

1 AN ACT concerning revenue.

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

4 Section 5. The Service Use Tax Act is amended by changing
5 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

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

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

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

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

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

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

1 or spreaders. Precision farming equipment includes, but is not
2 limited to, soil testing sensors, computers, monitors,
3 software, global positioning and mapping systems, and other
4 such equipment.

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

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

15 This item (7) is exempt from the provisions of Section
16 3-75.

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

24 Beginning July 1, 2013, fuel and petroleum products sold
25 to or used by an air carrier, certified by the carrier to be
26 used for consumption, shipment, or storage in the conduct of

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

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

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

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

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

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

20 (14) Horses, or interests in horses, registered with and
21 meeting the requirements of any of the Arabian Horse Club
22 Registry of America, Appaloosa Horse Club, American Quarter
23 Horse Association, United States Trotting Association, or
24 Jockey Club, as appropriate, used for purposes of breeding or
25 racing for prizes. This item (14) is exempt from the
26 provisions of Section 3-75, and the exemption provided for

1 under this item (14) applies for all periods beginning May 30,
2 1995, but no claim for credit or refund is allowed on or after
3 January 1, 2008 (the effective date of Public Act 95-88) for
4 such taxes paid during the period beginning May 30, 2000 and
5 ending on January 1, 2008 (the effective date of Public Act
6 95-88).

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

1 however, that amount is not refunded to the lessee for any
2 reason, the lessor is liable to pay that amount to the
3 Department.

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

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

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

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

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

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

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

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

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

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

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

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

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

1 Section 3-75.

2 (25) Beginning on August 2, 2001 (the effective date of
3 Public Act 92-227), personal property purchased by a lessor
4 who leases the property, under a lease of one year or longer
5 executed or in effect at the time the lessor would otherwise be
6 subject to the tax imposed by this Act, to a governmental body
7 that has been issued an active tax exemption identification
8 number by the Department under Section 1g of the Retailers'
9 Occupation Tax Act. If the property is leased in a manner that
10 does not qualify for this exemption or is used in any other
11 nonexempt manner, the lessor shall be liable for the tax
12 imposed under this Act or the Use Tax Act, as the case may be,
13 based on the fair market value of the property at the time the
14 nonqualifying 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. This paragraph
23 is exempt from the provisions of Section 3-75.

24 (26) Beginning January 1, 2008, tangible personal property
25 used in the construction or maintenance of a community water
26 supply, as defined under Section 3.145 of the Environmental

1 Protection Act, that is operated by a not-for-profit
2 corporation that holds a valid water supply permit issued
3 under Title IV of the Environmental Protection Act. This
4 paragraph is exempt from the provisions of Section 3-75.

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

21 Beginning January 1, 2010 and continuing through December
22 31, 2023, this exemption applies only to the use of qualifying
23 tangible personal property transferred incident to the
24 modification, refurbishment, completion, replacement, repair,
25 or maintenance of aircraft by persons who (i) hold an Air
26 Agency Certificate and are empowered to operate an approved

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

18 The exemption does not include aircraft operated by a
19 commercial air carrier providing scheduled passenger air
20 service pursuant to authority issued under Part 121 or Part
21 129 of the Federal Aviation Regulations. The changes made to
22 this paragraph (27) by Public Act 98-534 are declarative of
23 existing law. It is the intent of the General Assembly that the
24 exemption under this paragraph (27) applies continuously from
25 January 1, 2010 through December 31, 2024; however, no claim
26 for credit or refund is allowed for taxes paid as a result of

1 the disallowance of this exemption on or after January 1, 2015
2 and prior to February 5, 2020 (the effective date of Public Act
3 101-629).

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

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

21 (30) Tangible personal property transferred to 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 3-75.

25 (31) 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 (31) 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 (31):

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 into ~~in to~~ the qualifying data center. To
20 document the exemption allowed under this Section, the
21 retailer must obtain from the purchaser a copy of the
22 certificate of eligibility issued by the Department of
23 Commerce and Economic Opportunity.

