, the  
11 Service Occupation Tax Act, and the Retailers' Occupation Tax  
12 Act, as required under Section 8.25g of the State Finance Act  
13 for distribution consistent with the Public-Private  
14 Partnership for Civic and Transit Infrastructure Project Act.  
15 The moneys received by the Department pursuant to this Act and  
16 required to be deposited into the Civic and Transit  
17 Infrastructure Fund are subject to the pledge, claim and  
18 charge set forth in Section 25-55 of the Public-Private  
19 Partnership for Civic and Transit Infrastructure Project Act.  
20 As used in this paragraph, "civic build", "private entity",  
21 "public-private agreement", and "public agency" have the  
22 meanings provided in Section 25-10 of the Public-Private  
23 Partnership for Civic and Transit Infrastructure Project Act.

24	Fiscal Year.....	Total Deposit
25	2024 .....	\$200,000,000
26	2025 .....	\$206,000,000

1	2026	.....	\$212,200,000
2	2027	.....	\$218,500,000
3	2028	.....	\$225,100,000
4	2029	.....	\$288,700,000
5	2030	.....	\$298,900,000
6	2031	.....	\$309,300,000
7	2032	.....	\$320,100,000
8	2033	.....	\$331,200,000
9	2034	.....	\$341,200,000
10	2035	.....	\$351,400,000
11	2036	.....	\$361,900,000
12	2037	.....	\$372,800,000
13	2038	.....	\$384,000,000
14	2039	.....	\$395,500,000
15	2040	.....	\$407,400,000
16	2041	.....	\$419,600,000
17	2042	.....	\$432,200,000
18	2043	.....	\$445,100,000

19           Beginning July 1, 2021 and until July 1, 2022, subject to  
20 the payment of amounts into the County and Mass Transit  
21 District Fund, the Local Government Tax Fund, the Build  
22 Illinois Fund, the McCormick Place Expansion Project Fund, the  
23 Illinois Tax Increment Fund, the Energy Infrastructure Fund,  
24 and the Tax Compliance and Administration Fund as provided in  
25 this Section, the Department shall pay each month into the  
26 Road Fund the amount estimated to represent 16% of the net

1 revenue realized from the taxes imposed on motor fuel and  
2 gasohol. Beginning July 1, 2022 and until July 1, 2023,  
3 subject to the payment of amounts into the County and Mass  
4 Transit District Fund, the Local Government Tax Fund, the  
5 Build Illinois Fund, the McCormick Place Expansion Project  
6 Fund, the Illinois Tax Increment Fund, the Energy  
7 Infrastructure Fund, and the Tax Compliance and Administration  
8 Fund as provided in this Section, the Department shall pay  
9 each month into the Road Fund the amount estimated to  
10 represent 32% of the net revenue realized from the taxes  
11 imposed on motor fuel and gasohol. Beginning July 1, 2023 and  
12 until July 1, 2024, subject to the payment of amounts into the  
13 County and Mass Transit District Fund, the Local Government  
14 Tax Fund, the Build Illinois Fund, the McCormick Place  
15 Expansion Project Fund, the Illinois Tax Increment Fund, the  
16 Energy Infrastructure Fund, and the Tax Compliance and  
17 Administration Fund as provided in this Section, the  
18 Department shall pay each month into the Road Fund the amount  
19 estimated to represent 48% of the net revenue realized from  
20 the taxes imposed on motor fuel and gasohol. Beginning July 1,  
21 2024 and until July 1, 2025, subject to the payment of amounts  
22 into the County and Mass Transit District Fund, the Local  
23 Government Tax Fund, the Build Illinois Fund, the McCormick  
24 Place Expansion Project Fund, the Illinois Tax Increment Fund,  
25 the Energy Infrastructure Fund, and the Tax Compliance and  
26 Administration Fund as provided in this Section, the

1 Department shall pay each month into the Road Fund the amount  
2 estimated to represent 64% of the net revenue realized from  
3 the taxes imposed on motor fuel and gasohol. Beginning on July  
4 1, 2025, subject to the payment of amounts into the County and  
5 Mass Transit District Fund, the Local Government Tax Fund, the  
6 Build Illinois Fund, the McCormick Place Expansion Project  
7 Fund, the Illinois Tax Increment Fund, the Energy  
8 Infrastructure Fund, and the Tax Compliance and Administration  
9 Fund as provided in this Section, the Department shall pay  
10 each month into the Road Fund the amount estimated to  
11 represent 80% of the net revenue realized from the taxes  
12 imposed on motor fuel and gasohol. As used in this paragraph  
13 "motor fuel" has the meaning given to that term in Section 1.1  
14 of the Motor Fuel Tax Law, and "gasohol" has the meaning given  
15 to that term in Section 3-40 of the Use Tax Act.

16 Of the remainder of the moneys received by the Department  
17 pursuant to this Act, 75% thereof shall be paid into the State  
18 treasury ~~Treasury~~ and 25% shall be reserved in a special  
19 account and used only for the transfer to the Common School  
20 Fund as part of the monthly transfer from the General Revenue  
21 Fund in accordance with Section 8a of the State Finance Act.

22 The Department may, upon separate written notice to a  
23 taxpayer, require the taxpayer to prepare and file with the  
24 Department on a form prescribed by the Department within not  
25 less than 60 days after receipt of the notice an annual  
26 information return for the tax year specified in the notice.

1 Such annual return to the Department shall include a statement  
2 of gross receipts as shown by the retailer's last Federal  
3 income tax return. If the total receipts of the business as  
4 reported in the Federal income tax return do not agree with the  
5 gross receipts reported to the Department of Revenue for the  
6 same period, the retailer shall attach to his annual return a  
7 schedule showing a reconciliation of the 2 amounts and the  
8 reasons for the difference. The retailer's annual return to  
9 the Department shall also disclose the cost of goods sold by  
10 the retailer during the year covered by such return, opening  
11 and closing inventories of such goods for such year, costs of  
12 goods used from stock or taken from stock and given away by the  
13 retailer during such year, payroll information of the  
14 retailer's business during such year and any additional  
15 reasonable information which the Department deems would be  
16 helpful in determining the accuracy of the monthly, quarterly  
17 or annual returns filed by such retailer as provided for in  
18 this Section.

19 If the annual information return required by this Section  
20 is not filed when and as required, the taxpayer shall be liable  
21 as follows:

22 (i) Until January 1, 1994, the taxpayer shall be  
23 liable for a penalty equal to 1/6 of 1% of the tax due from  
24 such taxpayer under this Act during the period to be  
25 covered by the annual return for each month or fraction of  
26 a month until such return is filed as required, the

1 penalty to be assessed and collected in the same manner as  
2 any other penalty provided for in this Act.

3 (ii) On and after January 1, 1994, the taxpayer shall  
4 be liable for a penalty as described in Section 3-4 of the  
5 Uniform Penalty and Interest Act.

6 The chief executive officer, proprietor, owner or highest  
7 ranking manager shall sign the annual return to certify the  
8 accuracy of the information contained therein. Any person who  
9 willfully signs the annual return containing false or  
10 inaccurate information shall be guilty of perjury and punished  
11 accordingly. The annual return form prescribed by the  
12 Department shall include a warning that the person signing the  
13 return may be liable for perjury.

14 The provisions of this Section concerning the filing of an  
15 annual information return do not apply to a retailer who is not  
16 required to file an income tax return with the United States  
17 Government.

18 As soon as possible after the first day of each month, upon  
19 certification of the Department of Revenue, the Comptroller  
20 shall order transferred and the Treasurer shall transfer from  
21 the General Revenue Fund to the Motor Fuel Tax Fund an amount  
22 equal to 1.7% of 80% of the net revenue realized under this Act  
23 for the second preceding month. Beginning April 1, 2000, this  
24 transfer is no longer required and shall not be made.

25 Net revenue realized for a month shall be the revenue  
26 collected by the State pursuant to this Act, less the amount



1 paid out during that month as refunds to taxpayers for  
2 overpayment of liability.

3 For greater simplicity of administration, manufacturers,  
4 importers and wholesalers whose products are sold at retail in  
5 Illinois by numerous retailers, and who wish to do so, may  
6 assume the responsibility for accounting and paying to the  
7 Department all tax accruing under this Act with respect to  
8 such sales, if the retailers who are affected do not make  
9 written objection to the Department to this arrangement.

10 Any person who promotes, organizes, provides retail  
11 selling space for concessionaires or other types of sellers at  
12 the Illinois State Fair, DuQuoin State Fair, county fairs,  
13 local fairs, art shows, flea markets and similar exhibitions  
14 or events, including any transient merchant as defined by  
15 Section 2 of the Transient Merchant Act of 1987, is required to  
16 file a report with the Department providing the name of the  
17 merchant's business, the name of the person or persons engaged  
18 in merchant's business, the permanent address and Illinois  
19 Retailers Occupation Tax Registration Number of the merchant,  
20 the dates and location of the event and other reasonable  
21 information that the Department may require. The report must  
22 be filed not later than the 20th day of the month next  
23 following the month during which the event with retail sales  
24 was held. Any person who fails to file a report required by  
25 this Section commits a business offense and is subject to a  
26 fine not to exceed \$250.

1 Any person engaged in the business of selling tangible  
2 personal property at retail as a concessionaire or other type  
3 of seller at the Illinois State Fair, county fairs, art shows,  
4 flea markets and similar exhibitions or events, or any  
5 transient merchants, as defined by Section 2 of the Transient  
6 Merchant Act of 1987, may be required to make a daily report of  
7 the amount of such sales to the Department and to make a daily  
8 payment of the full amount of tax due. The Department shall  
9 impose this requirement when it finds that there is a  
10 significant risk of loss of revenue to the State at such an  
11 exhibition or event. Such a finding shall be based on evidence  
12 that a substantial number of concessionaires or other sellers  
13 who are not residents of Illinois will be engaging in the  
14 business of selling tangible personal property at retail at  
15 the exhibition or event, or other evidence of a significant  
16 risk of loss of revenue to the State. The Department shall  
17 notify concessionaires and other sellers affected by the  
18 imposition of this requirement. In the absence of notification  
19 by the Department, the concessionaires and other sellers shall  
20 file their returns as otherwise required in this Section.

21 (Source: P.A. 101-10, Article 15, Section 15-25, eff. 6-5-19;  
22 101-10, Article 25, Section 25-120, eff. 6-5-19; 101-27, eff.  
23 6-25-19; 101-32, eff. 6-28-19; 101-604, eff. 12-13-19;  
24 101-636, eff. 6-10-20; 102-634, eff. 8-27-21; 102-700, Article  
25 60, Section 60-30, eff. 4-19-22; 102-700, Article 65, Section  
26 65-10, eff. 4-19-22; 102-813, eff. 5-13-22; 102-1019, eff.

1 1-1-23; revised 12-13-22.)

2 ARTICLE 75. REV ILLINOIS PROGRAM

3 Section 75-5. The Reimagining Energy and Vehicles in  
4 Illinois Act is amended by changing Sections 20, 30, 40, and 45  
5 as follows:

6 (20 ILCS 686/20)

7 Sec. 20. REV Illinois Program; project applications.

8 (a) The Reimagining Energy and Vehicles in Illinois (REV  
9 Illinois) Program is hereby established and shall be  
10 administered by the Department. The Program will provide  
11 financial incentives to any one or more of the following: (1)  
12 eligible manufacturers of electric vehicles, electric vehicle  
13 component parts, and electric vehicle power supply equipment;  
14 (2) battery recycling and reuse manufacturers; (3) battery raw  
15 materials refining service providers; or (4) renewable energy  
16 manufacturers.

17 (b) Any taxpayer planning a project to be located in  
18 Illinois may request consideration for designation of its  
19 project as a REV Illinois Project, by formal written letter of  
20 request or by formal application to the Department, in which  
21 the applicant states its intent to make at least a specified  
22 level of investment and intends to hire a specified number of  
23 full-time employees at a designated location in Illinois. As

1 circumstances require, the Department shall require a formal  
2 application from an applicant and a formal letter of request  
3 for assistance.

4 (c) In order to qualify for credits under the REV Illinois  
5 Program, an applicant must:

6 (1) if the applicant is an electric vehicle  
7 manufacturer:

8 (A) make an investment of at least \$1,500,000,000  
9 in capital improvements at the project site;

10 (B) to be placed in service within the State  
11 within a 60-month period after approval of the  
12 application; and

13 (C) create at least 500 new full-time employee  
14 jobs; or

15 (2) if the applicant is an electric vehicle component  
16 parts manufacturer or a renewable energy manufacturer:

17 (A) make an investment of at least \$300,000,000 in  
18 capital improvements at the project site;

19 (B) manufacture one or more parts that are  
20 primarily used for electric vehicle manufacturing;

21 (C) to be placed in service within the State  
22 within a 60-month period after approval of the  
23 application; and

24 (D) create at least 150 new full-time employee  
25 jobs; or

26 (3) if the agreement is entered into before the

1 effective date of this amendatory Act of the 102nd General  
2 Assembly and the applicant is an electric vehicle  
3 manufacturer, an electric vehicle power supply equipment  
4 manufacturer, an electric vehicle component part  
5 manufacturer that does not qualify under paragraph (2)  
6 above, a battery recycling and reuse manufacturer, or a  
7 battery raw materials refining service provider:

8 (A) make an investment of at least \$20,000,000 in  
9 capital improvements at the project site;

10 (B) for electric vehicle component part  
11 manufacturers, manufacture one or more parts that are  
12 primarily used for electric vehicle manufacturing;

13 (C) to be placed in service within the State  
14 within a 48-month period after approval of the  
15 application; and

16 (D) create at least 50 new full-time employee  
17 jobs; or

18 (3.1) if the agreement is entered into on or after the  
19 effective date of this amendatory Act of the 102nd General  
20 Assembly and the applicant is an electric vehicle  
21 manufacturer, an electric vehicle power supply equipment  
22 manufacturer, an electric vehicle component part  
23 manufacturer that does not qualify under paragraph (2)  
24 above, a renewable energy manufacturer that does not  
25 qualify under paragraph (2) above, a battery recycling and  
26 reuse manufacturer, or a battery raw materials refining

1 service provider:

2 (A) make an investment of at least \$2,500,000 in  
3 capital improvements at the project site;

4 (B) in the case of electric vehicle component part  
5 manufacturers, manufacture one or more parts that are  
6 used for electric vehicle manufacturing;

7 (C) to be placed in service within the State  
8 within a 48-month period after approval of the  
9 application; and

10 (D) create the lesser of 50 new full-time employee  
11 jobs or new full-time employee jobs equivalent to 10%  
12 of the Statewide baseline applicable to the taxpayer  
13 and any related member at the time of application; or

14 (4) if the agreement is entered into before the  
15 effective date of this amendatory Act of the 102nd General  
16 Assembly and the applicant is an electric vehicle  
17 manufacturer or electric vehicle component parts  
18 manufacturer with existing operations within Illinois that  
19 intends to convert or expand, in whole or in part, the  
20 existing facility from traditional manufacturing to  
21 primarily electric vehicle manufacturing, electric vehicle  
22 component parts manufacturing, or electric vehicle power  
23 supply equipment manufacturing:

24 (A) make an investment of at least \$100,000,000 in  
25 capital improvements at the project site;

26 (B) to be placed in service within the State

1           within a 60-month period after approval of the  
2           application; and

3           (C) create the lesser of 75 new full-time employee  
4           jobs or new full-time employee jobs equivalent to 10%  
5           of the Statewide baseline applicable to the taxpayer  
6           and any related member at the time of application; ~~or~~

7           (4.1) if the agreement is entered into on or after the  
8           effective date of this amendatory Act of the 102nd General  
9           Assembly and the applicant (i) is an electric vehicle  
10          manufacturer, an electric vehicle component parts  
11          manufacturer, or a renewable energy manufacturer and (ii)  
12          has existing operations within Illinois that the applicant  
13          intends to convert or expand, in whole or in part, from  
14          traditional manufacturing to electric vehicle  
15          manufacturing, electric vehicle component parts  
16          manufacturing, renewable energy manufacturing, or electric  
17          vehicle power supply equipment manufacturing:

18          (A) make an investment of at least \$100,000,000 in  
19          capital improvements at the project site;

20          (B) to be placed in service within the State  
21          within a 60-month period after approval of the  
22          application; and

23          (C) create the lesser of 50 new full-time employee  
24          jobs or new full-time employee jobs equivalent to 10%  
25          of the Statewide baseline applicable to the taxpayer  
26          and any related member at the time of application; or

1           (5) if the agreement is entered into on or after the  
2           effective date of the changes made to this Section by this  
3           amendatory Act of the 103rd General Assembly and before  
4           June 1, 2024 and the applicant (i) is an electric vehicle  
5           manufacturer, an electric vehicle component parts  
6           manufacturer, or a renewable energy manufacturer or (ii)  
7           has existing operations within Illinois that the applicant  
8           intends to convert or expand, in whole or in part, from  
9           traditional manufacturing to electric vehicle  
10           manufacturing, electric vehicle component parts  
11           manufacturing, renewable energy manufacturing, or electric  
12           vehicle power supply equipment manufacturing:

13                   (A) make an investment of at least \$500,000,000 in  
14                   capital improvements at the project site;

15                   (B) to be placed in service within the State  
16                   within a 60-month period after approval of the  
17                   application; and

18                   (C) retain at least 800 full-time employee jobs at  
19                   the project.

20           (d) For agreements entered into prior to April 19, 2022  
21           (the effective date of Public Act 102-700), for any applicant  
22           creating the full-time employee jobs noted in subsection (c),  
23           those jobs must have a total compensation equal to or greater  
24           than 120% of the average wage paid to full-time employees in  
25           the county where the project is located, as determined by the  
26           U.S. Bureau of Labor Statistics. For agreements entered into



1 on or after April 19, 2022 (the effective date of Public Act  
2 102-700), for any applicant creating the full-time employee  
3 jobs noted in subsection (c), those jobs must have a  
4 compensation equal to or greater than 120% of the average wage  
5 paid to full-time employees in a similar position within an  
6 occupational group in the county where the project is located,  
7 as determined by the Department.

8 (e) For any applicant, within 24 months after being placed  
9 in service, it must certify to the Department that it is carbon  
10 neutral or has attained certification under one of more of the  
11 following green building standards:

12 (1) BREEAM for New Construction or BREEAM In-Use;

13 (2) ENERGY STAR;

14 (3) Envision;

15 (4) ISO 50001 - energy management;

16 (5) LEED for Building Design and Construction or LEED  
17 for Building Operations and Maintenance;

18 (6) Green Globes for New Construction or Green Globes  
19 for Existing Buildings; or

20 (7) UL 3223.

21 (f) Each applicant must outline its hiring plan and  
22 commitment to recruit and hire full-time employee positions at  
23 the project site. The hiring plan may include a partnership  
24 with an institution of higher education to provide  
25 internships, including, but not limited to, internships  
26 supported by the Clean Jobs Workforce Network Program, or

1 full-time permanent employment for students at the project  
2 site. Additionally, the applicant may create or utilize  
3 participants from apprenticeship programs that are approved by  
4 and registered with the United States Department of Labor's  
5 Bureau of Apprenticeship and Training. The applicant may apply  
6 for apprenticeship education expense credits in accordance  
7 with the provisions set forth in 14 Ill. Adm. Code 522. Each  
8 applicant is required to report annually, on or before April  
9 15, on the diversity of its workforce in accordance with  
10 Section 50 of this Act. For existing facilities of applicants  
11 under paragraph (3) of subsection (b) above, if the taxpayer  
12 expects a reduction in force due to its transition to  
13 manufacturing electric vehicle, electric vehicle component  
14 parts, or electric vehicle power supply equipment, the plan  
15 submitted under this Section must outline the taxpayer's plan  
16 to assist with retraining its workforce aligned with the  
17 taxpayer's adoption of new technologies and anticipated  
18 efforts to retrain employees through employment opportunities  
19 within the taxpayer's workforce.

20 (g) Each applicant must demonstrate a contractual or other  
21 relationship with a recycling facility, or demonstrate its own  
22 recycling capabilities, at the time of application and report  
23 annually a continuing contractual or other relationship with a  
24 recycling facility and the percentage of batteries used in  
25 electric vehicles recycled throughout the term of the  
26 agreement.