24 This item (31) is exempt from the provisions of Section
25 3-75.

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

1 collection and storage supplies, and breast pump kits. This
2 item (32) is exempt from the provisions of Section 3-75. As
3 used in this item (32):

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

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

1 transaction is eligible for the exemption under this
2 paragraph. Retailers must keep the form as documentation of
3 the exemption in their records for a period of not less than 6
4 years. "Armed forces of the United States" means the United
5 States Army, Navy, Air Force, Marine Corps, or Coast Guard.
6 This paragraph is exempt from the provisions of Section 3-75.

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

13 Section 10. 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.

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

23 This item (7) is exempt from the provisions of Section
24 3-55.

25 (8) Until June 30, 2013, fuel and petroleum products sold
26 to or used by an air common carrier, certified by the carrier

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

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

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

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

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

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

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

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

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

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

13 (15) Horses, or interests in horses, registered with and
14 meeting the requirements of any of the Arabian Horse Club
15 Registry of America, Appaloosa Horse Club, American Quarter
16 Horse Association, United States Trotting Association, or
17 Jockey Club, as appropriate, used for purposes of breeding or
18 racing for prizes. This item (15) is exempt from the
19 provisions of Section 3-55, and the exemption provided for
20 under this item (15) applies for all periods beginning May 30,
21 1995, but no claim for credit or refund is allowed on or after
22 January 1, 2008 (the effective date of Public Act 95-88) for
23 such taxes paid during the period beginning May 30, 2000 and
24 ending on January 1, 2008 (the effective date of Public Act
25 95-88).

26 (16) Computers and communications equipment utilized for

1 any hospital purpose and equipment used in the diagnosis,
2 analysis, or treatment of hospital patients sold to a lessor
3 who leases the equipment, under a lease of one year or longer
4 executed or in effect at the time of the purchase, to a
5 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.

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

14 (18) 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 (19) 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 (20) Beginning July 1, 1999, game or game birds sold at a
12 "game breeding and hunting preserve area" as that term is used
13 in the Wildlife Code. This paragraph is exempt from the
14 provisions of Section 3-55.

15 (21) 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 (22) 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 3-55.

22 (23) 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 3-55.

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

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

24 (26) Beginning on January 1, 2002 and through June 30,
25 2016, tangible personal property purchased from an Illinois
26 retailer by a taxpayer engaged in centralized purchasing

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

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

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

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

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

1 replacement, repair, and maintenance of aircraft engines or
2 power plants, whether such engines or power plants are
3 installed or uninstalled upon any such aircraft. "Consumable
4 supplies" include, but are not limited to, adhesive, tape,
5 sandpaper, general purpose lubricants, cleaning solution,
6 latex gloves, and protective films.

7 Beginning January 1, 2010 and continuing through December
8 31, 2023, this exemption applies only to the transfer of
9 qualifying tangible personal property incident to the
10 modification, refurbishment, completion, replacement, repair,
11 or maintenance of an aircraft by persons 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. From January 1, 2024
20 through December 31, 2029, this exemption applies only to the
21 transfer use of qualifying tangible personal property incident
22 to by: (A) the modification, refurbishment, completion,
23 repair, replacement, or maintenance of an aircraft by persons
24 ~~who modify, refurbish, complete, repair, replace, or maintain~~
25 ~~aircraft and~~ who (i) hold an Air Agency Certificate and are
26 empowered to operate an approved repair station by the Federal

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

7 The changes made to this paragraph (29) by Public Act
8 98-534 are declarative of existing law. It is the intent of the
9 General Assembly that the exemption under this paragraph (29)
10 applies continuously from January 1, 2010 through December 31,
11 2024; however, no claim for credit or refund is allowed for
12 taxes paid as a result of the disallowance of this exemption on
13 or after January 1, 2015 and prior to February 5, 2020 (the
14 effective date of Public Act 101-629).

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

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

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

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

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

13 For the purposes of this item (32):

14 "Data center" means a building or a series of
15 buildings rehabilitated or constructed to house working
16 servers in one physical location or multiple sites within
17 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; cabinets;
24 telecommunications cabling infrastructure; raised floor
25 systems; peripheral components or systems; software;
26 mechanical, electrical, or plumbing systems; battery

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

19 This item (32) is exempt from the provisions of Section
20 3-55.

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

25 "Breast pump" means an electrically controlled or
26 manually controlled pump device designed or marketed to be

1 used to express milk from a human breast during lactation,
2 including the pump device and any battery, AC adapter, or
3 other power supply unit that is used to power the pump
4 device and is packaged and sold with the pump device at the
5 time of sale.

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

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

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

1 breasts or nipples, unless sold as part of a breast pump
2 kit that is pre-packaged by the breast pump manufacturer
3 or distributor.

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

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

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

1 This paragraph is exempt from the provisions of Section 3-55.
2 (Source: P.A. 102-16, eff. 6-17-21; 102-700, Article 70,
3 Section 70-15, eff. 4-19-22; 102-700, Article 75, Section
4 75-15, eff. 4-19-22; 102-1026, eff. 5-27-22; 103-9, Article 5,
5 Section 5-15, eff. 6-7-23; 103-9, Article 15, Section 15-15,
6 eff. 6-7-23; 103-154, eff. 6-30-23; 103-384, eff. 1-1-24;
7 revised 12-12-23.)

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

10 (35 ILCS 120/2-5)

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

14 (1) Farm chemicals.

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

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

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

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

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

4 This item (2) is exempt from the provisions of Section
5 2-70.

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

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

26 (5) A motor vehicle that is used for automobile

1 renting, as defined in the Automobile Renting Occupation
2 and Use Tax Act. This paragraph is exempt from the
3 provisions of Section 2-70.

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

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

10 (8) Personal property sold to an Illinois county fair
11 association for use in conducting, operating, or promoting
12 the county fair.

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

1 an active identification number issued by the Department.

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

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

25 (12) (Blank).

26 (12-5) On and after July 1, 2003 and through June 30,

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

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

1 interstate commerce.

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

1 defined in paragraph (4) of this Section.

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

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

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

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

26 (19) Until July 1, 2003, oil field exploration,

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

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

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

1 2013 (the effective date of Public Act 98-456).

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

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

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

23 (24) Fuel consumed or used in the operation of ships,
24 barges, or vessels that are used primarily in or for the
25 transportation of property or the conveyance of persons
26 for hire on rivers bordering on this State if the fuel is

1 delivered by the seller to the purchaser's barge, ship, or
2 vessel while it is afloat upon that bordering river.

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

16 (25-5) The exemption under item (25) does not apply if
17 the state in which the motor vehicle will be titled does
18 not allow a reciprocal exemption for a motor vehicle sold
19 and delivered in that state to an Illinois resident but
20 titled in Illinois. The tax collected under this Act on
21 the sale of a motor vehicle in this State to a resident of
22 another state that does not allow a reciprocal exemption
23 shall be imposed at a rate equal to the state's rate of tax
24 on taxable property in the state in which the purchaser is
25 a resident, except that the tax shall not exceed the tax
26 that would otherwise be imposed under this Act. At the

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

20 (25-7) Beginning on July 1, 2007, no tax is imposed
21 under this Act on the sale of an aircraft, as defined in
22 Section 3 of the Illinois Aeronautics Act, if all of the
23 following conditions are met:

24 (1) the aircraft leaves this State within 15 days
25 after the later of either the issuance of the final
26 billing for the sale of the aircraft, or the

1 authorized approval for return to service, completion
2 of the maintenance record entry, and completion of the
3 test flight and ground test for inspection, as
4 required by 14 CFR 91.407;

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

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

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

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

24 "Registered in this State" means an aircraft
25 registered with the Department of Transportation,
26 Aeronautics Division, or titled or registered with the

1 Federal Aviation Administration to an address located in
2 this State.

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

5 (26) Semen used for artificial insemination of
6 livestock for direct agricultural production.

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

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

1 exemption identification number by the Department under
2 Section 1g of this Act.

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

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

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

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

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

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

1 not less than 6 weeks duration and designed to prepare
2 individuals to follow a trade or to pursue a manual,
3 technical, mechanical, industrial, business, or commercial
4 occupation.

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

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

1 if a use or occupation tax is paid on the gross receipts
2 derived from the use of the commercial, coin-operated
3 amusement and vending machines. This paragraph is exempt
4 from the provisions of Section 2-70.