1           (h) A taxpayer may not enter into more than one agreement  
2 under this Act with respect to a single address or location for  
3 the same period of time. Also, a taxpayer may not enter into an  
4 agreement under this Act with respect to a single address or  
5 location for the same period of time for which the taxpayer  
6 currently holds an active agreement under the Economic  
7 Development for a Growing Economy Tax Credit Act. This  
8 provision does not preclude the applicant from entering into  
9 an additional agreement after the expiration or voluntary  
10 termination of an earlier agreement under this Act or under  
11 the Economic Development for a Growing Economy Tax Credit Act  
12 to the extent that the taxpayer's application otherwise  
13 satisfies the terms and conditions of this Act and is approved  
14 by the Department. An applicant with an existing agreement  
15 under the Economic Development for a Growing Economy Tax  
16 Credit Act may submit an application for an agreement under  
17 this Act after it terminates any existing agreement under the  
18 Economic Development for a Growing Economy Tax Credit Act with  
19 respect to the same address or location. If a project that is  
20 subject to an existing agreement under the Economic  
21 Development for a Growing Economy Tax Credit Act meets the  
22 requirements to be designated as a REV Illinois project under  
23 this Act, including for actions undertaken prior to the  
24 effective date of this Act, the taxpayer that is subject to  
25 that existing agreement under the Economic Development for a  
26 Growing Economy Tax Credit Act may apply to the Department to

1 amend the agreement to allow the project to become a  
2 designated REV Illinois project. Following the amendment, time  
3 accrued during which the project was eligible for credits  
4 under the existing agreement under the Economic Development  
5 for a Growing Economy Tax Credit Act shall count toward the  
6 duration of the credit subject to limitations described in  
7 Section 40 of this Act.

8 (i) If, at any time following the designation of a project  
9 as a REV Illinois Project by the Department and prior to the  
10 termination or expiration of an agreement under this Act, the  
11 project ceases to qualify as a REV Illinois project because  
12 the taxpayer is no longer an electric vehicle manufacturer, an  
13 electric vehicle component manufacturer, an electric vehicle  
14 power supply equipment manufacturer, a battery recycling and  
15 reuse manufacturer, or a battery raw materials refining  
16 service provider, that project may receive tax credit awards  
17 as described in Section 5-15 and Section 5-51 of the Economic  
18 Development for a Growing Economy Tax Credit Act, as long as  
19 the project continues to meet requirements to obtain those  
20 credits as described in the Economic Development for a Growing  
21 Economy Tax Credit Act and remains compliant with terms  
22 contained in the Agreement under this Act not related to their  
23 status as an electric vehicle manufacturer, an electric  
24 vehicle component manufacturer, an electric vehicle power  
25 supply equipment manufacturer, a battery recycling and reuse  
26 manufacturer, or a battery raw materials refining service

1 provider. Time accrued during which the project was eligible  
2 for credits under an agreement under this Act shall count  
3 toward the duration of the credit subject to limitations  
4 described in Section 5-45 of the Economic Development for a  
5 Growing Economy Tax Credit Act.

6 (Source: P.A. 102-669, eff. 11-16-21; 102-700, eff. 4-19-22;  
7 102-1112, eff. 12-21-22; 102-1125, eff. 2-3-23.)

8 (20 ILCS 686/30)

9 Sec. 30. Tax credit awards.

10 (a) Subject to the conditions set forth in this Act, a  
11 taxpayer is entitled to a credit against the tax imposed  
12 pursuant to subsections (a) and (b) of Section 201 of the  
13 Illinois Income Tax Act for a taxable year beginning on or  
14 after January 1, 2025 if the taxpayer is awarded a credit by  
15 the Department in accordance with an agreement under this Act.  
16 The Department has authority to award credits under this Act  
17 on and after January 1, 2022.

18 (b) REV Illinois Credits. A taxpayer may receive a tax  
19 credit against the tax imposed under subsections (a) and (b)  
20 of Section 201 of the Illinois Income Tax Act, not to exceed  
21 the sum of (i) 75% of the incremental income tax attributable  
22 to new employees at the applicant's project and (ii) 10% of the  
23 training costs of the new employees. If the project is located  
24 in an underserved area or an energy transition area, then the  
25 amount of the credit may not exceed the sum of (i) 100% of the

1 incremental income tax attributable to new employees at the  
2 applicant's project; and (ii) 10% of the training costs of the  
3 new employees. The percentage of training costs includable in  
4 the calculation may be increased by an additional 15% for  
5 training costs associated with new employees that are recent  
6 (2 years or less) graduates, certificate holders, or  
7 credential recipients from an institution of higher education  
8 in Illinois, or, if the training is provided by an institution  
9 of higher education in Illinois, the Clean Jobs Workforce  
10 Network Program, or an apprenticeship and training program  
11 located in Illinois and approved by and registered with the  
12 United States Department of Labor's Bureau of Apprenticeship  
13 and Training. An applicant is also eligible for a training  
14 credit that shall not exceed 10% of the training costs of  
15 retained employees for the purpose of upskilling to meet the  
16 operational needs of the applicant or the REV Illinois  
17 Project. The percentage of training costs includable in the  
18 calculation shall not exceed a total of 25%. If an applicant  
19 agrees to hire the required number of new employees, then the  
20 maximum amount of the credit for that applicant may be  
21 increased by an amount not to exceed 75% of the incremental  
22 income tax attributable to retained employees at the  
23 applicant's project; provided that, in order to receive the  
24 increase for retained employees, the applicant must, if  
25 applicable, meet or exceed the statewide baseline. For  
26 agreements entered into on or after the effective date of this

1 amendatory Act of the 103rd General Assembly and before June  
2 1, 2024 that qualify under paragraph (5) of subsection (c) of  
3 Section 20, a taxpayer may receive a tax credit not to exceed  
4 75% of the incremental income tax attributable to retained  
5 employees at the applicant's project. If the project is in an  
6 underserved area or an energy transition area and qualifies  
7 under paragraph (5) of subsection (c) of Section 20, then the  
8 maximum amount of the credit attributable to retained  
9 employees for the applicant may be increased to an amount not  
10 to exceed 100% of the incremental income tax attributable to  
11 retained employees at the applicant's project.

12 If the Project is in an underserved area or an energy  
13 transition area, the maximum amount of the credit attributable  
14 to retained employees for the applicant may be increased to an  
15 amount not to exceed 100% of the incremental income tax  
16 attributable to retained employees at the applicant's project;  
17 provided that, in order to receive the increase for retained  
18 employees, the applicant must meet or exceed the statewide  
19 baseline. REV Illinois Credits awarded may include credit  
20 earned for incremental income tax withheld and training costs  
21 incurred by the taxpayer beginning on or after January 1,  
22 2022. Credits so earned and certified by the Department may be  
23 applied against the tax imposed by subsections (a) and (b) of  
24 Section 201 of the Illinois Income Tax Act for taxable years  
25 beginning on or after January 1, 2025.

26 (c) REV Construction Jobs Credit. For construction wages

1 associated with a project that qualified for a REV Illinois  
2 Credit under subsection (b), the taxpayer may receive a tax  
3 credit against the tax imposed under subsections (a) and (b)  
4 of Section 201 of the Illinois Income Tax Act in an amount  
5 equal to 50% of the incremental income tax attributable to  
6 construction wages paid in connection with construction of the  
7 project facilities, as a jobs credit for workers hired to  
8 construct the project.

9 The REV Construction Jobs Credit may not exceed 75% of the  
10 amount of the incremental income tax attributable to  
11 construction wages paid in connection with construction of the  
12 project facilities if the project is in an underserved area or  
13 an energy transition area.

14 (d) The Department shall certify to the Department of  
15 Revenue: (1) the identity of Taxpayers that are eligible for  
16 the REV Illinois Credit and REV Construction Jobs Credit; (2)  
17 the amount of the REV Illinois Credits and REV Construction  
18 Jobs Credits awarded in each calendar year; and (3) the amount  
19 of the REV Illinois Credit and REV Construction Jobs Credit  
20 claimed in each calendar year. REV Illinois Credits awarded  
21 may include credit earned for Incremental Income Tax withheld  
22 and Training Costs incurred by the Taxpayer beginning on or  
23 after January 1, 2022. Credits so earned and certified by the  
24 Department may be applied against the tax imposed by Section  
25 201(a) and (b) of the Illinois Income Tax Act for taxable years  
26 beginning on or after January 1, 2025.



1           (e) Applicants seeking certification for ~~a~~ tax credits  
2 related to the construction of the project facilities in the  
3 State shall require the contractor to enter into a project  
4 labor agreement that conforms with the Project Labor  
5 Agreements Act.

6           (f) Any applicant issued a certificate for a tax credit or  
7 tax exemption under this Act must annually report to the  
8 Department the total project tax benefits received. Reports  
9 are due no later than May 31 of each year and shall cover the  
10 previous calendar year. The first report is for the 2022  
11 calendar year and is due no later than May 31, 2023. For  
12 applicants issued a certificate of exemption under Section 105  
13 of this Act, the report shall be the same as required for a  
14 High Impact Business under subsection (a-5) of Section 8.1 of  
15 the Illinois Enterprise Zone Act. Each person required to file  
16 a return under the Gas Revenue Tax Act, the Electricity Excise  
17 Tax Law, or the Telecommunications Excise Tax Act shall file a  
18 report containing information about customers that are issued  
19 an exemption certificate under Section 95 of this Act in the  
20 same manner and form as they are required to report under  
21 subsection (b) of Section 8.1 of the Illinois Enterprise Zone  
22 Act.

23           (g) Nothing in this Act shall prohibit an award of credit  
24 to an applicant that uses a PEO if all other award criteria are  
25 satisfied.

26           (h) With respect to any portion of a REV Illinois Credit

1 that is based on the incremental income tax attributable to  
2 new employees or retained employees, in lieu of the Credit  
3 allowed under this Act against the taxes imposed pursuant to  
4 subsections (a) and (b) of Section 201 of the Illinois Income  
5 Tax Act, a taxpayer that otherwise meets the criteria set  
6 forth in this Section, the taxpayer may elect to claim the  
7 credit, on or after January 1, 2025, against its obligation to  
8 pay over withholding under Section 704A of the Illinois Income  
9 Tax Act. The election shall be made in the manner prescribed by  
10 the Department of Revenue and once made shall be irrevocable.

11 (Source: P.A. 102-669, eff. 11-16-21; 102-1112, eff. 12-21-22;  
12 102-1125, eff. 2-3-23; revised 4-5-23.)

13 (20 ILCS 686/40)

14 Sec. 40. Amount and duration of the credits; limitation to  
15 amount of costs of specified items. The Department shall  
16 determine the amount and duration of the REV Illinois Credit  
17 awarded under this Act, subject to the limitations set forth  
18 in this Act. For a project that qualified under paragraph (1),  
19 (2), (4), ~~or~~ (4.1), or (5) of subsection (c) of Section 20, the  
20 duration of the credit may not exceed 15 taxable years, with an  
21 option to renew the agreement for no more than one term not to  
22 exceed an additional 15 taxable years. For a project that  
23 qualified under paragraph (3) or (3.1) of subsection (c) of  
24 Section 20, the duration of the credit may not exceed 10  
25 taxable years, with an option to renew the agreement for no

1 more than one term not to exceed an additional 10 taxable  
2 years. The credit may be stated as a percentage of the  
3 incremental income tax and training costs attributable to the  
4 applicant's project and may include a fixed dollar limitation.

5 Nothing in this Section shall prevent the Department, in  
6 consultation with the Department of Revenue, from adopting  
7 rules to extend the sunset of any earned, existing, and unused  
8 tax credit or credits a taxpayer may be in possession of, as  
9 provided for in Section 605-1055 of the Department of Commerce  
10 and Economic Opportunity Law of the Civil Administrative Code  
11 of Illinois, notwithstanding the carry-forward provisions  
12 pursuant to paragraph (4) of Section 211 of the Illinois  
13 Income Tax Act.

14 (Source: P.A. 102-669, eff. 11-16-21; 102-1112, eff. 12-21-22;  
15 102-1125, eff. 2-3-23; revised 4-5-23.)

16 (20 ILCS 686/45)

17 Sec. 45. Contents of agreements with applicants.

18 (a) The Department shall enter into an agreement with an  
19 applicant that is awarded a credit under this Act. The  
20 agreement shall include all of the following:

21 (1) A detailed description of the project that is the  
22 subject of the agreement, including the location and  
23 amount of the investment and jobs created or retained.

24 (2) The duration of the credit, the first taxable year  
25 for which the credit may be awarded, and the first taxable

1 year in which the credit may be used by the taxpayer.

2 (3) The credit amount that will be allowed for each  
3 taxable year.

4 (4) For a project qualified under paragraphs (1), (2),  
5 ~~or~~ (4), or (5) of subsection (c) of Section 20, a  
6 requirement that the taxpayer shall maintain operations at  
7 the project location a minimum number of years not to  
8 exceed 15. For a project qualified under paragraph (3) of  
9 subsection (c) of Section 20, a requirement that the  
10 taxpayer shall maintain operations at the project location  
11 a minimum number of years not to exceed 10.

12 (5) A specific method for determining the number of  
13 new employees and if applicable, retained employees,  
14 employed during a taxable year.

15 (6) A requirement that the taxpayer shall annually  
16 report to the Department the number of new employees, the  
17 incremental income tax withheld in connection with the new  
18 employees, and any other information the Department deems  
19 necessary and appropriate to perform its duties under this  
20 Act.

21 (7) A requirement that the Director is authorized to  
22 verify with the appropriate State agencies the amounts  
23 reported under paragraph (6), and after doing so shall  
24 issue a certificate to the taxpayer stating that the  
25 amounts have been verified.

26 (8) A requirement that the taxpayer shall provide

1 written notification to the Director not more than 30 days  
2 after the taxpayer makes or receives a proposal that would  
3 transfer the taxpayer's State tax liability obligations to  
4 a successor taxpayer.

5 (9) A detailed description of the number of new  
6 employees to be hired, and the occupation and payroll of  
7 full-time jobs to be created or retained because of the  
8 project.

9 (10) The minimum investment the taxpayer will make in  
10 capital improvements, the time period for placing the  
11 property in service, and the designated location in  
12 Illinois for the investment.

13 (11) A requirement that the taxpayer shall provide  
14 written notification to the Director and the Director's  
15 designee not more than 30 days after the taxpayer  
16 determines that the minimum job creation or retention,  
17 employment payroll, or investment no longer is or will be  
18 achieved or maintained as set forth in the terms and  
19 conditions of the agreement. Additionally, the  
20 notification should outline to the Department the number  
21 of layoffs, date of the layoffs, and detail taxpayer's  
22 efforts to provide career and training counseling for the  
23 impacted workers with industry-related certifications and  
24 trainings.

25 (12) If applicable, a provision that, if the total  
26 number of new employees falls below a specified level, the

1 allowance of credit shall be suspended until the number of  
2 new employees equals or exceeds the agreement amount.

3 (13) If applicable, a provision that specifies the  
4 statewide baseline at the time of application for retained  
5 employees. The ~~Additionally, the~~ agreement must have a  
6 provision addressing if the total number of retained  
7 employees falls below the lesser of the statewide baseline  
8 or the retention requirements specified in the agreement,  
9 the allowance of the credit shall be suspended until the  
10 number of retained employees equals or exceeds the  
11 agreement amount.

12 (14) A detailed description of the items for which the  
13 costs incurred by the Taxpayer will be included in the  
14 limitation on the Credit provided in Section 40.

15 (15) If the agreement is entered into before the  
16 effective date of the changes made to this Section by this  
17 amendatory Act of the 103rd General Assembly, a ~~A~~  
18 provision stating that if the taxpayer fails to meet  
19 either the investment or job creation and retention  
20 requirements specified in the agreement during the entire  
21 5-year period beginning on the first day of the first  
22 taxable year in which the agreement is executed and ending  
23 on the last day of the fifth taxable year after the  
24 agreement is executed, then the agreement is automatically  
25 terminated on the last day of the fifth taxable year after  
26 the agreement is executed, and the taxpayer is not

1 entitled to the award of any credits for any of that 5-year  
2 period. If the agreement is entered into on or after the  
3 effective date of the changes made to this Section by this  
4 amendatory Act of the 103rd General Assembly, a provision  
5 stating that if the taxpayer fails to meet either the  
6 investment or job creation and retention requirements  
7 specified in the agreement during the entire 10-year  
8 period beginning on the effective date of the agreement  
9 and ending 10 years after the effective date of the  
10 agreement, then the agreement is automatically terminated,  
11 and the taxpayer is not entitled to the award of any  
12 credits for any of that 10-year period.

13 (16) A provision stating that if the taxpayer ceases  
14 principal operations with the intent to permanently shut  
15 down the project in the State during the term of the  
16 Agreement, then the entire credit amount awarded to the  
17 taxpayer prior to the date the taxpayer ceases principal  
18 operations shall be returned to the Department and shall  
19 be reallocated to the local workforce investment area in  
20 which the project was located.

21 (17) A provision stating that the Taxpayer must  
22 provide the reports outlined in Sections 50 and 55 on or  
23 before April 15 each year.

24 (18) A provision requiring the taxpayer to report  
25 annually its contractual obligations or otherwise with a  
26 recycling facility for its operations.

1           (19) Any other performance conditions or contract  
2 provisions the Department determines are necessary or  
3 appropriate.

4           (20) Each taxpayer under paragraph (1) of subsection  
5 (c) of Section 20 above shall maintain labor neutrality  
6 toward any union organizing campaign for any employees of  
7 the taxpayer assigned to work on the premises of the REV  
8 Illinois Project Site. This paragraph shall not apply to  
9 an electric vehicle manufacturer, electric vehicle  
10 component part manufacturer, electric vehicle power supply  
11 manufacturer, or renewable energy manufacturer, or any  
12 joint venture including an electric vehicle manufacturer,  
13 electric vehicle component part manufacturer, electric  
14 vehicle power supply manufacturer, or renewable energy  
15 manufacturer, who is subject to collective bargaining  
16 agreement entered into prior to the taxpayer filing an  
17 application pursuant to this Act.

18           (b) The Department shall post on its website the terms of  
19 each agreement entered into under this Act. Such information  
20 shall be posted within 10 days after entering into the  
21 agreement and must include the following:

22           (1) the name of the taxpayer;

23           (2) the location of the project;

24           (3) the estimated value of the credit;

25           (4) the number of new employee jobs and, if  
26 applicable, number of retained employee jobs at the



1 project; and

2 (5) whether or not the project is in an underserved  
3 area or energy transition area.

4 (Source: P.A. 102-669, eff. 11-16-21; 102-1125, eff. 2-3-23;  
5 revised 4-5-23.)

6 ARTICLE 80. CIGARETTE TAX

7 Section 80-5. The Cigarette Tax Act is amended by changing  
8 Section 2 as follows:

9 (35 ILCS 130/2) (from Ch. 120, par. 453.2)

10 Sec. 2. Tax imposed; rate; collection, payment, and  
11 distribution; discount.

12 (a) Beginning on July 1, 2019, in place of the aggregate  
13 tax rate of 99 mills previously imposed by this Act, a tax is  
14 imposed upon any person engaged in business as a retailer of  
15 cigarettes at the rate of 149 mills per cigarette sold or  
16 otherwise disposed of in the course of such business in this  
17 State.

18 (b) The payment of such taxes shall be evidenced by a stamp  
19 affixed to each original package of cigarettes, or an  
20 authorized substitute for such stamp imprinted on each  
21 original package of such cigarettes underneath the sealed  
22 transparent outside wrapper of such original package, as  
23 hereinafter provided. However, such taxes are not imposed upon

1 any activity in such business in interstate commerce or  
2 otherwise, which activity may not under the Constitution and  
3 statutes of the United States be made the subject of taxation  
4 by this State.

5 Out of the 149 mills per cigarette tax imposed by  
6 subsection (a), until July 1, 2023, the revenues received from  
7 4 mills shall be paid into the Common School Fund each month,  
8 not to exceed \$9,000,000 per month. Out of the 149 mills per  
9 cigarette tax imposed by subsection (a), until July 1, 2023,  
10 all of the revenues received from 7 mills shall be paid into  
11 the Common School Fund each month. Out of the 149 mills per  
12 cigarette tax imposed by subsection (a), until July 1, 2023,  
13 50 mills per cigarette each month shall be paid into the  
14 Healthcare Provider Relief Fund.

15 Beginning on July 1, 2006 and until July 1, 2023, all of  
16 the moneys received by the Department of Revenue pursuant to  
17 this Act and the Cigarette Use Tax Act, other than the moneys  
18 that are dedicated to the Common School Fund and, beginning on  
19 the effective date of this amendatory Act of the 97th General  
20 Assembly, other than the moneys from the additional taxes  
21 imposed by this amendatory Act of the 97th General Assembly  
22 that must be paid each month into the Healthcare Provider  
23 Relief Fund, and other than the moneys from the additional  
24 taxes imposed by this amendatory Act of the 101st General  
25 Assembly that must be paid each month under subsection (c),  
26 shall be distributed each month as follows: first, there shall

1 be paid into the General Revenue Fund an amount that, when  
2 added to the amount paid into the Common School Fund for that  
3 month, equals \$29,200,000; then, from the moneys remaining, if  
4 any amounts required to be paid into the General Revenue Fund  
5 in previous months remain unpaid, those amounts shall be paid  
6 into the General Revenue Fund; then from the moneys remaining,  
7 \$5,000,000 per month shall be paid into the School  
8 Infrastructure Fund; then, if any amounts required to be paid  
9 into the School Infrastructure Fund in previous months remain  
10 unpaid, those amounts shall be paid into the School  
11 Infrastructure Fund; then the moneys remaining, if any, shall  
12 be paid into the Long-Term Care Provider Fund. Any amounts  
13 required to be paid into the General Revenue Fund, the School  
14 Infrastructure Fund, the Long-Term Care Provider Fund, the  
15 Common School Fund, the Capital Projects Fund, or the  
16 Healthcare Provider Relief Fund under this subsection that  
17 remain unpaid as of July 1, 2023 shall be deemed satisfied on  
18 that date, eliminating any deficiency accrued through that  
19 date.

20 (c) Beginning on July 1, 2019 and until July 1, 2023, all  
21 of the moneys from the additional taxes imposed by Public Act  
22 101-31, except for moneys received from the tax on electronic  
23 cigarettes, received by the Department of Revenue pursuant to  
24 this Act, the Cigarette Use Tax Act, and the Tobacco Products  
25 Tax Act of 1995 shall be distributed each month into the  
26 Capital Projects Fund.

1       (c-5) Beginning on July 1, 2023, all of the moneys  
2 received by the Department of Revenue pursuant to (i) this  
3 Act, (ii) the Cigarette Use Tax Act, and (iii) the tax imposed  
4 on little cigars under Section 10-10 of the Tobacco Products  
5 Tax Act of 1995 shall be paid each month as follows:

6           (1) 7% into the Common School Fund;

7           (2) 34% into the Healthcare Provider Relief Fund;

8           (3) 34% into the Capital Projects Fund; and

9           (4) 25% into the General Revenue Fund.

10       (d) Until July 1, 2023, except ~~Except~~ for moneys received  
11 from the additional taxes imposed by Public Act 101-31, moneys  
12 collected from the tax imposed on little cigars under Section  
13 10-10 of the Tobacco Products Tax Act of 1995 shall be included  
14 with the moneys collected under the Cigarette Tax Act and the  
15 Cigarette Use Tax Act when making distributions to the Common  
16 School Fund, the Healthcare Provider Relief Fund, the General  
17 Revenue Fund, the School Infrastructure Fund, and the  
18 Long-Term Care Provider Fund under this Section. Any amounts,  
19 including moneys collected from the tax imposed on little  
20 cigars under Section 10-10 of the Tobacco Products Tax Act of  
21 1995, that are required to be paid into the General Revenue  
22 Fund, the School Infrastructure Fund, the Long-Term Care  
23 Provider Fund, the Common School Fund, the Capital Projects  
24 Fund, or the Healthcare Provider Relief Fund under subsection  
25 (b) that remain unpaid as of July 1, 2023 shall be deemed  
26 satisfied on that date, eliminating any deficiency accrued

1 through that date. Beginning on July 1, 2023, moneys collected  
2 from the tax imposed on little cigars under Section 10-10 of  
3 the Tobacco Products Tax Act of 1995 shall be included with the  
4 moneys collected under the Cigarette Tax Act and the Cigarette  
5 Use Tax Act when making distributions under subsections (c-5).

6 (e) If the tax imposed herein terminates or has  
7 terminated, distributors who have bought stamps while such tax  
8 was in effect and who therefore paid such tax, but who can  
9 show, to the Department's satisfaction, that they sold the  
10 cigarettes to which they affixed such stamps after such tax  
11 had terminated and did not recover the tax or its equivalent  
12 from purchasers, shall be allowed by the Department to take  
13 credit for such absorbed tax against subsequent tax stamp  
14 purchases from the Department by such distributor.

15 (f) The impact of the tax levied by this Act is imposed  
16 upon the retailer and shall be prepaid or pre-collected by the  
17 distributor for the purpose of convenience and facility only,  
18 and the amount of the tax shall be added to the price of the  
19 cigarettes sold by such distributor. Collection of the tax  
20 shall be evidenced by a stamp or stamps affixed to each  
21 original package of cigarettes, as hereinafter provided. Any  
22 distributor who purchases stamps may credit any excess  
23 payments verified by the Department against amounts  
24 subsequently due for the purchase of additional stamps, until  
25 such time as no excess payment remains.

26 (g) Each distributor shall collect the tax from the

1 retailer at or before the time of the sale, shall affix the  
2 stamps as hereinafter required, and shall remit the tax  
3 collected from retailers to the Department, as hereinafter  
4 provided. Any distributor who fails to properly collect and  
5 pay the tax imposed by this Act shall be liable for the tax.

6 (h) Any distributor having cigarettes in his or her  
7 possession on July 1, 2019 to which tax stamps have been  
8 affixed, and any distributor having stamps in his or her  
9 possession on July 1, 2019 that have not been affixed to  
10 packages of cigarettes before July 1, 2019, is required to pay  
11 the additional tax that begins on July 1, 2019 imposed by this  
12 amendatory Act of the 101st General Assembly to the extent  
13 that the volume of affixed and unaffixed stamps in the  
14 distributor's possession on July 1, 2019 exceeds the average  
15 monthly volume of cigarette stamps purchased by the  
16 distributor in calendar year 2018. This payment, less the  
17 discount provided in subsection (l), is due when the  
18 distributor first makes a purchase of cigarette stamps on or  
19 after July 1, 2019 or on the first due date of a return under  
20 this Act occurring on or after July 1, 2019, whichever occurs  
21 first. Those distributors may elect to pay the additional tax  
22 on packages of cigarettes to which stamps have been affixed  
23 and on any stamps in the distributor's possession that have  
24 not been affixed to packages of cigarettes in their possession  
25 on July 1, 2019 over a period not to exceed 12 months from the  
26 due date of the additional tax by notifying the Department in

1 writing. The first payment for distributors making such  
2 election is due when the distributor first makes a purchase of  
3 cigarette tax stamps on or after July 1, 2019 or on the first  
4 due date of a return under this Act occurring on or after July  
5 1, 2019, whichever occurs first. Distributors making such an  
6 election are not entitled to take the discount provided in  
7 subsection (l) on such payments.

8 (i) Any retailer having cigarettes in its possession on  
9 July 1, 2019 to which tax stamps have been affixed is not  
10 required to pay the additional tax that begins on July 1, 2019  
11 imposed by this amendatory Act of the 101st General Assembly  
12 on those stamped cigarettes.

13 (j) Distributors making sales of cigarettes to secondary  
14 distributors shall add the amount of the tax to the price of  
15 the cigarettes sold by the distributors. Secondary  
16 distributors making sales of cigarettes to retailers shall  
17 include the amount of the tax in the price of the cigarettes  
18 sold to retailers. The amount of tax shall not be less than the  
19 amount of taxes imposed by the State and all local  
20 jurisdictions. The amount of local taxes shall be calculated  
21 based on the location of the retailer's place of business  
22 shown on the retailer's certificate of registration or  
23 sub-registration issued to the retailer pursuant to Section 2a  
24 of the Retailers' Occupation Tax Act. The original packages of  
25 cigarettes sold to the retailer shall bear all the required  
26 stamps, or other indicia, for the taxes included in the price

1 of cigarettes.

2 (k) The amount of the Cigarette Tax imposed by this Act  
3 shall be separately stated, apart from the price of the goods,  
4 by distributors, manufacturer representatives, secondary  
5 distributors, and retailers, in all bills and sales invoices.

6 (l) The distributor shall be required to collect the tax  
7 provided under paragraph (a) hereof, and, to cover the costs  
8 of such collection, shall be allowed a discount during any  
9 year commencing July 1st and ending the following June 30th in  
10 accordance with the schedule set out hereinbelow, which  
11 discount shall be allowed at the time of purchase of the stamps  
12 when purchase is required by this Act, or at the time when the  
13 tax is remitted to the Department without the purchase of  
14 stamps from the Department when that method of paying the tax  
15 is required or authorized by this Act.

16 On and after December 1, 1985, a discount equal to 1.75% of  
17 the amount of the tax payable under this Act up to and  
18 including the first \$3,000,000 paid hereunder by such  
19 distributor to the Department during any such year and 1.5% of  
20 the amount of any additional tax paid hereunder by such  
21 distributor to the Department during any such year shall  
22 apply.

23 Two or more distributors that use a common means of  
24 affixing revenue tax stamps or that are owned or controlled by  
25 the same interests shall be treated as a single distributor  
26 for the purpose of computing the discount.



1 (m) The taxes herein imposed are in addition to all other  
2 occupation or privilege taxes imposed by the State of  
3 Illinois, or by any political subdivision thereof, or by any  
4 municipal corporation.

5 (Source: P.A. 100-1171, eff. 1-4-19; 101-31, eff. 6-28-19;  
6 101-604, eff. 12-13-19.)

7 ARTICLE 85. USE AND OCCUPATION TAXES

8 Section 85-5. The Use Tax Act is amended by changing  
9 Section 12 as follows:

10 (35 ILCS 105/12) (from Ch. 120, par. 439.12)

11 Sec. 12. Applicability of Retailers' Occupation Tax Act  
12 and Uniform Penalty and Interest Act. All of the provisions of  
13 Sections 1d, 1e, 1f, 1i, 1j, 1j.1, 1k, 1m, 1n, 1o, 2-6, 2-12,  
14 2-54, 2a, 2b, 2c, 3, 4 (except that the time limitation  
15 provisions shall run from the date when the tax is due rather  
16 than from the date when gross receipts are received), 5  
17 (except that the time limitation provisions on the issuance of  
18 notices of tax liability shall run from the date when the tax  
19 is due rather than from the date when gross receipts are  
20 received and except that in the case of a failure to file a  
21 return required by this Act, no notice of tax liability shall  
22 be issued on and after each July 1 and January 1 covering tax  
23 due with that return during any month or period more than 6

1 years before that July 1 or January 1, respectively), 5a, 5b,  
2 5c, 5d, 5e, 5f, 5g, 5h, 5j, 5k, 5l, 5m, 5n, 7, 8, 9, 10, 11 and  
3 12 of the Retailers' Occupation Tax Act and Section 3-7 of the  
4 Uniform Penalty and Interest Act, which are not inconsistent  
5 with this Act, shall apply, as far as practicable, to the  
6 subject matter of this Act to the same extent as if such  
7 provisions were included herein.

8 (Source: P.A. 102-700, eff. 4-19-22.)

9 Section 85-10. The Service Use Tax Act is amended by  
10 changing Section 12 as follows:

11 (35 ILCS 110/12) (from Ch. 120, par. 439.42)

12 Sec. 12. Applicability of Retailers' Occupation Tax Act  
13 and Uniform Penalty and Interest Act. All of the provisions of  
14 Sections 1d, 1e, 1f, 1i, 1j, 1j.1, 1k, 1m, 1n, 1o, 2-6, 2-12,  
15 2-54, 2a, 2b, 2c, 3 (except as to the disposition by the  
16 Department of the money collected under this Act), 4 (except  
17 that the time limitation provisions shall run from the date  
18 when gross receipts are received), 5 (except that the time  
19 limitation provisions on the issuance of notices of tax  
20 liability shall run from the date when the tax is due rather  
21 than from the date when gross receipts are received and except  
22 that in the case of a failure to file a return required by this  
23 Act, no notice of tax liability shall be issued on and after  
24 July 1 and January 1 covering tax due with that return during

1 any month or period more than 6 years before that July 1 or  
2 January 1, respectively), 5a, 5b, 5c, 5d, 5e, 5f, 5g, 5j, 5k,  
3 5l, 5m, 5n, 6d, 7, 8, 9, 10, 11 and 12 of the Retailers'  
4 Occupation Tax Act which are not inconsistent with this Act,  
5 and Section 3-7 of the Uniform Penalty and Interest Act, shall  
6 apply, as far as practicable, to the subject matter of this Act  
7 to the same extent as if such provisions were included herein.  
8 (Source: P.A. 102-700, eff. 4-19-22.)

9 Section 85-15. The Service Occupation Tax Act is amended  
10 by changing Section 12 as follows:

11 (35 ILCS 115/12) (from Ch. 120, par. 439.112)

12 Sec. 12. All of the provisions of Sections 1d, 1e, 1f, 1i,  
13 1j, 1j.1, 1k, 1m, 1n, 1o, 2-6, 2-12, 2-54, 2a, 2b, 2c, 3  
14 (except as to the disposition by the Department of the tax  
15 collected under this Act), 4 (except that the time limitation  
16 provisions shall run from the date when the tax is due rather  
17 than from the date when gross receipts are received), 5  
18 (except that the time limitation provisions on the issuance of  
19 notices of tax liability shall run from the date when the tax  
20 is due rather than from the date when gross receipts are  
21 received), 5a, 5b, 5c, 5d, 5e, 5f, 5g, 5j, 5k, 5l, 5m, 5n, 6d,  
22 7, 8, 9, 10, 11 and 12 of the "Retailers' Occupation Tax Act"  
23 which are not inconsistent with this Act, and Section 3-7 of  
24 the Uniform Penalty and Interest Act shall apply, as far as

1 practicable, to the subject matter of this Act to the same  
2 extent as if such provisions were included herein.

3 (Source: P.A. 102-700, eff. 4-19-22.)

4 ARTICLE 90. MUNICIPAL USE AND OCCUPATION TAXES

5 Section 90-5. The Illinois Municipal Code is amended by  
6 changing Sections 8-11-1.4 and 8-11-1.5 as follows:

7 (65 ILCS 5/8-11-1.4) (from Ch. 24, par. 8-11-1.4)

8 Sec. 8-11-1.4. Non-Home Rule Municipal Service Occupation  
9 Tax Act. The corporate authorities of a non-home rule  
10 municipality may impose a tax upon all persons engaged, in  
11 such municipality, in the business of making sales of service  
12 for expenditure on public infrastructure or for property tax  
13 relief or both as defined in Section 8-11-1.2 if approved by  
14 referendum as provided in Section 8-11-1.1, of the selling  
15 price of all tangible personal property transferred by such  
16 servicemen either in the form of tangible personal property or  
17 in the form of real estate as an incident to a sale of service.  
18 If the tax is approved by referendum on or after July 14, 2010  
19 (the effective date of Public Act 96-1057), the corporate  
20 authorities of a non-home rule municipality may, until  
21 December 31, 2030 ~~December 31, 2020~~, use the proceeds of the  
22 tax for expenditure on municipal operations, in addition to or  
23 in lieu of any expenditure on public infrastructure or for

1 property tax relief. The tax imposed may not be more than 1%  
2 and may be imposed only in 1/4% increments. The tax may not be  
3 imposed on tangible personal property taxed at the 1% rate  
4 under the Service Occupation Tax Act (or at the 0% rate imposed  
5 under this amendatory Act of the 102nd General Assembly).  
6 Beginning December 1, 2019, this tax is not imposed on sales of  
7 aviation fuel unless the tax revenue is expended for  
8 airport-related purposes. If a municipality does not have an  
9 airport-related purpose to which it dedicates aviation fuel  
10 tax revenue, then aviation fuel is excluded from the tax. Each  
11 municipality must comply with the certification requirements  
12 for airport-related purposes under Section 2-22 of the  
13 Retailers' Occupation Tax Act. For purposes of this Section,  
14 "airport-related purposes" has the meaning ascribed in Section  
15 6z-20.2 of the State Finance Act. This exclusion for aviation  
16 fuel only applies for so long as the revenue use requirements  
17 of 49 U.S.C. 47107(b) and 49 U.S.C. 47133 are binding on the  
18 municipality. The tax imposed by a municipality pursuant to  
19 this Section and all civil penalties that may be assessed as an  
20 incident thereof shall be collected and enforced by the State  
21 Department of Revenue. The certificate of registration which  
22 is issued by the Department to a retailer under the Retailers'  
23 Occupation Tax Act or under the Service Occupation Tax Act  
24 shall permit such registrant to engage in a business which is  
25 taxable under any ordinance or resolution enacted pursuant to  
26 this Section without registering separately with the

1 Department under such ordinance or resolution or under this  
2 Section. The Department shall have full power to administer  
3 and enforce this Section; to collect all taxes and penalties  
4 due hereunder; to dispose of taxes and penalties so collected  
5 in the manner hereinafter provided, and to determine all  
6 rights to credit memoranda arising on account of the erroneous  
7 payment of tax or penalty hereunder. In the administration of,  
8 and compliance with, this Section the Department and persons  
9 who are subject to this Section shall have the same rights,  
10 remedies, privileges, immunities, powers and duties, and be  
11 subject to the same conditions, restrictions, limitations,  
12 penalties and definitions of terms, and employ the same modes  
13 of procedure, as are prescribed in Sections 1a-1, 2, 2a, 3  
14 through 3-50 (in respect to all provisions therein other than  
15 the State rate of tax), 4 (except that the reference to the  
16 State shall be to the taxing municipality), 5, 7, 8 (except  
17 that the jurisdiction to which the tax shall be a debt to the  
18 extent indicated in that Section 8 shall be the taxing  
19 municipality), 9 (except as to the disposition of taxes and  
20 penalties collected, and except that the returned merchandise  
21 credit for this municipal tax may not be taken against any  
22 State tax, and except that the retailer's discount is not  
23 allowed for taxes paid on aviation fuel that are subject to the  
24 revenue use requirements of 49 U.S.C. 47107(b) and 49 U.S.C.  
25 47133), 10, 11, 12 (except the reference therein to Section 2b  
26 of the Retailers' Occupation Tax Act), 13 (except that any

1 reference to the State shall mean the taxing municipality),  
2 the first paragraph of Section 15, 16, 17, 18, 19 and 20 of the  
3 Service Occupation Tax Act and Section 3-7 of the Uniform  
4 Penalty and Interest Act, as fully as if those provisions were  
5 set forth herein.

6 No municipality may impose a tax under this Section unless  
7 the municipality also imposes a tax at the same rate under  
8 Section 8-11-1.3 of this Code.

9 Persons subject to any tax imposed pursuant to the  
10 authority granted in this Section may reimburse themselves for  
11 their serviceman's tax liability hereunder by separately  
12 stating such tax as an additional charge, which charge may be  
13 stated in combination, in a single amount, with State tax  
14 which servicemen are authorized to collect under the Service  
15 Use Tax Act, pursuant to such bracket schedules as the  
16 Department may prescribe.

17 Whenever the Department determines that a refund should be  
18 made under this Section to a claimant instead of issuing  
19 credit memorandum, the Department shall notify the State  
20 Comptroller, who shall cause the order to be drawn for the  
21 amount specified, and to the person named, in such  
22 notification from the Department. Such refund shall be paid by  
23 the State Treasurer out of the municipal retailers' occupation  
24 tax fund or the Local Government Aviation Trust Fund, as  
25 appropriate.

26 Except as otherwise provided in this paragraph, the

1 Department shall forthwith pay over to the State Treasurer, ex  
2 officio, as trustee, all taxes and penalties collected  
3 hereunder for deposit into the municipal retailers' occupation  
4 tax fund. Taxes and penalties collected on aviation fuel sold  
5 on or after December 1, 2019, shall be immediately paid over by  
6 the Department to the State Treasurer, ex officio, as trustee,  
7 for deposit into the Local Government Aviation Trust Fund. The  
8 Department shall only pay moneys into the Local Government  
9 Aviation Trust Fund under this Section for so long as the  
10 revenue use requirements of 49 U.S.C. 47107(b) and 49 U.S.C.  
11 47133 are binding on the municipality.

12 As soon as possible after the first day of each month,  
13 beginning January 1, 2011, upon certification of the  
14 Department of Revenue, the Comptroller shall order  
15 transferred, and the Treasurer shall transfer, to the STAR  
16 Bonds Revenue Fund the local sales tax increment, as defined  
17 in the Innovation Development and Economy Act, collected under  
18 this Section during the second preceding calendar month for  
19 sales within a STAR bond district.