5 (35-5) Beginning August 23, 2001 and through June 30,
6 2016, food for human consumption that is to be consumed
7 off the premises where it is sold (other than alcoholic
8 beverages, soft drinks, and food that has been prepared
9 for immediate consumption) and prescription and
10 nonprescription medicines, drugs, medical appliances, and
11 insulin, urine testing materials, syringes, and needles
12 used by diabetics, for human use, when purchased for use
13 by a person receiving medical assistance under Article V
14 of the Illinois Public Aid Code who resides in a licensed
15 long-term care facility, as defined in the Nursing Home
16 Care Act, or a licensed facility as defined in the ID/DD
17 Community Care Act, the MC/DD Act, or the Specialized
18 Mental Health Rehabilitation Act of 2013.

19 (36) Beginning August 2, 2001, computers and
20 communications equipment utilized for any hospital purpose
21 and equipment used in the diagnosis, analysis, or
22 treatment of hospital patients sold to a lessor who leases
23 the equipment, under a lease of one year or longer
24 executed or in effect at the time of the purchase, to a
25 hospital that has been issued an active tax exemption
26 identification number by the Department under Section 1g

1 of this Act. This paragraph is exempt from the provisions
2 of Section 2-70.

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

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

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

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

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

1 and maintenance of aircraft engines or power plants,
2 whether such engines or power plants are installed or
3 uninstalled upon any such aircraft. "Consumable supplies"
4 include, but are not limited to, adhesive, tape,
5 sandpaper, general purpose lubricants, cleaning solution,
6 latex gloves, and protective films.

7 Beginning January 1, 2010 and continuing through
8 December 31, 2023, this exemption applies only to the sale
9 of qualifying tangible personal property to persons who
10 modify, refurbish, complete, replace, or maintain an
11 aircraft and who (i) hold an Air Agency Certificate and
12 are empowered to operate an approved repair station by the
13 Federal Aviation Administration, (ii) have a Class IV
14 Rating, and (iii) conduct operations in accordance with
15 Part 145 of the Federal Aviation Regulations. The
16 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
19 Part 129 of the Federal Aviation Regulations. From January
20 1, 2024 through December 31, 2029, this exemption applies
21 only to the sale ~~use~~ of qualifying tangible personal
22 property to ~~by~~: (A) persons who modify, refurbish,
23 complete, repair, replace, or maintain aircraft and who
24 (i) hold an Air Agency Certificate and are empowered to
25 operate an approved repair station by the Federal Aviation
26 Administration, (ii) have a Class IV Rating, and (iii)

1 conduct operations in accordance with Part 145 of the
2 Federal Aviation Regulations; and (B) persons who engage
3 in the modification, replacement, repair, and maintenance
4 of aircraft engines or power plants without regard to
5 whether or not those persons meet the qualifications of
6 item (A).

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

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

1 municipal convention hall. This exemption includes
2 existing public-facilities corporations as provided in
3 Section 11-65-25 of the Illinois Municipal Code. This
4 paragraph is exempt from the provisions of Section 2-70.

5 (42) Beginning January 1, 2017 and through December
6 31, 2026, menstrual pads, tampons, and menstrual cups.

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

15 (44) 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
21 subcontractor of the owner, operator, or tenant. Data
22 centers that would have qualified for a certificate of
23 exemption prior to January 1, 2020 had Public Act 101-31
24 been in effect, may apply for and obtain an exemption for
25 subsequent purchases of computer equipment or enabling
26 software purchased or leased to upgrade, supplement, or

1 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
5 shall grant a certificate of exemption under this item
6 (44) to qualified data centers as defined by Section
7 605-1025 of the Department of Commerce and Economic
8 Opportunity Law of the Civil Administrative Code of
9 Illinois.