20 After the monthly transfer to the STAR Bonds Revenue Fund,  
21 on or before the 25th day of each calendar month, the  
22 Department shall prepare and certify to the Comptroller the  
23 disbursement of stated sums of money to named municipalities,  
24 the municipalities to be those from which suppliers and  
25 servicemen have paid taxes or penalties hereunder to the  
26 Department during the second preceding calendar month. The



1 amount to be paid to each municipality shall be the amount (not  
2 including credit memoranda and not including taxes and  
3 penalties collected on aviation fuel sold on or after December  
4 1, 2019) collected hereunder during the second preceding  
5 calendar month by the Department, and not including an amount  
6 equal to the amount of refunds made during the second  
7 preceding calendar month by the Department on behalf of such  
8 municipality, and not including any amounts that are  
9 transferred to the STAR Bonds Revenue Fund, less 1.5% of the  
10 remainder, which the Department shall transfer into the Tax  
11 Compliance and Administration Fund. The Department, at the  
12 time of each monthly disbursement to the municipalities, shall  
13 prepare and certify to the State Comptroller the amount to be  
14 transferred into the Tax Compliance and Administration Fund  
15 under this Section. Within 10 days after receipt, by the  
16 Comptroller, of the disbursement certification to the  
17 municipalities, the General Revenue Fund, and the Tax  
18 Compliance and Administration Fund provided for in this  
19 Section to be given to the Comptroller by the Department, the  
20 Comptroller shall cause the orders to be drawn for the  
21 respective amounts in accordance with the directions contained  
22 in such certification.

23 The Department of Revenue shall implement Public Act  
24 91-649 so as to collect the tax on and after January 1, 2002.

25 Nothing in this Section shall be construed to authorize a  
26 municipality to impose a tax upon the privilege of engaging in

1 any business which under the constitution of the United States  
2 may not be made the subject of taxation by this State.

3 As used in this Section, "municipal" or "municipality"  
4 means or refers to a city, village or incorporated town,  
5 including an incorporated town which has superseded a civil  
6 township.

7 This Section shall be known and may be cited as the  
8 "Non-Home Rule Municipal Service Occupation Tax Act".

9 (Source: P.A. 101-10, eff. 6-5-19; 101-81, eff. 7-12-19;  
10 101-604, eff. 12-13-19; 102-700, eff. 4-19-22.)

11 (65 ILCS 5/8-11-1.5) (from Ch. 24, par. 8-11-1.5)

12 Sec. 8-11-1.5. Non-Home Rule Municipal Use Tax Act. The  
13 corporate authorities of a non-home rule municipality may  
14 impose a tax upon the privilege of using, in such  
15 municipality, any item of tangible personal property which is  
16 purchased at retail from a retailer, and which is titled or  
17 registered with an agency of this State's government, based on  
18 the selling price of such tangible personal property, as  
19 "selling price" is defined in the Use Tax Act, for expenditure  
20 on public infrastructure or for property tax relief or both as  
21 defined in Section 8-11-1.2, if approved by referendum as  
22 provided in Section 8-11-1.1. If the tax is approved by  
23 referendum on or after the effective date of this amendatory  
24 Act of the 96th General Assembly, the corporate authorities of  
25 a non-home rule municipality may, until December 31, 2030

1 ~~December 31, 2020~~, use the proceeds of the tax for expenditure  
2 on municipal operations, in addition to or in lieu of any  
3 expenditure on public infrastructure or for property tax  
4 relief. The tax imposed may not be more than 1% and may be  
5 imposed only in 1/4% increments. Such tax shall be collected  
6 from persons whose Illinois address for title or registration  
7 purposes is given as being in such municipality. Such tax  
8 shall be collected by the municipality imposing such tax. A  
9 non-home rule municipality may not impose and collect the tax  
10 prior to January 1, 2002.

11 This Section shall be known and may be cited as the  
12 "Non-Home Rule Municipal Use Tax Act".

13 (Source: P.A. 96-1057, eff. 7-14-10; 97-837, eff. 7-20-12.)

#### 14 ARTICLE 95. VOLUNTEER EMERGENCY WORKERS

15 Section 95-5. The Illinois Administrative Procedure Act is  
16 amended by adding Section 5-45.36 as follows:

17 (5 ILCS 100/5-45.36 new)

18 Sec. 5-45.36. Emergency rulemaking. To provide for the  
19 expeditious and timely implementation of Section 234 of the  
20 Illinois Income Tax Act, emergency rules implementing that  
21 Section may be adopted in accordance with Section 5-45 by the  
22 Department of Revenue. The adoption of emergency rules  
23 authorized by Section 5-45 and this Section is deemed to be

1 necessary for the public interest, safety, and welfare.

2 This Section is repealed one year after the effective date  
3 of this amendatory Act of the 103rd General Assembly.

4 Section 95-10. The Illinois Income Tax Act is amended by  
5 adding Section 234 as follows:

6 (35 ILCS 5/234 new)

7 Sec. 234. Volunteer emergency workers.

8 (a) For taxable years beginning on or after January 1,  
9 2023 and beginning prior to January 1, 2028, each individual  
10 who (i) serves as a volunteer emergency worker for at least 9  
11 months during the taxable year and (ii) does not receive  
12 compensation for his or her services as a volunteer emergency  
13 worker of more than \$5,000 for the taxable year may apply to  
14 the Department for a credit against the taxes imposed by  
15 subsections (a) and (b) of Section 201. The amount of the  
16 credit shall be \$500 per eligible individual. The aggregate  
17 amount of all tax credits awarded by the Department under this  
18 Section in any calendar year may not exceed \$5,000,000.  
19 Credits shall be awarded on a first-come first-served basis.

20 (b) A credit under this Section may not reduce a  
21 taxpayer's liability to less than zero.

22 (c) By January 24 of each year, the Office of the State  
23 Fire Marshal shall provide the Department of Revenue an  
24 electronic file with the names of volunteer emergency workers

1 who (i) volunteered for at least 9 months during the  
2 immediately preceding calendar year, (ii) did not receive  
3 compensation for their services as a volunteer emergency  
4 worker of more than \$5,000 during the immediately preceding  
5 calendar year, and (iii) are registered with the Office of the  
6 State Fire Marshal as of January 12 of the current year as  
7 meeting the requirements of items (i) and (ii) for the  
8 immediately preceding calendar year. The chief of the fire  
9 department, fire protection district, or fire protection  
10 association shall be responsible for notifying the State Fire  
11 Marshal of the volunteer emergency workers who met the  
12 requirements of items (i) and (ii) during the immediately  
13 preceding calendar year by January 12 of the current year.  
14 Notification shall be required in the format required by the  
15 State Fire Marshal. The chief of the fire department, fire  
16 protection district, or fire protection association shall be  
17 responsible for the verification and accuracy of their  
18 submission to the State Fire Marshal under this subsection.

19 (d) As used in this Section, "volunteer emergency worker"  
20 means a person who serves as a member, other than on a  
21 full-time career basis, of a fire department, fire protection  
22 district, or fire protection association that has a Fire  
23 Department Identification Number issued by the Office of the  
24 State Fire Marshal and who does not serve as a member on a  
25 full-time career basis for another fire department, fire  
26 protection district, fire protection association, or

1 governmental entity.

2 (e) The Department shall adopt rules to implement and  
3 administer this Section, including rules concerning  
4 applications for the tax credit.

5 ARTICLE 100. USE AND OCCUPATION TAX ASSESSMENTS

6 Section 100-5. The Retailers' Occupation Tax Act is  
7 amended by changing Section 4 as follows:

8 (35 ILCS 120/4) (from Ch. 120, par. 443)

9 Sec. 4. As soon as practicable after any return is filed,  
10 the Department shall examine such return and shall, if  
11 necessary, correct such return according to its best judgment  
12 and information. If the correction of a return results in an  
13 amount of tax that is understated on the taxpayer's return due  
14 to a mathematical error, the Department shall notify the  
15 taxpayer that the amount of tax in excess of that shown on the  
16 return is due and has been assessed. The term "mathematical  
17 error" means arithmetic errors or incorrect computations on  
18 the return or supporting schedules. No such notice of  
19 additional tax due shall be issued on and after each July 1 and  
20 January 1 covering gross receipts received during any month or  
21 period of time more than 3 years prior to such July 1 and  
22 January 1, respectively. Such notice of additional tax due  
23 shall not be considered a notice of tax liability nor shall the

1 taxpayer have any right of protest. In the event that the  
2 return is corrected for any reason other than a mathematical  
3 error, any return so corrected by the Department shall be  
4 prima facie correct and shall be prima facie evidence of the  
5 correctness of the amount of tax due, as shown therein. In  
6 correcting transaction by transaction reporting returns  
7 provided for in Section 3 of this Act, it shall be permissible  
8 for the Department to show a single corrected return figure  
9 for any given period of a calendar month instead of having to  
10 correct each transaction by transaction return form  
11 individually and having to show a corrected return figure for  
12 each of such transaction by transaction return forms. In  
13 making a correction of transaction by transaction, monthly or  
14 quarterly returns covering a period of 6 months or more, it  
15 shall be permissible for the Department to show a single  
16 corrected return figure for any given 6-month period.

17 Instead of requiring the person filing such return to file  
18 an amended return, the Department may simply notify him of the  
19 correction or corrections it has made.

20 Proof of such correction by the Department may be made at  
21 any hearing before the Department or the Illinois Independent  
22 Tax Tribunal or in any legal proceeding by a reproduced copy or  
23 computer print-out of the Department's record relating thereto  
24 in the name of the Department under the certificate of the  
25 Director of Revenue. If reproduced copies of the Department's  
26 records are offered as proof of such correction, the Director

1 must certify that those copies are true and exact copies of  
2 records on file with the Department. If computer print-outs of  
3 the Department's records are offered as proof of such  
4 correction, the Director must certify that those computer  
5 print-outs are true and exact representations of records  
6 properly entered into standard electronic computing equipment,  
7 in the regular course of the Department's business, at or  
8 reasonably near the time of the occurrence of the facts  
9 recorded, from trustworthy and reliable information. Such  
10 certified reproduced copy or certified computer print-out  
11 shall without further proof, be admitted into evidence before  
12 the Department or in any legal proceeding and shall be prima  
13 facie proof of the correctness of the amount of tax due, as  
14 shown therein.

15 If the tax computed upon the basis of the gross receipts as  
16 fixed by the Department is greater than the amount of tax due  
17 under the return or returns as filed, the Department shall (or  
18 if the tax or any part thereof that is admitted to be due by a  
19 return or returns, whether filed on time or not, is not paid,  
20 the Department may) issue the taxpayer a notice of tax  
21 liability for the amount of tax claimed by the Department to be  
22 due, together with a penalty in an amount determined in  
23 accordance with Section 3-3 of the Uniform Penalty and  
24 Interest Act. Provided, that if the incorrectness of any  
25 return or returns as determined by the Department is due to  
26 negligence or fraud, said penalty shall be in an amount



1 determined in accordance with Section 3-5 or Section 3-6 of  
2 the Uniform Penalty and Interest Act, as the case may be. If  
3 the notice of tax liability is not based on a correction of the  
4 taxpayer's return or returns, but is based on the taxpayer's  
5 failure to pay all or a part of the tax admitted by his return  
6 or returns (whether filed on time or not) to be due, such  
7 notice of tax liability shall be prima facie correct and shall  
8 be prima facie evidence of the correctness of the amount of tax  
9 due, as shown therein.

10 Proof of such notice of tax liability by the Department  
11 may be made at any hearing before the Department or the  
12 Illinois Independent Tax Tribunal or in any legal proceeding  
13 by a reproduced copy of the Department's record relating  
14 thereto in the name of the Department under the certificate of  
15 the Director of Revenue. Such reproduced copy shall without  
16 further proof, be admitted into evidence before the Department  
17 or in any legal proceeding and shall be prima facie proof of  
18 the correctness of the amount of tax due, as shown therein.

19 If the person filing any return dies or becomes a person  
20 under legal disability at any time before the Department  
21 issues its notice of tax liability, such notice shall be  
22 issued to the administrator, executor or other legal  
23 representative, as such, of such person.

24 Except in case of a fraudulent return, or in the case of an  
25 amended return (where a notice of tax liability may be issued  
26 on or after each January 1 and July 1 for an amended return

1 filed not more than 3 years prior to such January 1 or July 1,  
2 respectively), no notice of tax liability shall be issued on  
3 and after each January 1 and July 1 covering gross receipts  
4 received during any month or period of time more than 3 years  
5 prior to such January 1 and July 1, respectively. If, before  
6 the expiration of the time prescribed in this Section for the  
7 issuance of a notice of tax liability, both the Department and  
8 the taxpayer have consented in writing to its issuance after  
9 such time, such notice may be issued at any time prior to the  
10 expiration of the period agreed upon. The period so agreed  
11 upon may be extended by subsequent agreements in writing made  
12 before the expiration of the period previously agreed upon.  
13 The foregoing limitations upon the issuance of a notice of tax  
14 liability shall not apply to the issuance of a notice of tax  
15 liability with respect to any period of time prior thereto in  
16 cases where the Department has, within the period of  
17 limitation then provided, notified the person making the  
18 return of a notice of tax liability even though such return,  
19 with which the tax that was shown by such return to be due was  
20 paid when the return was filed, had not been corrected by the  
21 Department in the manner required herein prior to the issuance  
22 of such notice, but in no case shall the amount of any such  
23 notice of tax liability for any period otherwise barred by  
24 this Act exceed for such period the amount shown in the notice  
25 of tax liability theretofore issued.

26 If, when a tax or penalty under this Act becomes due and

1 payable, the person alleged to be liable therefor is out of the  
2 State, the notice of tax liability may be issued within the  
3 times herein limited after his coming into or return to the  
4 State; and if, after the tax or penalty under this Act becomes  
5 due and payable, the person alleged to be liable therefor  
6 departs from and remains out of the State, the time of his or  
7 her absence is no part of the time limited for the issuance of  
8 the notice of tax liability; but the foregoing provisions  
9 concerning absence from the State shall not apply to any case  
10 in which, at the time when a tax or penalty becomes due under  
11 this Act, the person allegedly liable therefor is not a  
12 resident of this State.

13 The time limitation period on the Department's right to  
14 issue a notice of tax liability shall not run during any period  
15 of time in which the Order of any Court has the effect of  
16 enjoining or restraining the Department from issuing the  
17 notice of tax liability.

18 If such person or legal representative shall within 60  
19 days after such notice of tax liability file a protest to said  
20 notice of tax liability with the Department and request a  
21 hearing thereon, the Department shall give notice to such  
22 person or legal representative of the time and place fixed for  
23 such hearing and shall hold a hearing in conformity with the  
24 provisions of this Act, and pursuant thereto shall issue to  
25 such person or legal representative a final assessment for the  
26 amount found to be due as a result of such hearing. On or after

1 July 1, 2013, protests concerning matters that are subject to  
2 the jurisdiction of the Illinois Independent Tax Tribunal  
3 shall be filed with the Illinois Independent Tax Tribunal in  
4 accordance with the Illinois Independent Tax Tribunal Act of  
5 2012, and hearings concerning those matters shall be held  
6 before the Tribunal in accordance with that Act. The Tribunal  
7 shall give notice to such person of the time and place fixed  
8 for such hearing and shall hold a hearing. With respect to  
9 protests filed with the Department prior to July 1, 2013 that  
10 would otherwise be subject to the jurisdiction of the Illinois  
11 Independent Tax Tribunal, the taxpayer may elect to be subject  
12 to the provisions of the Illinois Independent Tax Tribunal Act  
13 of 2012 at any time on or after July 1, 2013, but not later  
14 than 30 days after the date on which the protest was filed. If  
15 made, the election shall be irrevocable.

16 If a protest to the notice of tax liability and a request  
17 for a hearing thereon is not filed within 60 days after such  
18 notice, such notice of tax liability shall become final  
19 without the necessity of a final assessment being issued and  
20 shall be deemed to be a final assessment.

21 Notwithstanding any other provisions of this Act, any  
22 amount paid as tax or in respect of tax paid under this Act,  
23 other than amounts paid as quarter-monthly payments, shall be  
24 deemed assessed upon the date of receipt of payment.

25 After the issuance of a final assessment, or a notice of  
26 tax liability which becomes final without the necessity of

1 actually issuing a final assessment as hereinbefore provided,  
2 the Department, at any time before such assessment is reduced  
3 to judgment, may (subject to rules of the Department) grant a  
4 rehearing (or grant departmental review and hold an original  
5 hearing if no previous hearing in the matter has been held)  
6 upon the application of the person aggrieved. Pursuant to such  
7 hearing or rehearing, the Department shall issue a revised  
8 final assessment to such person or his legal representative  
9 for the amount found to be due as a result of such hearing or  
10 rehearing.

11 (Source: P.A. 97-1129, eff. 8-28-12.)

12 Section 100-10. The Cigarette Machine Operators'  
13 Occupation Tax Act is amended by changing Section 1-45 as  
14 follows:

15 (35 ILCS 128/1-45)

16 Sec. 1-45. Examination and correction of returns.

17 (a) As soon as practicable after any return is filed, the  
18 Department shall examine that return and shall correct the  
19 return according to its best judgment and information, which  
20 return so corrected by the Department shall be prima facie  
21 correct and shall be prima facie evidence of the correctness  
22 of the amount of tax due, as shown on the corrected return.  
23 Instead of requiring the cigarette machine operator to file an  
24 amended return, the Department may simply notify the cigarette

1 machine operator of the correction or corrections it has made.  
2 Proof of the correction by the Department may be made at any  
3 hearing before the Department or in any legal proceeding by a  
4 reproduced copy of the Department's record relating thereto in  
5 the name of the Department under the certificate of the  
6 Director of Revenue. Such reproduced copy shall, without  
7 further proof, be admitted into evidence before the Department  
8 or in any legal proceeding and shall be prima facie proof of  
9 the correctness of the amount of tax due, as shown on the  
10 reproduced copy. If the Department finds that any amount of  
11 tax is due from the cigarette machine operator, the Department  
12 shall issue the cigarette machine operator a notice of tax  
13 liability for the amount of tax claimed by the Department to be  
14 due, together with a penalty in an amount determined in  
15 accordance with Sections 3-3, 3-5 and 3-6 of the Uniform  
16 Penalty and Interest Act. If, in administering the provisions  
17 of this Act, comparison of a return or returns of a cigarette  
18 machine operator with the books, records, and inventories of  
19 such cigarette machine operator discloses a deficiency that  
20 cannot be allocated by the Department to a particular month or  
21 months, the Department shall issue the cigarette machine  
22 operator a notice of tax liability for the amount of tax  
23 claimed by the Department to be due for a given period, but  
24 without any obligation upon the Department to allocate that  
25 deficiency to any particular month or months, together with a  
26 penalty in an amount determined in accordance with Sections

1 3-3, 3-5, and 3-6 of the Uniform Penalty and Interest Act,  
2 under which circumstances the aforesaid notice of tax  
3 liability shall be prima facie correct and shall be prima  
4 facie evidence of the correctness of the amount of tax due, as  
5 shown therein; and proof of such correctness may be made in  
6 accordance with, and the admissibility of a reproduced copy of  
7 such notice of tax liability shall be governed by, all the  
8 provisions of this Act applicable to corrected returns. If any  
9 cigarette machine operator filing any return dies or becomes a  
10 person under legal disability at any time before the  
11 Department issues its notice of tax liability, such notice  
12 shall be issued to the administrator, executor, or other legal  
13 representative of the cigarette machine operator.

14 (b) If, within 60 days after such notice of tax liability,  
15 the cigarette machine operator or his or her legal  
16 representative files a written protest to such notice of tax  
17 liability and requests a hearing thereon, the Department shall  
18 give notice to such cigarette machine operator or legal  
19 representative of the time and place fixed for such hearing,  
20 and shall hold a hearing in conformity with the provisions of  
21 this Act, and pursuant thereto shall issue a final assessment  
22 to such cigarette machine operator or legal representative for  
23 the amount found to be due as a result of such hearing. If a  
24 written protest to the notice of tax liability and a request  
25 for a hearing thereon is not filed within 60 days after such  
26 notice of tax liability, such notice of tax liability shall

1 become final without the necessity of a final assessment being  
2 issued and shall be deemed to be a final assessment.

3 (c) In case of failure to pay the tax, or any portion  
4 thereof, or any penalty provided for in this Act, when due, the  
5 Department may bring suit to recover the amount of such tax, or  
6 portion thereof, or penalty; or, if the taxpayer dies or  
7 becomes incompetent, by filing claim therefore against his or  
8 her estate; provided that no such action with respect to any  
9 tax, or portion thereof, or penalty, shall be instituted more  
10 than 2 years after the cause of action accrues, except with the  
11 consent of the person from whom such tax or penalty is due.

12 After the expiration of the period within which the person  
13 assessed may file an action for judicial review under the  
14 Administrative Review Law without such an action being filed,  
15 a certified copy of the final assessment or revised final  
16 assessment of the Department may be filed with the circuit  
17 court of the county in which the taxpayer has his or her  
18 principal place of business, or of Sangamon County in those  
19 cases in which the taxpayer does not have his or her principal  
20 place of business in this State. The certified copy of the  
21 final assessment or revised final assessment shall be  
22 accompanied by a certification which recites facts that are  
23 sufficient to show that the Department complied with the  
24 jurisdictional requirements of the law in arriving at its  
25 final assessment or its revised final assessment and that the  
26 taxpayer had his or her opportunity for an administrative



1 hearing and for judicial review, whether he or she availed  
2 himself or herself of either or both of these opportunities or  
3 not. If the court is satisfied that the Department complied  
4 with the jurisdictional requirements of the law in arriving at  
5 its final assessment or its revised final assessment and that  
6 the taxpayer had his or her opportunity for an administrative  
7 hearing and for judicial review, whether he or she availed  
8 himself or herself of either or both of these opportunities or  
9 not, the court shall enter judgment in favor of the Department  
10 and against the taxpayer for the amount shown to be due by the  
11 final assessment or the revised final assessment, and such  
12 judgment shall be filed of record in the court. Such judgment  
13 shall bear the rate of interest set in the Uniform Penalty and  
14 Interest Act, but otherwise shall have the same effect as  
15 other judgments. The judgment may be enforced, and all laws  
16 applicable to sales for the enforcement of a judgment shall be  
17 applicable to sales made under such judgments. The Department  
18 shall file the certified copy of its assessment, as herein  
19 provided, with the circuit court within 2 years after such  
20 assessment becomes final except when the taxpayer consents in  
21 writing to an extension of such filing period.

22 If, when the cause of action for a proceeding in court  
23 accrues against a person, he or she is out of the State, the  
24 action may be commenced within the times herein limited, after  
25 his or her coming into or returning to the State; and if, after  
26 the cause of action accrues, he or she departs from and remains

1 out of the State, the time of his or her absence is no part of  
2 the time limited for the commencement of the action; but the  
3 foregoing provisions concerning absence from the State shall  
4 not apply to any case in which, at the time the cause of action  
5 accrues, the party against whom the cause of action accrues is  
6 not a resident of this State. The time within which a court  
7 action is to be commenced by the Department hereunder shall  
8 not run while the taxpayer is a debtor in any proceeding under  
9 the federal Bankruptcy Code nor thereafter until 90 days after  
10 the Department is notified by such debtor of being discharged  
11 in bankruptcy.

12 No claim shall be filed against the estate of any deceased  
13 person or a person under legal disability for any tax or  
14 penalty or part of either except in the manner prescribed and  
15 within the time limited by the Probate Act of 1975.

16 The remedies provided for herein shall not be exclusive,  
17 but all remedies available to creditors for the collection of  
18 debts shall be available for the collection of any tax or  
19 penalty due hereunder.

20 The collection of tax or penalty by any means provided for  
21 herein shall not be a bar to any prosecution under this Act.

22 The certificate of the Director of the Department to the  
23 effect that a tax or amount required to be paid by this Act has  
24 not been paid, that a return has not been filed, or that  
25 information has not been supplied pursuant to the provisions  
26 of this Act, shall be prima facie evidence thereof.

1        Notwithstanding any other provisions of this Act, any  
2        amount paid as tax or in respect of tax paid under this Act  
3        shall be deemed assessed upon the date of receipt of payment.

4        All of the provisions of Sections 5a, 5b, 5c, 5d, 5e, 5f,  
5        5g, 5i and 5j of the Retailers' Occupation Tax Act, which are  
6        not inconsistent with this Act, shall apply, as far as  
7        practicable, to the subject matter of this Act to the same  
8        extent as if such provisions were included herein. References  
9        in such incorporated Sections of the Retailers' Occupation Tax  
10       Act to retailers, to sellers, or to persons engaged in the  
11       business of selling tangible personal property shall mean  
12       cigarette machine operator when used in this Act.

13       (Source: P.A. 97-688, eff. 6-14-12.)

14       Section 100-15. The Cigarette Tax Act is amended by  
15       changing Section 9a as follows:

16       (35 ILCS 130/9a) (from Ch. 120, par. 453.9a)

17       Sec. 9a. Examination and correction of returns.

18       (1) As soon as practicable after any return is filed, the  
19       Department shall examine such return and shall correct such  
20       return according to its best judgment and information, which  
21       return so corrected by the Department shall be prima facie  
22       correct and shall be prima facie evidence of the correctness  
23       of the amount of tax due, as shown therein. Instead of  
24       requiring the distributor to file an amended return, the

1 Department may simply notify the distributor of the correction  
2 or corrections it has made. Proof of such correction by the  
3 Department may be made at any hearing before the Department or  
4 in any legal proceeding by a reproduced copy of the  
5 Department's record relating thereto in the name of the  
6 Department under the certificate of the Director of Revenue.  
7 Such reproduced copy shall, without further proof, be admitted  
8 into evidence before the Department or in any legal proceeding  
9 and shall be prima facie proof of the correctness of the amount  
10 of tax due, as shown therein. If the Department finds that any  
11 amount of tax is due from the distributor, the Department  
12 shall issue the distributor a notice of tax liability for the  
13 amount of tax claimed by the Department to be due, together  
14 with a penalty in an amount determined in accordance with  
15 Sections 3-3, 3-5 and 3-6 of the Uniform Penalty and Interest  
16 Act. If, in administering the provisions of this Act,  
17 comparison of a return or returns of a distributor with the  
18 books, records and inventories of such distributor discloses a  
19 deficiency which cannot be allocated by the Department to a  
20 particular month or months, the Department shall issue the  
21 distributor a notice of tax liability for the amount of tax  
22 claimed by the Department to be due for a given period, but  
23 without any obligation upon the Department to allocate such  
24 deficiency to any particular month or months, together with a  
25 penalty in an amount determined in accordance with Sections  
26 3-3, 3-5 and 3-6 of the Uniform Penalty and Interest Act, under

1 which circumstances the aforesaid notice of tax liability  
2 shall be prima facie correct and shall be prima facie evidence  
3 of the correctness of the amount of tax due, as shown therein;  
4 and proof of such correctness may be made in accordance with,  
5 and the admissibility of a reproduced copy of such notice of  
6 tax liability shall be governed by, all the provisions of this  
7 Act applicable to corrected returns. If any distributor filing  
8 any return dies or becomes a person under legal disability at  
9 any time before the Department issues its notice of tax  
10 liability, such notice shall be issued to the administrator,  
11 executor or other legal representative, as such, of such  
12 distributor.

13 (2) Except as otherwise provided in this Section, if,  
14 within 60 days after such notice of tax liability, the  
15 distributor or his or her legal representative files a protest  
16 to such notice of tax liability and requests a hearing  
17 thereon, the Department shall give notice to such distributor  
18 or legal representative of the time and place fixed for such  
19 hearing, and shall hold a hearing in conformity with the  
20 provisions of this Act, and pursuant thereto shall issue a  
21 final assessment to such distributor or legal representative  
22 for the amount found to be due as a result of such hearing. On  
23 or after July 1, 2013, protests concerning matters that are  
24 subject to the jurisdiction of the Illinois Independent Tax  
25 Tribunal shall be filed in accordance with the Illinois  
26 Independent Tax Tribunal Act of 2012, and hearings concerning

1 those matters shall be held before the Tribunal in accordance  
2 with that Act. With respect to protests filed with the  
3 Department prior to July 1, 2013 that would otherwise be  
4 subject to the jurisdiction of the Illinois Independent Tax  
5 Tribunal, the taxpayer may elect to be subject to the  
6 provisions of the Illinois Independent Tax Tribunal Act of  
7 2012 at any time on or after July 1, 2013, but not later than  
8 30 days after the date on which the protest was filed. If made,  
9 the election shall be irrevocable. If a protest to the notice  
10 of tax liability and a request for a hearing thereon is not  
11 filed within the time allowed by law, such notice of tax  
12 liability shall become final without the necessity of a final  
13 assessment being issued and shall be deemed to be a final  
14 assessment.

15 (3) In case of failure to pay the tax, or any portion  
16 thereof, or any penalty provided for in this Act, when due, the  
17 Department may bring suit to recover the amount of such tax, or  
18 portion thereof, or penalty; or, if the taxpayer dies or  
19 becomes incompetent, by filing claim therefor against his  
20 estate; provided that no such action with respect to any tax,  
21 or portion thereof, or penalty, shall be instituted more than  
22 2 years after the cause of action accrues, except with the  
23 consent of the person from whom such tax or penalty is due.

24 After the expiration of the period within which the person  
25 assessed may file an action for judicial review under the  
26 Administrative Review Law without such an action being filed,

1 a certified copy of the final assessment or revised final  
2 assessment of the Department may be filed with the Circuit  
3 Court of the county in which the taxpayer has his or her  
4 principal place of business, or of Sangamon County in those  
5 cases in which the taxpayer does not have his principal place  
6 of business in this State. The certified copy of the final  
7 assessment or revised final assessment shall be accompanied by  
8 a certification which recites facts that are sufficient to  
9 show that the Department complied with the jurisdictional  
10 requirements of the Law in arriving at its final assessment or  
11 its revised final assessment and that the taxpayer had his or  
12 her opportunity for an administrative hearing and for judicial  
13 review, whether he availed himself or herself of either or  
14 both of these opportunities or not. If the court is satisfied  
15 that the Department complied with the jurisdictional  
16 requirements of the Law in arriving at its final assessment or  
17 its revised final assessment and that the taxpayer had his or  
18 her opportunity for an administrative hearing and for judicial  
19 review, whether he or she availed himself or herself of either  
20 or both of these opportunities or not, the court shall enter  
21 judgment in favor of the Department and against the taxpayer  
22 for the amount shown to be due by the final assessment or the  
23 revised final assessment, and such judgment shall be filed of  
24 record in the court. Such judgment shall bear the rate of  
25 interest set in the Uniform Penalty and Interest Act, but  
26 otherwise shall have the same effect as other judgments. The

1 judgment may be enforced, and all laws applicable to sales for  
2 the enforcement of a judgment shall be applicable to sales  
3 made under such judgments. The Department shall file the  
4 certified copy of its assessment, as herein provided, with the  
5 Circuit Court within 2 years after such assessment becomes  
6 final except when the taxpayer consents in writing to an  
7 extension of such filing period.

8 If, when the cause of action for a proceeding in court  
9 accrues against a person, he or she is out of the State, the  
10 action may be commenced within the times herein limited, after  
11 his or her coming into or return to the State; and if, after  
12 the cause of action accrues, he or she departs from and remains  
13 out of the State, the time of his or her absence is no part of  
14 the time limited for the commencement of the action; but the  
15 foregoing provisions concerning absence from the State shall  
16 not apply to any case in which, at the time the cause of action  
17 accrues, the party against whom the cause of action accrues is  
18 not a resident of this State. The time within which a court  
19 action is to be commenced by the Department hereunder shall  
20 not run while the taxpayer is a debtor in any proceeding under  
21 the Federal Bankruptcy Act nor thereafter until 90 days after  
22 the Department is notified by such debtor of being discharged  
23 in bankruptcy.

24 No claim shall be filed against the estate of any deceased  
25 person or a person under legal disability for any tax or  
26 penalty or part of either except in the manner prescribed and



1 within the time limited by the Probate Act of 1975, as amended.

2 The remedies provided for herein shall not be exclusive,  
3 but all remedies available to creditors for the collection of  
4 debts shall be available for the collection of any tax or  
5 penalty due hereunder.

6 The collection of tax or penalty by any means provided for  
7 herein shall not be a bar to any prosecution under this Act.

8 The certificate of the Director of the Department to the  
9 effect that a tax or amount required to be paid by this Act has  
10 not been paid, that a return has not been filed, or that  
11 information has not been supplied pursuant to the provisions  
12 of this Act, shall be prima facie evidence thereof.

13 Notwithstanding any other provisions of this Act, any  
14 amount paid as tax or in respect of tax paid under this Act  
15 shall be deemed assessed upon the date of receipt of payment.

16 All of the provisions of Sections 5a, 5b, 5c, 5d, 5e, 5f,  
17 5g, 5i and 5j of the Retailers' Occupation Tax Act, which are  
18 not inconsistent with this Act, and Section 3-7 of the Uniform  
19 Penalty and Interest Act shall apply, as far as practicable,  
20 to the subject matter of this Act to the same extent as if such  
21 provisions were included herein. References in such  
22 incorporated Sections of the "Retailers' Occupation Tax Act"  
23 to retailers, to sellers or to persons engaged in the business  
24 of selling tangible personal property shall mean distributors  
25 when used in this Act.

26 (Source: P.A. 97-1129, eff. 8-28-12; 98-463, eff. 8-16-13.)

1           Section 100-20. The Cigarette Use Tax Act is amended by  
2 changing Section 13 as follows:

3           (35 ILCS 135/13) (from Ch. 120, par. 453.43)

4           Sec. 13. Examination and correction of return. As soon as  
5 practicable after any return is filed, the Department shall  
6 examine such return and shall correct such return according to  
7 its best judgment and information, which return so corrected  
8 by the Department shall be prima facie correct and shall be  
9 prima facie evidence of the correctness of the amount of tax  
10 due, as shown therein. Proof of such correction by the  
11 Department may be made at any hearing before the Department or  
12 in any legal proceeding by a reproduced copy of the  
13 Department's record relating thereto in the name of the  
14 Department under the certificate of the Director of Revenue.  
15 Such reproduced copy shall, without further proof, be admitted  
16 into evidence before the Department or in any legal proceeding  
17 and shall be prima facie proof of the correctness of the amount  
18 of tax due, as shown therein. If the tax as fixed by the  
19 Department is greater than the amount of the tax due under the  
20 return as filed, the Department shall issue the person filing  
21 such return a notice of tax liability for the amount of tax  
22 claimed by the Department to be due, together with a penalty in  
23 an amount determined in accordance with Sections 3-3, 3-5 and  
24 3-6 of the Uniform Penalty and Interest Act. If, in

1 administering the provisions of this Act, comparison of a  
2 return or returns of a distributor with the books, records and  
3 inventories of such distributor discloses a deficiency which  
4 cannot be allocated by the Department to a particular month or  
5 months, the Department shall issue the distributor a notice of  
6 tax liability for the amount of tax claimed by the Department  
7 to be due for a given period, but without any obligation upon  
8 the Department to allocate such deficiency to any particular  
9 month or months, together with a penalty in an amount  
10 determined in accordance with Sections 3-3, 3-5 and 3-6 of the  
11 Uniform Penalty and Interest Act, under which circumstances  
12 the aforesaid notice of tax liability shall be prima facie  
13 correct and shall be prima facie evidence of the correctness  
14 of the amount of tax due, as shown therein; and proof of such  
15 correctness may be made in accordance with, and the  
16 admissibility of a reproduced copy of such notice of tax  
17 liability shall be governed by, all the provisions of this Act  
18 applicable to corrected returns.

19 If any person filing any return dies or becomes a person  
20 under legal disability at any time before the Department  
21 issues its notice of tax liability, such notice shall be  
22 issued to the administrator, executor or other legal  
23 representative, as such, of such person.

24 Except as otherwise provided in this Section, if within 60  
25 days after such notice of tax liability, the person to whom  
26 such notice is issued or his legal representative files a

1 protest to such notice of tax liability and requests a hearing  
2 thereon, the Department shall give notice to such person or  
3 legal representative of the time and place fixed for such  
4 hearing, and shall hold a hearing in conformity with the  
5 provisions of this Act, and pursuant thereto shall issue a  
6 final assessment to such person or legal representative for  
7 the amount found to be due as a result of such hearing.  
8 Effective July 1, 2013, protests concerning matters that are  
9 subject to the jurisdiction of the Illinois Independent Tax  
10 Tribunal shall be filed with the Tribunal in accordance with  
11 the Illinois Independent Tax Tribunal Act of 2012, and  
12 hearings concerning those matters shall be held before the  
13 Tribunal in accordance with that Act. With respect to protests  
14 filed with the Department prior to July 1, 2013 that would  
15 otherwise be subject to the jurisdiction of the Illinois  
16 Independent Tax Tribunal, the person filing the protest may  
17 elect to be subject to the provisions of the Illinois  
18 Independent Tax Tribunal Act of 2012 at any time on or after  
19 July 1, 2013, but not later than 30 days after the date on  
20 which the protest was filed. If made, the election shall be  
21 irrevocable. If a protest to the notice of tax liability and a  
22 request for a hearing thereon is not filed within the time  
23 allowed by law, such notice of tax liability shall become  
24 final without the necessity of a final assessment being issued  
25 and shall be deemed to be a final assessment.

26 Notwithstanding any other provisions of this Act, any

1 amount paid as tax or in respect of tax paid under this Act  
2 shall be deemed assessed upon the date of receipt of payment.

3 (Source: P.A. 97-1129, eff. 8-28-12.)

4 Section 100-25. The Liquor Control Act of 1934 is amended  
5 by changing Section 8-5 as follows:

6 (235 ILCS 5/8-5) (from Ch. 43, par. 163a)

7 Sec. 8-5. As soon as practicable after any return is  
8 filed, the Department shall examine such return or amended  
9 return and shall correct such return according to its best  
10 judgment and information, which return so corrected by the  
11 Department shall be prima facie correct and shall be prima  
12 facie evidence of the correctness of the amount of tax due, as  
13 shown therein. Instead of requiring the licensee to file an  
14 amended return, the Department may simply notify the licensee  
15 of the correction or corrections it has made. Proof of such  
16 correction by the Department, or of the determination of the  
17 amount of tax due as provided in Sections 8-4 and 8-10, may be  
18 made at any hearing before the Department or in any legal  
19 proceeding by a reproduced copy of the Department's record  
20 relating thereto in the name of the Department under the  
21 certificate of the Director of Revenue. Such reproduced copy  
22 shall, without further proof, be admitted into evidence before  
23 the Department or in any legal proceeding and shall be prima  
24 facie proof of the correctness of the amount of tax due, as

1 shown therein. If the return so corrected by the Department  
2 discloses the sale or use, by a licensed manufacturer or  
3 importing distributor, of alcoholic liquors as to which the  
4 tax provided for in this Article should have been paid, but has  
5 not been paid, in excess of the alcoholic liquors reported as  
6 being taxable by the licensee, and as to which the proper tax  
7 was paid the Department shall notify the licensee that it  
8 shall issue the taxpayer a notice of tax liability for the  
9 amount of tax claimed by the Department to be due, together  
10 with penalties at the rates prescribed by Sections 3-3, 3-5  
11 and 3-6 of the Uniform Penalty and Interest Act, which amount  
12 of tax shall be equivalent to the amount of tax which, at the  
13 prescribed rate per gallon, should have been paid with respect  
14 to the alcoholic liquors disposed of in excess of those  
15 reported as being taxable. No earlier than 90 days after the  
16 due date of the return, the Department may compare filed  
17 returns, or any amendments thereto, against reports of sales  
18 of alcoholic liquor submitted to the Department by other  
19 manufacturers and distributors. If a return or amended return  
20 is corrected by the Department because the return or amended  
21 return failed to disclose the purchase of alcoholic liquor  
22 from manufacturers or distributors on which the tax provided  
23 for in this Article should have been paid, but has not been  
24 paid, the Department shall issue the taxpayer a notice of tax  
25 liability for the amount of tax claimed by the Department to be  
26 due, together with penalties at the rates prescribed by

1 Sections 3-3, 3-5, and 3-6 of the Uniform Penalty and Interest  
2 Act. In a case where no return has been filed, the Department  
3 shall determine the amount of tax due according to its best  
4 judgment and information and shall issue the taxpayer a notice  
5 of tax liability for the amount of tax claimed by the  
6 Department to be due as herein provided together with  
7 penalties at the rates prescribed by Sections 3-3, 3-5 and 3-6  
8 of the Uniform Penalty and Interest Act. If, in administering  
9 the provisions of this Act, a comparison of a licensee's  
10 return or returns with the books, records and physical  
11 inventories of such licensee discloses a deficiency which  
12 cannot be allocated by the Department to a particular month or  
13 months, the Department shall issue the taxpayer a notice of  
14 tax liability for the amount of tax claimed by the Department  
15 to be due for a given period, but without any obligation upon  
16 the Department to allocate such deficiency to any particular  
17 month or months, together with penalties at the rates  
18 prescribed by Sections 3-3, 3-5 and 3-6 of the Uniform Penalty  
19 and Interest Act, which amount of tax shall be equivalent to  
20 the amount of tax which, at the prescribed rate per gallon,  
21 should have been paid with respect to the alcoholic liquors  
22 disposed of in excess of those reported being taxable, with  
23 the tax thereon having been paid under which circumstances the  
24 aforesaid notice of tax liability shall be prima facie correct  
25 and shall be prima facie evidence of the correctness of the  
26 amount of tax due as shown therein; and proof of such

1 correctness may be made in accordance with, and the  
2 admissibility of a reproduced copy of such notice of the  
3 Department's notice of tax liability shall be governed by, all  
4 the provisions of this Act applicable to corrected returns.

5 If the licensee dies or becomes a person under legal  
6 disability at any time before the Department issues its notice  
7 of tax liability, such notice shall be issued to the  
8 administrator, executor or other legal representative, as  
9 such, of the deceased or licensee who is under legal  
10 disability.

11 If such licensee or legal representative, within 60 days  
12 after such notice of tax liability, files a protest to such  
13 notice of tax liability and requests a hearing thereon, the  
14 Department shall give at least 7 days' notice to such licensee  
15 or legal representative, as the case may be, of the time and  
16 place fixed for such hearing and shall hold a hearing in  
17 conformity with the provisions of this Act, and pursuant  
18 thereto shall issue a final assessment to such licensee or  
19 legal representative for the amount found to be due as a result  
20 of such hearing.

21 If a protest to the notice of tax liability and a request  
22 for a hearing thereon is not filed within 60 days after such  
23 notice of tax liability, such notice of tax liability shall  
24 become final without the necessity of a final assessment being  
25 issued and shall be deemed to be a final assessment.

26 Notwithstanding any other provisions of this Act, any



1 amount paid as tax or in respect of tax paid under this Act  
2 shall be deemed assessed upon the date of receipt of payment.

3 In case of failure to pay the tax, or any portion thereof,  
4 or any penalty provided for herein, when due, the Department  
5 may recover the amount of such tax, or portion thereof, or  
6 penalty in a civil action; or if the licensee dies or becomes a  
7 person under legal disability, by filing a claim therefor  
8 against his or her estate; provided that no such claim shall be  
9 filed against the estate of any deceased or of the licensee who  
10 is under legal disability for any tax or penalty or portion  
11 thereof except in the manner prescribed and within the time  
12 limited by the Probate Act of 1975, as amended.

13 The collection of any such tax and penalty, or either, by  
14 any means provided for herein, shall not be a bar to any  
15 prosecution under this Act.

16 In addition to any other penalty provided for in this  
17 Article, all provisions of the Uniform Penalty and Interest  
18 Act that are not inconsistent with this Act apply.

19 (Source: P.A. 100-1050, eff. 7-1-19; 101-16, eff. 6-14-19.)

20 ARTICLE 110. PARTNERSHIPS

21 Section 5. The Illinois Income Tax Act is amended by  
22 changing Section 201 as follows:

23 (35 ILCS 5/201)

1           Sec. 201. Tax imposed.

2           (a) In general. A tax measured by net income is hereby  
3 imposed on every individual, corporation, trust and estate for  
4 each taxable year ending after July 31, 1969 on the privilege  
5 of earning or receiving income in or as a resident of this  
6 State. Such tax shall be in addition to all other occupation or  
7 privilege taxes imposed by this State or by any municipal  
8 corporation or political subdivision thereof.

9           (b) Rates. The tax imposed by subsection (a) of this  
10 Section shall be determined as follows, except as adjusted by  
11 subsection (d-1):

12           (1) In the case of an individual, trust or estate, for  
13 taxable years ending prior to July 1, 1989, an amount  
14 equal to 2 1/2% of the taxpayer's net income for the  
15 taxable year.

16           (2) In the case of an individual, trust or estate, for  
17 taxable years beginning prior to July 1, 1989 and ending  
18 after June 30, 1989, an amount equal to the sum of (i) 2  
19 1/2% of the taxpayer's net income for the period prior to  
20 July 1, 1989, as calculated under Section 202.3, and (ii)  
21 3% of the taxpayer's net income for the period after June  
22 30, 1989, as calculated under Section 202.3.

23           (3) In the case of an individual, trust or estate, for  
24 taxable years beginning after June 30, 1989, and ending  
25 prior to January 1, 2011, an amount equal to 3% of the  
26 taxpayer's net income for the taxable year.

1           (4) In the case of an individual, trust, or estate,  
2           for taxable years beginning prior to January 1, 2011, and  
3           ending after December 31, 2010, an amount equal to the sum  
4           of (i) 3% of the taxpayer's net income for the period prior  
5           to January 1, 2011, as calculated under Section 202.5, and  
6           (ii) 5% of the taxpayer's net income for the period after  
7           December 31, 2010, as calculated under Section 202.5.

8           (5) In the case of an individual, trust, or estate,  
9           for taxable years beginning on or after January 1, 2011,  
10          and ending prior to January 1, 2015, an amount equal to 5%  
11          of the taxpayer's net income for the taxable year.

12          (5.1) In the case of an individual, trust, or estate,  
13          for taxable years beginning prior to January 1, 2015, and  
14          ending after December 31, 2014, an amount equal to the sum  
15          of (i) 5% of the taxpayer's net income for the period prior  
16          to January 1, 2015, as calculated under Section 202.5, and  
17          (ii) 3.75% of the taxpayer's net income for the period  
18          after December 31, 2014, as calculated under Section  
19          202.5.

20          (5.2) In the case of an individual, trust, or estate,  
21          for taxable years beginning on or after January 1, 2015,  
22          and ending prior to July 1, 2017, an amount equal to 3.75%  
23          of the taxpayer's net income for the taxable year.

24          (5.3) In the case of an individual, trust, or estate,  
25          for taxable years beginning prior to July 1, 2017, and  
26          ending after June 30, 2017, an amount equal to the sum of

1 (i) 3.75% of the taxpayer's net income for the period  
2 prior to July 1, 2017, as calculated under Section 202.5,  
3 and (ii) 4.95% of the taxpayer's net income for the period  
4 after June 30, 2017, as calculated under Section 202.5.

5 (5.4) In the case of an individual, trust, or estate,  
6 for taxable years beginning on or after July 1, 2017, an  
7 amount equal to 4.95% of the taxpayer's net income for the  
8 taxable year.

9 (6) In the case of a corporation, for taxable years  
10 ending prior to July 1, 1989, an amount equal to 4% of the  
11 taxpayer's net income for the taxable year.

12 (7) In the case of a corporation, for taxable years  
13 beginning prior to July 1, 1989 and ending after June 30,  
14 1989, an amount equal to the sum of (i) 4% of the  
15 taxpayer's net income for the period prior to July 1,  
16 1989, as calculated under Section 202.3, and (ii) 4.8% of  
17 the taxpayer's net income for the period after June 30,  
18 1989, as calculated under Section 202.3.

19 (8) In the case of a corporation, for taxable years  
20 beginning after June 30, 1989, and ending prior to January  
21 1, 2011, an amount equal to 4.8% of the taxpayer's net  
22 income for the taxable year.

23 (9) In the case of a corporation, for taxable years  
24 beginning prior to January 1, 2011, and ending after  
25 December 31, 2010, an amount equal to the sum of (i) 4.8%  
26 of the taxpayer's net income for the period prior to

1           January 1, 2011, as calculated under Section 202.5, and  
2           (ii) 7% of the taxpayer's net income for the period after  
3           December 31, 2010, as calculated under Section 202.5.

4           (10) In the case of a corporation, for taxable years  
5           beginning on or after January 1, 2011, and ending prior to  
6           January 1, 2015, an amount equal to 7% of the taxpayer's  
7           net income for the taxable year.

8           (11) In the case of a corporation, for taxable years  
9           beginning prior to January 1, 2015, and ending after  
10          December 31, 2014, an amount equal to the sum of (i) 7% of  
11          the taxpayer's net income for the period prior to January  
12          1, 2015, as calculated under Section 202.5, and (ii) 5.25%  
13          of the taxpayer's net income for the period after December  
14          31, 2014, as calculated under Section 202.5.

15          (12) In the case of a corporation, for taxable years  
16          beginning on or after January 1, 2015, and ending prior to  
17          July 1, 2017, an amount equal to 5.25% of the taxpayer's  
18          net income for the taxable year.

19          (13) In the case of a corporation, for taxable years  
20          beginning prior to July 1, 2017, and ending after June 30,  
21          2017, an amount equal to the sum of (i) 5.25% of the  
22          taxpayer's net income for the period prior to July 1,  
23          2017, as calculated under Section 202.5, and (ii) 7% of  
24          the taxpayer's net income for the period after June 30,  
25          2017, as calculated under Section 202.5.

26          (14) In the case of a corporation, for taxable years

1 beginning on or after July 1, 2017, an amount equal to 7%  
2 of the taxpayer's net income for the taxable year.

3 The rates under this subsection (b) are subject to the  
4 provisions of Section 201.5.

5 (b-5) Surcharge; sale or exchange of assets, properties,  
6 and intangibles of organization gaming licensees. For each of  
7 taxable years 2019 through 2027, a surcharge is imposed on all  
8 taxpayers on income arising from the sale or exchange of  
9 capital assets, depreciable business property, real property  
10 used in the trade or business, and Section 197 intangibles (i)  
11 of an organization licensee under the Illinois Horse Racing  
12 Act of 1975 and (ii) of an organization gaming licensee under  
13 the Illinois Gambling Act. The amount of the surcharge is  
14 equal to the amount of federal income tax liability for the  
15 taxable year attributable to those sales and exchanges. The  
16 surcharge imposed shall not apply if:

17 (1) the organization gaming license, organization  
18 license, or racetrack property is transferred as a result  
19 of any of the following:

20 (A) bankruptcy, a receivership, or a debt  
21 adjustment initiated by or against the initial  
22 licensee or the substantial owners of the initial  
23 licensee;

24 (B) cancellation, revocation, or termination of  
25 any such license by the Illinois Gaming Board or the  
26 Illinois Racing Board;

1           (C) a determination by the Illinois Gaming Board  
2           that transfer of the license is in the best interests  
3           of Illinois gaming;

4           (D) the death of an owner of the equity interest in  
5           a licensee;

6           (E) the acquisition of a controlling interest in  
7           the stock or substantially all of the assets of a  
8           publicly traded company;

9           (F) a transfer by a parent company to a wholly  
10          owned subsidiary; or

11          (G) the transfer or sale to or by one person to  
12          another person where both persons were initial owners  
13          of the license when the license was issued; or

14          (2) the controlling interest in the organization  
15          gaming license, organization license, or racetrack  
16          property is transferred in a transaction to lineal  
17          descendants in which no gain or loss is recognized or as a  
18          result of a transaction in accordance with Section 351 of  
19          the Internal Revenue Code in which no gain or loss is  
20          recognized; or

21          (3) live horse racing was not conducted in 2010 at a  
22          racetrack located within 3 miles of the Mississippi River  
23          under a license issued pursuant to the Illinois Horse  
24          Racing Act of 1975.

25          The transfer of an organization gaming license,  
26          organization license, or racetrack property by a person other

1 than the initial licensee to receive the organization gaming  
2 license is not subject to a surcharge. The Department shall  
3 adopt rules necessary to implement and administer this  
4 subsection.

5 (c) Personal Property Tax Replacement Income Tax.  
6 Beginning on July 1, 1979 and thereafter, in addition to such  
7 income tax, there is also hereby imposed the Personal Property  
8 Tax Replacement Income Tax measured by net income on every  
9 corporation (including Subchapter S corporations), partnership  
10 and trust, for each taxable year ending after June 30, 1979.  
11 Such taxes are imposed on the privilege of earning or  
12 receiving income in or as a resident of this State. The  
13 Personal Property Tax Replacement Income Tax shall be in  
14 addition to the income tax imposed by subsections (a) and (b)  
15 of this Section and in addition to all other occupation or  
16 privilege taxes imposed by this State or by any municipal  
17 corporation or political subdivision thereof.

18 (d) Additional Personal Property Tax Replacement Income  
19 Tax Rates. The personal property tax replacement income tax  
20 imposed by this subsection and subsection (c) of this Section  
21 in the case of a corporation, other than a Subchapter S  
22 corporation and except as adjusted by subsection (d-1), shall  
23 be an additional amount equal to 2.85% of such taxpayer's net  
24 income for the taxable year, except that beginning on January  
25 1, 1981, and thereafter, the rate of 2.85% specified in this  
26 subsection shall be reduced to 2.5%, and in the case of a



1 partnership, trust or a Subchapter S corporation shall be an  
2 additional amount equal to 1.5% of such taxpayer's net income  
3 for the taxable year.

4 (d-1) Rate reduction for certain foreign insurers. In the  
5 case of a foreign insurer, as defined by Section 35A-5 of the  
6 Illinois Insurance Code, whose state or country of domicile  
7 imposes on insurers domiciled in Illinois a retaliatory tax  
8 (excluding any insurer whose premiums from reinsurance assumed  
9 are 50% or more of its total insurance premiums as determined  
10 under paragraph (2) of subsection (b) of Section 304, except  
11 that for purposes of this determination premiums from  
12 reinsurance do not include premiums from inter-affiliate  
13 reinsurance arrangements), beginning with taxable years ending  
14 on or after December 31, 1999, the sum of the rates of tax  
15 imposed by subsections (b) and (d) shall be reduced (but not  
16 increased) to the rate at which the total amount of tax imposed  
17 under this Act, net of all credits allowed under this Act,  
18 shall equal (i) the total amount of tax that would be imposed  
19 on the foreign insurer's net income allocable to Illinois for  
20 the taxable year by such foreign insurer's state or country of  
21 domicile if that net income were subject to all income taxes  
22 and taxes measured by net income imposed by such foreign  
23 insurer's state or country of domicile, net of all credits  
24 allowed or (ii) a rate of zero if no such tax is imposed on  
25 such income by the foreign insurer's state of domicile. For  
26 the purposes of this subsection (d-1), an inter-affiliate

1 includes a mutual insurer under common management.

2 (1) For the purposes of subsection (d-1), in no event  
3 shall the sum of the rates of tax imposed by subsections  
4 (b) and (d) be reduced below the rate at which the sum of:

5 (A) the total amount of tax imposed on such  
6 foreign insurer under this Act for a taxable year, net  
7 of all credits allowed under this Act, plus

8 (B) the privilege tax imposed by Section 409 of  
9 the Illinois Insurance Code, the fire insurance  
10 company tax imposed by Section 12 of the Fire  
11 Investigation Act, and the fire department taxes  
12 imposed under Section 11-10-1 of the Illinois  
13 Municipal Code,

14 equals 1.25% for taxable years ending prior to December  
15 31, 2003, or 1.75% for taxable years ending on or after  
16 December 31, 2003, of the net taxable premiums written for  
17 the taxable year, as described by subsection (1) of  
18 Section 409 of the Illinois Insurance Code. This paragraph  
19 will in no event increase the rates imposed under  
20 subsections (b) and (d).

21 (2) Any reduction in the rates of tax imposed by this  
22 subsection shall be applied first against the rates  
23 imposed by subsection (b) and only after the tax imposed  
24 by subsection (a) net of all credits allowed under this  
25 Section other than the credit allowed under subsection (i)  
26 has been reduced to zero, against the rates imposed by

1 subsection (d).

2 This subsection (d-1) is exempt from the provisions of  
3 Section 250.

4 (e) Investment credit. A taxpayer shall be allowed a  
5 credit against the Personal Property Tax Replacement Income  
6 Tax for investment in qualified property.

7 (1) A taxpayer shall be allowed a credit equal to .5%  
8 of the basis of qualified property placed in service  
9 during the taxable year, provided such property is placed  
10 in service on or after July 1, 1984. There shall be allowed  
11 an additional credit equal to .5% of the basis of  
12 qualified property placed in service during the taxable  
13 year, provided such property is placed in service on or  
14 after July 1, 1986, and the taxpayer's base employment  
15 within Illinois has increased by 1% or more over the  
16 preceding year as determined by the taxpayer's employment  
17 records filed with the Illinois Department of Employment  
18 Security. Taxpayers who are new to Illinois shall be  
19 deemed to have met the 1% growth in base employment for the  
20 first year in which they file employment records with the  
21 Illinois Department of Employment Security. The provisions  
22 added to this Section by Public Act 85-1200 (and restored  
23 by Public Act 87-895) shall be construed as declaratory of  
24 existing law and not as a new enactment. If, in any year,  
25 the increase in base employment within Illinois over the  
26 preceding year is less than 1%, the additional credit

1 shall be limited to that percentage times a fraction, the  
2 numerator of which is .5% and the denominator of which is  
3 1%, but shall not exceed .5%. The investment credit shall  
4 not be allowed to the extent that it would reduce a  
5 taxpayer's liability in any tax year below zero, nor may  
6 any credit for qualified property be allowed for any year  
7 other than the year in which the property was placed in  
8 service in Illinois. For tax years ending on or after  
9 December 31, 1987, and on or before December 31, 1988, the  
10 credit shall be allowed for the tax year in which the  
11 property is placed in service, or, if the amount of the  
12 credit exceeds the tax liability for that year, whether it  
13 exceeds the original liability or the liability as later  
14 amended, such excess may be carried forward and applied to  
15 the tax liability of the 5 taxable years following the  
16 excess credit years if the taxpayer (i) makes investments  
17 which cause the creation of a minimum of 2,000 full-time  
18 equivalent jobs in Illinois, (ii) is located in an  
19 enterprise zone established pursuant to the Illinois  
20 Enterprise Zone Act and (iii) is certified by the  
21 Department of Commerce and Community Affairs (now  
22 Department of Commerce and Economic Opportunity) as  
23 complying with the requirements specified in clause (i)  
24 and (ii) by July 1, 1986. The Department of Commerce and  
25 Community Affairs (now Department of Commerce and Economic  
26 Opportunity) shall notify the Department of Revenue of all

1 such certifications immediately. For tax years ending  
2 after December 31, 1988, the credit shall be allowed for  
3 the tax year in which the property is placed in service,  
4 or, if the amount of the credit exceeds the tax liability  
5 for that year, whether it exceeds the original liability  
6 or the liability as later amended, such excess may be  
7 carried forward and applied to the tax liability of the 5  
8 taxable years following the excess credit years. The  
9 credit shall be applied to the earliest year for which  
10 there is a liability. If there is credit from more than one  
11 tax year that is available to offset a liability, earlier  
12 credit shall be applied first.

13 (2) The term "qualified property" means property  
14 which:

15 (A) is tangible, whether new or used, including  
16 buildings and structural components of buildings and  
17 signs that are real property, but not including land  
18 or improvements to real property that are not a  
19 structural component of a building such as  
20 landscaping, sewer lines, local access roads, fencing,  
21 parking lots, and other appurtenances;

22 (B) is depreciable pursuant to Section 167 of the  
23 Internal Revenue Code, except that "3-year property"  
24 as defined in Section 168(c)(2)(A) of that Code is not  
25 eligible for the credit provided by this subsection  
26 (e);

1 (C) is acquired by purchase as defined in Section  
2 179(d) of the Internal Revenue Code;

3 (D) is used in Illinois by a taxpayer who is  
4 primarily engaged in manufacturing, or in mining coal  
5 or fluorite, or in retailing, or was placed in service  
6 on or after July 1, 2006 in a River Edge Redevelopment  
7 Zone established pursuant to the River Edge  
8 Redevelopment Zone Act; and

9 (E) has not previously been used in Illinois in  
10 such a manner and by such a person as would qualify for  
11 the credit provided by this subsection (e) or  
12 subsection (f).

13 (3) For purposes of this subsection (e),  
14 "manufacturing" means the material staging and production  
15 of tangible personal property by procedures commonly  
16 regarded as manufacturing, processing, fabrication, or  
17 assembling which changes some existing material into new  
18 shapes, new qualities, or new combinations. For purposes  
19 of this subsection (e) the term "mining" shall have the  
20 same meaning as the term "mining" in Section 613(c) of the  
21 Internal Revenue Code. For purposes of this subsection  
22 (e), the term "retailing" means the sale of tangible  
23 personal property for use or consumption and not for  
24 resale, or services rendered in conjunction with the sale  
25 of tangible personal property for use or consumption and  
26 not for resale. For purposes of this subsection (e),

1 "tangible personal property" has the same meaning as when  
2 that term is used in the Retailers' Occupation Tax Act,  
3 and, for taxable years ending after December 31, 2008,  
4 does not include the generation, transmission, or  
5 distribution of electricity.

6 (4) The basis of qualified property shall be the basis  
7 used to compute the depreciation deduction for federal  
8 income tax purposes.

9 (5) If the basis of the property for federal income  
10 tax depreciation purposes is increased after it has been  
11 placed in service in Illinois by the taxpayer, the amount  
12 of such increase shall be deemed property placed in  
13 service on the date of such increase in basis.

14 (6) The term "placed in service" shall have the same  
15 meaning as under Section 46 of the Internal Revenue Code.

16 (7) If during any taxable year, any property ceases to  
17 be qualified property in the hands of the taxpayer within  
18 48 months after being placed in service, or the situs of  
19 any qualified property is moved outside Illinois within 48  
20 months after being placed in service, the Personal  
21 Property Tax Replacement Income Tax for such taxable year  
22 shall be increased. Such increase shall be determined by  
23 (i) recomputing the investment credit which would have  
24 been allowed for the year in which credit for such  
25 property was originally allowed by eliminating such  
26 property from such computation and, (ii) subtracting such

1 recomputed credit from the amount of credit previously  
2 allowed. For the purposes of this paragraph (7), a  
3 reduction of the basis of qualified property resulting  
4 from a redetermination of the purchase price shall be  
5 deemed a disposition of qualified property to the extent  
6 of such reduction.

7 (8) Unless the investment credit is extended by law,  
8 the basis of qualified property shall not include costs  
9 incurred after December 31, 2018, except for costs  
10 incurred pursuant to a binding contract entered into on or  
11 before December 31, 2018.

12 (9) Each taxable year ending before December 31, 2000,  
13 a partnership may elect to pass through to its partners  
14 the credits to which the partnership is entitled under  
15 this subsection (e) for the taxable year. A partner may  
16 use the credit allocated to him or her under this  
17 paragraph only against the tax imposed in subsections (c)  
18 and (d) of this Section. If the partnership makes that  
19 election, those credits shall be allocated among the  
20 partners in the partnership in accordance with the rules  
21 set forth in Section 704(b) of the Internal Revenue Code,  
22 and the rules promulgated under that Section, and the  
23 allocated amount of the credits shall be allowed to the  
24 partners for that taxable year. The partnership shall make  
25 this election on its Personal Property Tax Replacement  
26 Income Tax return for that taxable year. The election to



1 pass through the credits shall be irrevocable.

2 For taxable years ending on or after December 31,  
3 2000, a partner that qualifies its partnership for a  
4 subtraction under subparagraph (I) of paragraph (2) of  
5 subsection (d) of Section 203 or a shareholder that  
6 qualifies a Subchapter S corporation for a subtraction  
7 under subparagraph (S) of paragraph (2) of subsection (b)  
8 of Section 203 shall be allowed a credit under this  
9 subsection (e) equal to its share of the credit earned  
10 under this subsection (e) during the taxable year by the  
11 partnership or Subchapter S corporation, determined in  
12 accordance with the determination of income and  
13 distributive share of income under Sections 702 and 704  
14 and Subchapter S of the Internal Revenue Code. This  
15 paragraph is exempt from the provisions of Section 250.

16 (f) Investment credit; Enterprise Zone; River Edge  
17 Redevelopment Zone.

18 (1) A taxpayer shall be allowed a credit against the  
19 tax imposed by subsections (a) and (b) of this Section for  
20 investment in qualified property which is placed in  
21 service in an Enterprise Zone created pursuant to the  
22 Illinois Enterprise Zone Act or, for property placed in  
23 service on or after July 1, 2006, a River Edge  
24 Redevelopment Zone established pursuant to the River Edge  
25 Redevelopment Zone Act. For partners, shareholders of  
26 Subchapter S corporations, and owners of limited liability

1 companies, if the liability company is treated as a  
2 partnership for purposes of federal and State income  
3 taxation, there shall be allowed a credit under this  
4 subsection (f) to be determined in accordance with the  
5 determination of income and distributive share of income  
6 under Sections 702 and 704 and Subchapter S of the  
7 Internal Revenue Code. The credit shall be .5% of the  
8 basis for such property. The credit shall be available  
9 only in the taxable year in which the property is placed in  
10 service in the Enterprise Zone or River Edge Redevelopment  
11 Zone and shall not be allowed to the extent that it would  
12 reduce a taxpayer's liability for the tax imposed by  
13 subsections (a) and (b) of this Section to below zero. For  
14 tax years ending on or after December 31, 1985, the credit  
15 shall be allowed for the tax year in which the property is  
16 placed in service, or, if the amount of the credit exceeds  
17 the tax liability for that year, whether it exceeds the  
18 original liability or the liability as later amended, such  
19 excess may be carried forward and applied to the tax  
20 liability of the 5 taxable years following the excess  
21 credit year. The credit shall be applied to the earliest  
22 year for which there is a liability. If there is credit  
23 from more than one tax year that is available to offset a  
24 liability, the credit accruing first in time shall be  
25 applied first.

26 (2) The term qualified property means property which:

1 (A) is tangible, whether new or used, including  
2 buildings and structural components of buildings;

3 (B) is depreciable pursuant to Section 167 of the  
4 Internal Revenue Code, except that "3-year property"  
5 as defined in Section 168(c)(2)(A) of that Code is not  
6 eligible for the credit provided by this subsection  
7 (f);

8 (C) is acquired by purchase as defined in Section  
9 179(d) of the Internal Revenue Code;

10 (D) is used in the Enterprise Zone or River Edge  
11 Redevelopment Zone by the taxpayer; and

12 (E) has not been previously used in Illinois in  
13 such a manner and by such a person as would qualify for  
14 the credit provided by this subsection (f) or  
15 subsection (e).

16 (3) The basis of qualified property shall be the basis  
17 used to compute the depreciation deduction for federal  
18 income tax purposes.

19 (4) If the basis of the property for federal income  
20 tax depreciation purposes is increased after it has been  
21 placed in service in the Enterprise Zone or River Edge  
22 Redevelopment Zone by the taxpayer, the amount of such  
23 increase shall be deemed property placed in service on the  
24 date of such increase in basis.

25 (5) The term "placed in service" shall have the same  
26 meaning as under Section 46 of the Internal Revenue Code.

1           (6) If during any taxable year, any property ceases to  
2 be qualified property in the hands of the taxpayer within  
3 48 months after being placed in service, or the situs of  
4 any qualified property is moved outside the Enterprise  
5 Zone or River Edge Redevelopment Zone within 48 months  
6 after being placed in service, the tax imposed under  
7 subsections (a) and (b) of this Section for such taxable  
8 year shall be increased. Such increase shall be determined  
9 by (i) recomputing the investment credit which would have  
10 been allowed for the year in which credit for such  
11 property was originally allowed by eliminating such  
12 property from such computation, and (ii) subtracting such  
13 recomputed credit from the amount of credit previously  
14 allowed. For the purposes of this paragraph (6), a  
15 reduction of the basis of qualified property resulting  
16 from a redetermination of the purchase price shall be  
17 deemed a disposition of qualified property to the extent  
18 of such reduction.

19           (7) There shall be allowed an additional credit equal  
20 to 0.5% of the basis of qualified property placed in  
21 service during the taxable year in a River Edge  
22 Redevelopment Zone, provided such property is placed in  
23 service on or after July 1, 2006, and the taxpayer's base  
24 employment within Illinois has increased by 1% or more  
25 over the preceding year as determined by the taxpayer's  
26 employment records filed with the Illinois Department of

1           Employment Security. Taxpayers who are new to Illinois  
2           shall be deemed to have met the 1% growth in base  
3           employment for the first year in which they file  
4           employment records with the Illinois Department of  
5           Employment Security. If, in any year, the increase in base  
6           employment within Illinois over the preceding year is less  
7           than 1%, the additional credit shall be limited to that  
8           percentage times a fraction, the numerator of which is  
9           0.5% and the denominator of which is 1%, but shall not  
10          exceed 0.5%.

11           (8) For taxable years beginning on or after January 1,  
12          2021, there shall be allowed an Enterprise Zone  
13          construction jobs credit against the taxes imposed under  
14          subsections (a) and (b) of this Section as provided in  
15          Section 13 of the Illinois Enterprise Zone Act.

16           The credit or credits may not reduce the taxpayer's  
17          liability to less than zero. If the amount of the credit or  
18          credits exceeds the taxpayer's liability, the excess may  
19          be carried forward and applied against the taxpayer's  
20          liability in succeeding calendar years in the same manner  
21          provided under paragraph (4) of Section 211 of this Act.  
22          The credit or credits shall be applied to the earliest  
23          year for which there is a tax liability. If there are  
24          credits from more than one taxable year that are available  
25          to offset a liability, the earlier credit shall be applied  
26          first.

1           For partners, shareholders of Subchapter S  
2 corporations, and owners of limited liability companies,  
3 if the liability company is treated as a partnership for  
4 the purposes of federal and State income taxation, there  
5 shall be allowed a credit under this Section to be  
6 determined in accordance with the determination of income  
7 and distributive share of income under Sections 702 and  
8 704 and Subchapter S of the Internal Revenue Code.

9           The total aggregate amount of credits awarded under  
10 the Blue Collar Jobs Act (Article 20 of Public Act 101-9)  
11 shall not exceed \$20,000,000 in any State fiscal year.

12           This paragraph (8) is exempt from the provisions of  
13 Section 250.

14           (g) (Blank).

15           (h) Investment credit; High Impact Business.

16           (1) Subject to subsections (b) and (b-5) of Section  
17 5.5 of the Illinois Enterprise Zone Act, a taxpayer shall  
18 be allowed a credit against the tax imposed by subsections  
19 (a) and (b) of this Section for investment in qualified  
20 property which is placed in service by a Department of  
21 Commerce and Economic Opportunity designated High Impact  
22 Business. The credit shall be .5% of the basis for such  
23 property. The credit shall not be available (i) until the  
24 minimum investments in qualified property set forth in  
25 subdivision (a)(3)(A) of Section 5.5 of the Illinois  
26 Enterprise Zone Act have been satisfied or (ii) until the

1 time authorized in subsection (b-5) of the Illinois  
2 Enterprise Zone Act for entities designated as High Impact  
3 Businesses under subdivisions (a)(3)(B), (a)(3)(C), and  
4 (a)(3)(D) of Section 5.5 of the Illinois Enterprise Zone  
5 Act, and shall not be allowed to the extent that it would  
6 reduce a taxpayer's liability for the tax imposed by  
7 subsections (a) and (b) of this Section to below zero. The  
8 credit applicable to such investments shall be taken in  
9 the taxable year in which such investments have been  
10 completed. The credit for additional investments beyond  
11 the minimum investment by a designated high impact  
12 business authorized under subdivision (a)(3)(A) of Section  
13 5.5 of the Illinois Enterprise Zone Act shall be available  
14 only in the taxable year in which the property is placed in  
15 service and shall not be allowed to the extent that it  
16 would reduce a taxpayer's liability for the tax imposed by  
17 subsections (a) and (b) of this Section to below zero. For  
18 tax years ending on or after December 31, 1987, the credit  
19 shall be allowed for the tax year in which the property is  
20 placed in service, or, if the amount of the credit exceeds  
21 the tax liability for that year, whether it exceeds the  
22 original liability or the liability as later amended, such  
23 excess may be carried forward and applied to the tax  
24 liability of the 5 taxable years following the excess  
25 credit year. The credit shall be applied to the earliest  
26 year for which there is a liability. If there is credit

1 from more than one tax year that is available to offset a  
2 liability, the credit accruing first in time shall be  
3 applied first.

4 Changes made in this subdivision (h) (1) by Public Act  
5 88-670 restore changes made by Public Act 85-1182 and  
6 reflect existing law.

7 (2) The term qualified property means property which:

8 (A) is tangible, whether new or used, including  
9 buildings and structural components of buildings;

10 (B) is depreciable pursuant to Section 167 of the  
11 Internal Revenue Code, except that "3-year property"  
12 as defined in Section 168(c) (2) (A) of that Code is not  
13 eligible for the credit provided by this subsection  
14 (h);

15 (C) is acquired by purchase as defined in Section  
16 179(d) of the Internal Revenue Code; and

17 (D) is not eligible for the Enterprise Zone  
18 Investment Credit provided by subsection (f) of this  
19 Section.

20 (3) The basis of qualified property shall be the basis  
21 used to compute the depreciation deduction for federal  
22 income tax purposes.

23 (4) If the basis of the property for federal income  
24 tax depreciation purposes is increased after it has been  
25 placed in service in a federally designated Foreign Trade  
26 Zone or Sub-Zone located in Illinois by the taxpayer, the



1 amount of such increase shall be deemed property placed in  
2 service on the date of such increase in basis.

3 (5) The term "placed in service" shall have the same  
4 meaning as under Section 46 of the Internal Revenue Code.

5 (6) If during any taxable year ending on or before  
6 December 31, 1996, any property ceases to be qualified  
7 property in the hands of the taxpayer within 48 months  
8 after being placed in service, or the situs of any  
9 qualified property is moved outside Illinois within 48  
10 months after being placed in service, the tax imposed  
11 under subsections (a) and (b) of this Section for such  
12 taxable year shall be increased. Such increase shall be  
13 determined by (i) recomputing the investment credit which  
14 would have been allowed for the year in which credit for  
15 such property was originally allowed by eliminating such  
16 property from such computation, and (ii) subtracting such  
17 recomputed credit from the amount of credit previously  
18 allowed. For the purposes of this paragraph (6), a  
19 reduction of the basis of qualified property resulting  
20 from a redetermination of the purchase price shall be  
21 deemed a disposition of qualified property to the extent  
22 of such reduction.

23 (7) Beginning with tax years ending after December 31,  
24 1996, if a taxpayer qualifies for the credit under this  
25 subsection (h) and thereby is granted a tax abatement and  
26 the taxpayer relocates its entire facility in violation of

1 the explicit terms and length of the contract under  
2 Section 18-183 of the Property Tax Code, the tax imposed  
3 under subsections (a) and (b) of this Section shall be  
4 increased for the taxable year in which the taxpayer  
5 relocated its facility by an amount equal to the amount of  
6 credit received by the taxpayer under this subsection (h).

7 (h-5) High Impact Business construction jobs credit. For  
8 taxable years beginning on or after January 1, 2021, there  
9 shall also be allowed a High Impact Business construction jobs  
10 credit against the tax imposed under subsections (a) and (b)  
11 of this Section as provided in subsections (i) and (j) of  
12 Section 5.5 of the Illinois Enterprise Zone Act.

13 The credit or credits may not reduce the taxpayer's  
14 liability to less than zero. If the amount of the credit or  
15 credits exceeds the taxpayer's liability, the excess may be  
16 carried forward and applied against the taxpayer's liability  
17 in succeeding calendar years in the manner provided under  
18 paragraph (4) of Section 211 of this Act. The credit or credits  
19 shall be applied to the earliest year for which there is a tax  
20 liability. If there are credits from more than one taxable  
21 year that are available to offset a liability, the earlier  
22 credit shall be applied first.

23 For partners, shareholders of Subchapter S corporations,  
24 and owners of limited liability companies, if the liability  
25 company is treated as a partnership for the purposes of  
26 federal and State income taxation, there shall be allowed a

1 credit under this Section to be determined in accordance with  
2 the determination of income and distributive share of income  
3 under Sections 702 and 704 and Subchapter S of the Internal  
4 Revenue Code.

5 The total aggregate amount of credits awarded under the  
6 Blue Collar Jobs Act (Article 20 of Public Act 101-9) shall not  
7 exceed \$20,000,000 in any State fiscal year.

8 This subsection (h-5) is exempt from the provisions of  
9 Section 250.

10 (i) Credit for Personal Property Tax Replacement Income  
11 Tax. For tax years ending prior to December 31, 2003, a credit  
12 shall be allowed against the tax imposed by subsections (a)  
13 and (b) of this Section for the tax imposed by subsections (c)  
14 and (d) of this Section. This credit shall be computed by  
15 multiplying the tax imposed by subsections (c) and (d) of this  
16 Section by a fraction, the numerator of which is base income  
17 allocable to Illinois and the denominator of which is Illinois  
18 base income, and further multiplying the product by the tax  
19 rate imposed by subsections (a) and (b) of this Section.

20 Any credit earned on or after December 31, 1986 under this  
21 subsection which is unused in the year the credit is computed  
22 because it exceeds the tax liability imposed by subsections  
23 (a) and (b) for that year (whether it exceeds the original  
24 liability or the liability as later amended) may be carried  
25 forward and applied to the tax liability imposed by  
26 subsections (a) and (b) of the 5 taxable years following the

1 excess credit year, provided that no credit may be carried  
2 forward to any year ending on or after December 31, 2003. This  
3 credit shall be applied first to the earliest year for which  
4 there is a liability. If there is a credit under this  
5 subsection from more than one tax year that is available to  
6 offset a liability the earliest credit arising under this  
7 subsection shall be applied first.

8 If, during any taxable year ending on or after December  
9 31, 1986, the tax imposed by subsections (c) and (d) of this  
10 Section for which a taxpayer has claimed a credit under this  
11 subsection (i) is reduced, the amount of credit for such tax  
12 shall also be reduced. Such reduction shall be determined by  
13 recomputing the credit to take into account the reduced tax  
14 imposed by subsections (c) and (d). If any portion of the  
15 reduced amount of credit has been carried to a different  
16 taxable year, an amended return shall be filed for such  
17 taxable year to reduce the amount of credit claimed.

18 (j) Training expense credit. Beginning with tax years  
19 ending on or after December 31, 1986 and prior to December 31,  
20 2003, a taxpayer shall be allowed a credit against the tax  
21 imposed by subsections (a) and (b) under this Section for all  
22 amounts paid or accrued, on behalf of all persons employed by  
23 the taxpayer in Illinois or Illinois residents employed  
24 outside of Illinois by a taxpayer, for educational or  
25 vocational training in semi-technical or technical fields or  
26 semi-skilled or skilled fields, which were deducted from gross

1 income in the computation of taxable income. The credit  
2 against the tax imposed by subsections (a) and (b) shall be  
3 1.6% of such training expenses. For partners, shareholders of  
4 subchapter S corporations, and owners of limited liability  
5 companies, if the liability company is treated as a  
6 partnership for purposes of federal and State income taxation,  
7 there shall be allowed a credit under this subsection (j) to be  
8 determined in accordance with the determination of income and  
9 distributive share of income under Sections 702 and 704 and  
10 subchapter S of the Internal Revenue Code.

11 Any credit allowed under this subsection which is unused  
12 in the year the credit is earned may be carried forward to each  
13 of the 5 taxable years following the year for which the credit  
14 is first computed until it is used. This credit shall be  
15 applied first to the earliest year for which there is a  
16 liability. If there is a credit under this subsection from  
17 more than one tax year that is available to offset a liability,  
18 the earliest credit arising under this subsection shall be  
19 applied first. No carryforward credit may be claimed in any  
20 tax year ending on or after December 31, 2003.

21 (k) Research and development credit. For tax years ending  
22 after July 1, 1990 and prior to December 31, 2003, and  
23 beginning again for tax years ending on or after December 31,  
24 2004, and ending prior to January 1, 2027, a taxpayer shall be  
25 allowed a credit against the tax imposed by subsections (a)  
26 and (b) of this Section for increasing research activities in

1 this State. The credit allowed against the tax imposed by  
2 subsections (a) and (b) shall be equal to 6 1/2% of the  
3 qualifying expenditures for increasing research activities in  
4 this State. For partners, shareholders of subchapter S  
5 corporations, and owners of limited liability companies, if  
6 the liability company is treated as a partnership for purposes  
7 of federal and State income taxation, there shall be allowed a  
8 credit under this subsection to be determined in accordance  
9 with the determination of income and distributive share of  
10 income under Sections 702 and 704 and subchapter S of the  
11 Internal Revenue Code.

12 For purposes of this subsection, "qualifying expenditures"  
13 means the qualifying expenditures as defined for the federal  
14 credit for increasing research activities which would be  
15 allowable under Section 41 of the Internal Revenue Code and  
16 which are conducted in this State, "qualifying expenditures  
17 for increasing research activities in this State" means the  
18 excess of qualifying expenditures for the taxable year in  
19 which incurred over qualifying expenditures for the base  
20 period, "qualifying expenditures for the base period" means  
21 the average of the qualifying expenditures for each year in  
22 the base period, and "base period" means the 3 taxable years  
23 immediately preceding the taxable year for which the  
24 determination is being made.

25 Any credit in excess of the tax liability for the taxable  
26 year may be carried forward. A taxpayer may elect to have the

1 unused credit shown on its final completed return carried over  
2 as a credit against the tax liability for the following 5  
3 taxable years or until it has been fully used, whichever  
4 occurs first; provided that no credit earned in a tax year  
5 ending prior to December 31, 2003 may be carried forward to any  
6 year ending on or after December 31, 2003.

7 If an unused credit is carried forward to a given year from  
8 2 or more earlier years, that credit arising in the earliest  
9 year will be applied first against the tax liability for the  
10 given year. If a tax liability for the given year still  
11 remains, the credit from the next earliest year will then be  
12 applied, and so on, until all credits have been used or no tax  
13 liability for the given year remains. Any remaining unused  
14 credit or credits then will be carried forward to the next  
15 following year in which a tax liability is incurred, except  
16 that no credit can be carried forward to a year which is more  
17 than 5 years after the year in which the expense for which the  
18 credit is given was incurred.

19 No inference shall be drawn from Public Act 91-644 in  
20 construing this Section for taxable years beginning before  
21 January 1, 1999.

22 It is the intent of the General Assembly that the research  
23 and development credit under this subsection (k) shall apply  
24 continuously for all tax years ending on or after December 31,  
25 2004 and ending prior to January 1, 2027, including, but not  
26 limited to, the period beginning on January 1, 2016 and ending

1 on July 6, 2017 (the effective date of Public Act 100-22). All  
2 actions taken in reliance on the continuation of the credit  
3 under this subsection (k) by any taxpayer are hereby  
4 validated.

5 (l) Environmental Remediation Tax Credit.

6 (i) For tax years ending after December 31, 1997 and  
7 on or before December 31, 2001, a taxpayer shall be  
8 allowed a credit against the tax imposed by subsections  
9 (a) and (b) of this Section for certain amounts paid for  
10 unreimbursed eligible remediation costs, as specified in  
11 this subsection. For purposes of this Section,  
12 "unreimbursed eligible remediation costs" means costs  
13 approved by the Illinois Environmental Protection Agency  
14 ("Agency") under Section 58.14 of the Environmental  
15 Protection Act that were paid in performing environmental  
16 remediation at a site for which a No Further Remediation  
17 Letter was issued by the Agency and recorded under Section  
18 58.10 of the Environmental Protection Act. The credit must  
19 be claimed for the taxable year in which Agency approval  
20 of the eligible remediation costs is granted. The credit  
21 is not available to any taxpayer if the taxpayer or any  
22 related party caused or contributed to, in any material  
23 respect, a release of regulated substances on, in, or  
24 under the site that was identified and addressed by the  
25 remedial action pursuant to the Site Remediation Program  
26 of the Environmental Protection Act. After the Pollution



1 Control Board rules are adopted pursuant to the Illinois  
2 Administrative Procedure Act for the administration and  
3 enforcement of Section 58.9 of the Environmental  
4 Protection Act, determinations as to credit availability  
5 for purposes of this Section shall be made consistent with  
6 those rules. For purposes of this Section, "taxpayer"  
7 includes a person whose tax attributes the taxpayer has  
8 succeeded to under Section 381 of the Internal Revenue  
9 Code and "related party" includes the persons disallowed a  
10 deduction for losses by paragraphs (b), (c), and (f)(1) of  
11 Section 267 of the Internal Revenue Code by virtue of  
12 being a related taxpayer, as well as any of its partners.  
13 The credit allowed against the tax imposed by subsections  
14 (a) and (b) shall be equal to 25% of the unreimbursed  
15 eligible remediation costs in excess of \$100,000 per site,  
16 except that the \$100,000 threshold shall not apply to any  
17 site contained in an enterprise zone as determined by the  
18 Department of Commerce and Community Affairs (now  
19 Department of Commerce and Economic Opportunity). The  
20 total credit allowed shall not exceed \$40,000 per year  
21 with a maximum total of \$150,000 per site. For partners  
22 and shareholders of subchapter S corporations, there shall  
23 be allowed a credit under this subsection to be determined  
24 in accordance with the determination of income and  
25 distributive share of income under Sections 702 and 704  
26 and subchapter S of the Internal Revenue Code.

1           (ii) A credit allowed under this subsection that is  
2 unused in the year the credit is earned may be carried  
3 forward to each of the 5 taxable years following the year  
4 for which the credit is first earned until it is used. The  
5 term "unused credit" does not include any amounts of  
6 unreimbursed eligible remediation costs in excess of the  
7 maximum credit per site authorized under paragraph (i).  
8 This credit shall be applied first to the earliest year  
9 for which there is a liability. If there is a credit under  
10 this subsection from more than one tax year that is  
11 available to offset a liability, the earliest credit  
12 arising under this subsection shall be applied first. A  
13 credit allowed under this subsection may be sold to a  
14 buyer as part of a sale of all or part of the remediation  
15 site for which the credit was granted. The purchaser of a  
16 remediation site and the tax credit shall succeed to the  
17 unused credit and remaining carry-forward period of the  
18 seller. To perfect the transfer, the assignor shall record  
19 the transfer in the chain of title for the site and provide  
20 written notice to the Director of the Illinois Department  
21 of Revenue of the assignor's intent to sell the  
22 remediation site and the amount of the tax credit to be  
23 transferred as a portion of the sale. In no event may a  
24 credit be transferred to any taxpayer if the taxpayer or a  
25 related party would not be eligible under the provisions  
26 of subsection (i).

1           (iii) For purposes of this Section, the term "site"  
2           shall have the same meaning as under Section 58.2 of the  
3           Environmental Protection Act.

4           (m) Education expense credit. Beginning with tax years  
5           ending after December 31, 1999, a taxpayer who is the  
6           custodian of one or more qualifying pupils shall be allowed a  
7           credit against the tax imposed by subsections (a) and (b) of  
8           this Section for qualified education expenses incurred on  
9           behalf of the qualifying pupils. The credit shall be equal to  
10          25% of qualified education expenses, but in no event may the  
11          total credit under this subsection claimed by a family that is  
12          the custodian of qualifying pupils exceed (i) \$500 for tax  
13          years ending prior to December 31, 2017, and (ii) \$750 for tax  
14          years ending on or after December 31, 2017. In no event shall a  
15          credit under this subsection reduce the taxpayer's liability  
16          under this Act to less than zero. Notwithstanding any other  
17          provision of law, for taxable years beginning on or after  
18          January 1, 2017, no taxpayer may claim a credit under this  
19          subsection (m) if the taxpayer's adjusted gross income for the  
20          taxable year exceeds (i) \$500,000, in the case of spouses  
21          filing a joint federal tax return or (ii) \$250,000, in the case  
22          of all other taxpayers. This subsection is exempt from the  
23          provisions of Section 250 of this Act.

24          For purposes of this subsection:

25          "Qualifying pupils" means individuals who (i) are  
26          residents of the State of Illinois, (ii) are under the age of

1 21 at the close of the school year for which a credit is  
2 sought, and (iii) during the school year for which a credit is  
3 sought were full-time pupils enrolled in a kindergarten  
4 through twelfth grade education program at any school, as  
5 defined in this subsection.

6 "Qualified education expense" means the amount incurred on  
7 behalf of a qualifying pupil in excess of \$250 for tuition,  
8 book fees, and lab fees at the school in which the pupil is  
9 enrolled during the regular school year.

10 "School" means any public or nonpublic elementary or  
11 secondary school in Illinois that is in compliance with Title  
12 VI of the Civil Rights Act of 1964 and attendance at which  
13 satisfies the requirements of Section 26-1 of the School Code,  
14 except that nothing shall be construed to require a child to  
15 attend any particular public or nonpublic school to qualify  
16 for the credit under this Section.

17 "Custodian" means, with respect to qualifying pupils, an  
18 Illinois resident who is a parent, the parents, a legal  
19 guardian, or the legal guardians of the qualifying pupils.

20 (n) River Edge Redevelopment Zone site remediation tax  
21 credit.

22 (i) For tax years ending on or after December 31,  
23 2006, a taxpayer shall be allowed a credit against the tax  
24 imposed by subsections (a) and (b) of this Section for  
25 certain amounts paid for unreimbursed eligible remediation  
26 costs, as specified in this subsection. For purposes of

1           this Section, "unreimbursed eligible remediation costs"  
2           means costs approved by the Illinois Environmental  
3           Protection Agency ("Agency") under Section 58.14a of the  
4           Environmental Protection Act that were paid in performing  
5           environmental remediation at a site within a River Edge  
6           Redevelopment Zone for which a No Further Remediation  
7           Letter was issued by the Agency and recorded under Section  
8           58.10 of the Environmental Protection Act. The credit must  
9           be claimed for the taxable year in which Agency approval  
10          of the eligible remediation costs is granted. The credit  
11          is not available to any taxpayer if the taxpayer or any  
12          related party caused or contributed to, in any material  
13          respect, a release of regulated substances on, in, or  
14          under the site that was identified and addressed by the  
15          remedial action pursuant to the Site Remediation Program  
16          of the Environmental Protection Act. Determinations as to  
17          credit availability for purposes of this Section shall be  
18          made consistent with rules adopted by the Pollution  
19          Control Board pursuant to the Illinois Administrative  
20          Procedure Act for the administration and enforcement of  
21          Section 58.9 of the Environmental Protection Act. For  
22          purposes of this Section, "taxpayer" includes a person  
23          whose tax attributes the taxpayer has succeeded to under  
24          Section 381 of the Internal Revenue Code and "related  
25          party" includes the persons disallowed a deduction for  
26          losses by paragraphs (b), (c), and (f)(1) of Section 267

1 of the Internal Revenue Code by virtue of being a related  
2 taxpayer, as well as any of its partners. The credit  
3 allowed against the tax imposed by subsections (a) and (b)  
4 shall be equal to 25% of the unreimbursed eligible  
5 remediation costs in excess of \$100,000 per site.

6 (ii) A credit allowed under this subsection that is  
7 unused in the year the credit is earned may be carried  
8 forward to each of the 5 taxable years following the year  
9 for which the credit is first earned until it is used. This  
10 credit shall be applied first to the earliest year for  
11 which there is a liability. If there is a credit under this  
12 subsection from more than one tax year that is available  
13 to offset a liability, the earliest credit arising under  
14 this subsection shall be applied first. A credit allowed  
15 under this subsection may be sold to a buyer as part of a  
16 sale of all or part of the remediation site for which the  
17 credit was granted. The purchaser of a remediation site  
18 and the tax credit shall succeed to the unused credit and  
19 remaining carry-forward period of the seller. To perfect  
20 the transfer, the assignor shall record the transfer in  
21 the chain of title for the site and provide written notice  
22 to the Director of the Illinois Department of Revenue of  
23 the assignor's intent to sell the remediation site and the  
24 amount of the tax credit to be transferred as a portion of  
25 the sale. In no event may a credit be transferred to any  
26 taxpayer if the taxpayer or a related party would not be

1 eligible under the provisions of subsection (i).

2 (iii) For purposes of this Section, the term "site"  
3 shall have the same meaning as under Section 58.2 of the  
4 Environmental Protection Act.

5 (o) For each of taxable years during the Compassionate Use  
6 of Medical Cannabis Program, a surcharge is imposed on all  
7 taxpayers on income arising from the sale or exchange of  
8 capital assets, depreciable business property, real property  
9 used in the trade or business, and Section 197 intangibles of  
10 an organization registrant under the Compassionate Use of  
11 Medical Cannabis Program Act. The amount of the surcharge is  
12 equal to the amount of federal income tax liability for the  
13 taxable year attributable to those sales and exchanges. The  
14 surcharge imposed does not apply if:

15 (1) the medical cannabis cultivation center  
16 registration, medical cannabis dispensary registration, or  
17 the property of a registration is transferred as a result  
18 of any of the following:

19 (A) bankruptcy, a receivership, or a debt  
20 adjustment initiated by or against the initial  
21 registration or the substantial owners of the initial  
22 registration;

23 (B) cancellation, revocation, or termination of  
24 any registration by the Illinois Department of Public  
25 Health;

26 (C) a determination by the Illinois Department of

1 Public Health that transfer of the registration is in  
2 the best interests of Illinois qualifying patients as  
3 defined by the Compassionate Use of Medical Cannabis  
4 Program Act;

5 (D) the death of an owner of the equity interest in  
6 a registrant;

7 (E) the acquisition of a controlling interest in  
8 the stock or substantially all of the assets of a  
9 publicly traded company;

10 (F) a transfer by a parent company to a wholly  
11 owned subsidiary; or

12 (G) the transfer or sale to or by one person to  
13 another person where both persons were initial owners  
14 of the registration when the registration was issued;  
15 or

16 (2) the cannabis cultivation center registration,  
17 medical cannabis dispensary registration, or the  
18 controlling interest in a registrant's property is  
19 transferred in a transaction to lineal descendants in  
20 which no gain or loss is recognized or as a result of a  
21 transaction in accordance with Section 351 of the Internal  
22 Revenue Code in which no gain or loss is recognized.

23 (p) Pass-through entity tax.

24 (1) For taxable years ending on or after December 31,  
25 2021 and beginning prior to January 1, 2026, a partnership  
26 (other than a publicly traded partnership under Section



1 7704 of the Internal Revenue Code) or Subchapter S  
2 corporation may elect to apply the provisions of this  
3 subsection. A separate election shall be made for each  
4 taxable year. Such election shall be made at such time,  
5 and in such form and manner as prescribed by the  
6 Department, and, once made, is irrevocable.

7 (2) Entity-level tax. A partnership or Subchapter S  
8 corporation electing to apply the provisions of this  
9 subsection shall be subject to a tax for the privilege of  
10 earning or receiving income in this State in an amount  
11 equal to 4.95% of the taxpayer's net income for the  
12 taxable year.

13 (3) Net income defined.

14 (A) In general. For purposes of paragraph (2), the  
15 term net income has the same meaning as defined in  
16 Section 202 of this Act, except that, for tax years  
17 ending on or after December 31, 2023, a deduction  
18 shall be allowed in computing base income for  
19 distributions to a retired partner to the extent that  
20 the partner's distributions are exempt from tax under  
21 Section 203(a)(2)(F) of this Act. In addition, the  
22 following modifications ~~provisions~~ shall not apply:

23 (i) the standard exemption allowed under  
24 Section 204;

25 (ii) the deduction for net losses allowed  
26 under Section 207;

1 (iii) in the case of an S corporation, the  
2 modification under Section 203(b)(2)(S); and

3 (iv) in the case of a partnership, the  
4 modifications under Section 203(d)(2)(H) and  
5 Section 203(d)(2)(I).

6 (B) Special rule for tiered partnerships. If a  
7 taxpayer making the election under paragraph (1) is a  
8 partner of another taxpayer making the election under  
9 paragraph (1), net income shall be computed as  
10 provided in subparagraph (A), except that the taxpayer  
11 shall subtract its distributive share of the net  
12 income of the electing partnership (including its  
13 distributive share of the net income of the electing  
14 partnership derived as a distributive share from  
15 electing partnerships in which it is a partner).

16 (4) Credit for entity level tax. Each partner or  
17 shareholder of a taxpayer making the election under this  
18 Section shall be allowed a credit against the tax imposed  
19 under subsections (a) and (b) of Section 201 of this Act  
20 for the taxable year of the partnership or Subchapter S  
21 corporation for which an election is in effect ending  
22 within or with the taxable year of the partner or  
23 shareholder in an amount equal to 4.95% times the partner  
24 or shareholder's distributive share of the net income of  
25 the electing partnership or Subchapter S corporation, but  
26 not to exceed the partner's or shareholder's share of the

1 tax imposed under paragraph (1) which is actually paid by  
2 the partnership or Subchapter S corporation. If the  
3 taxpayer is a partnership or Subchapter S corporation that  
4 is itself a partner of a partnership making the election  
5 under paragraph (1), the credit under this paragraph shall  
6 be allowed to the taxpayer's partners or shareholders (or  
7 if the partner is a partnership or Subchapter S  
8 corporation then its partners or shareholders) in  
9 accordance with the determination of income and  
10 distributive share of income under Sections 702 and 704  
11 and Subchapter S of the Internal Revenue Code. If the  
12 amount of the credit allowed under this paragraph exceeds  
13 the partner's or shareholder's liability for tax imposed  
14 under subsections (a) and (b) of Section 201 of this Act  
15 for the taxable year, such excess shall be treated as an  
16 overpayment for purposes of Section 909 of this Act.

17 (5) Nonresidents. A nonresident individual who is a  
18 partner or shareholder of a partnership or Subchapter S  
19 corporation for a taxable year for which an election is in  
20 effect under paragraph (1) shall not be required to file  
21 an income tax return under this Act for such taxable year  
22 if the only source of net income of the individual (or the  
23 individual and the individual's spouse in the case of a  
24 joint return) is from an entity making the election under  
25 paragraph (1) and the credit allowed to the partner or  
26 shareholder under paragraph (4) equals or exceeds the

1 individual's liability for the tax imposed under  
2 subsections (a) and (b) of Section 201 of this Act for the  
3 taxable year.

4 (6) Liability for tax. Except as provided in this  
5 paragraph, a partnership or Subchapter S making the  
6 election under paragraph (1) is liable for the  
7 entity-level tax imposed under paragraph (2). If the  
8 electing partnership or corporation fails to pay the full  
9 amount of tax deemed assessed under paragraph (2), the  
10 partners or shareholders shall be liable to pay the tax  
11 assessed (including penalties and interest). Each partner  
12 or shareholder shall be liable for the unpaid assessment  
13 based on the ratio of the partner's or shareholder's share  
14 of the net income of the partnership over the total net  
15 income of the partnership. If the partnership or  
16 Subchapter S corporation fails to pay the tax assessed  
17 (including penalties and interest) and thereafter an  
18 amount of such tax is paid by the partners or  
19 shareholders, such amount shall not be collected from the  
20 partnership or corporation.

21 (7) Foreign tax. For purposes of the credit allowed  
22 under Section 601(b)(3) of this Act, tax paid by a  
23 partnership or Subchapter S corporation to another state  
24 which, as determined by the Department, is substantially  
25 similar to the tax imposed under this subsection, shall be  
26 considered tax paid by the partner or shareholder to the

1 extent that the partner's or shareholder's share of the  
2 income of the partnership or Subchapter S corporation  
3 allocated and apportioned to such other state bears to the  
4 total income of the partnership or Subchapter S  
5 corporation allocated or apportioned to such other state.

6 (8) Suspension of withholding. The provisions of  
7 Section 709.5 of this Act shall not apply to a partnership  
8 or Subchapter S corporation for the taxable year for which  
9 an election under paragraph (1) is in effect.

10 (9) Requirement to pay estimated tax. For each taxable  
11 year for which an election under paragraph (1) is in  
12 effect, a partnership or Subchapter S corporation is  
13 required to pay estimated tax for such taxable year under  
14 Sections 803 and 804 of this Act if the amount payable as  
15 estimated tax can reasonably be expected to exceed \$500.

16 (10) The provisions of this subsection shall apply  
17 only with respect to taxable years for which the  
18 limitation on individual deductions applies under Section  
19 164(b)(6) of the Internal Revenue Code.

20 (Source: P.A. 101-9, eff. 6-5-19; 101-31, eff. 6-28-19;  
21 101-207, eff. 8-2-19; 101-363, eff. 8-9-19; 102-558, eff.  
22 8-20-21; 102-658, eff. 8-27-21.)

23 ARTICLE 995. NON-ACCELERATION

24 Section 995-95. No acceleration or delay. Where this Act

1 makes changes in a statute that is represented in this Act by  
2 text that is not yet or no longer in effect (for example, a  
3 Section represented by multiple versions), the use of that  
4 text does not accelerate or delay the taking effect of (i) the  
5 changes made by this Act or (ii) provisions derived from any  
6 other Public Act.

7 ARTICLE 999. EFFECTIVE DATE

8 Section 999-99. Effective date. This Act takes effect upon  
9 becoming law, except that Article 20 takes effect on July 1,  
10 2023 and Articles 55 and 100 take effect on January 1, 2024.