10 For the purposes of this item (44):

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

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

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

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

19 (45) Beginning January 1, 2020 and through December
20 31, 2020, sales of tangible personal property made by a
21 marketplace seller over a marketplace for which tax is due
22 under this Act but for which use tax has been collected and
23 remitted to the Department by a marketplace facilitator
24 under Section 2d of the Use Tax Act are exempt from tax
25 under this Act. A marketplace seller claiming this
26 exemption shall maintain books and records demonstrating

1 that the use tax on such sales has been collected and
2 remitted by a marketplace facilitator. Marketplace sellers
3 that have properly remitted tax under this Act on such
4 sales may file a claim for credit as provided in Section 6
5 of this Act. No claim is allowed, however, for such taxes
6 for which a credit or refund has been issued to the
7 marketplace facilitator under the Use Tax Act, or for
8 which the marketplace facilitator has filed a claim for
9 credit or refund under the Use Tax Act.

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

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 (47) Tangible personal property sold by or on behalf

1 of the State Treasurer pursuant to the Revised Uniform
2 Unclaimed Property Act. This item (47) is exempt from the
3 provisions of Section 2-70.

4 (48) Beginning on January 1, 2024, tangible personal
5 property purchased by an active duty member of the armed
6 forces of the United States who presents valid military
7 identification and purchases the property using a form of
8 payment where the federal government is the payor. The
9 member of the armed forces must complete, at the point of
10 sale, a form prescribed by the Department of Revenue
11 documenting that the transaction is eligible for the
12 exemption under this paragraph. Retailers must keep the
13 form as documentation of the exemption in their records
14 for a period of not less than 6 years. "Armed forces of the
15 United States" means the United States Army, Navy, Air
16 Force, Marine Corps, or Coast Guard. This paragraph is
17 exempt from the provisions of Section 2-70.

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

25 Section 20. The Motor Fuel Tax Law is amended by changing

1 Section 2 as follows:

2 (35 ILCS 505/2) (from Ch. 120, par. 418)

3 Sec. 2. A tax is imposed on the privilege of operating
4 motor vehicles upon the public highways and recreational-type
5 watercraft upon the waters of this State.

6 (a) Prior to August 1, 1989, the tax is imposed at the rate
7 of 13 cents per gallon on all motor fuel used in motor vehicles
8 operating on the public highways and recreational type
9 watercraft operating upon the waters of this State. Beginning
10 on August 1, 1989 and until January 1, 1990, the rate of the
11 tax imposed in this paragraph shall be 16 cents per gallon.
12 Beginning January 1, 1990 and until July 1, 2019, the rate of
13 tax imposed in this paragraph, including the tax on compressed
14 natural gas, shall be 19 cents per gallon. Beginning July 1,
15 2019 and until July 1, 2020, the rate of tax imposed in this
16 paragraph shall be 38 cents per gallon. Beginning July 1, 2020
17 and until July 1, 2021, the rate of tax imposed in this
18 paragraph shall be 38.7 cents per gallon. Beginning July 1,
19 2021 and until January 1, 2023, the rate of tax imposed in this
20 paragraph shall be 39.2 cents per gallon. On January 1, 2023,
21 the rate of tax imposed in this paragraph shall be increased by
22 an amount equal to the percentage increase, if any, in the
23 Consumer Price Index ~~for All Urban Consumers for all items~~
24 ~~published by the United States Department of Labor~~ for the 12
25 months ending in September of 2022. On July 1, 2023, and on

1 July 1 of each subsequent year, the rate of tax imposed in this
2 paragraph shall be increased by an amount equal to the
3 percentage increase, if any, in the Consumer Price Index ~~for~~
4 ~~All Urban Consumers for all items published by the United~~
5 ~~States Department of Labor~~ for the 12 months ending in March of
6 the year in which the increase takes place. The percentage
7 increase in the Consumer Price Index shall be calculated as
8 follows: (1) calculate the average Consumer Price Index for
9 the full 12 months ending in March of the year in which the
10 increase takes place; (2) calculate the average Consumer Price
11 Index for the full 12 months ending in March of the year
12 immediately preceding the year in which the increase takes
13 place; (3) calculate the percentage increase, if any, in the
14 current-year average determined under item (1) over the
15 preceding-year average determined under item (2). The rate
16 shall be rounded to the nearest one-tenth of one cent.

17 (a-5) Beginning on July 1, 2022 and through December 31,
18 2022, each retailer of motor fuel shall cause the following
19 notice to be posted in a prominently visible place on each
20 retail dispensing device that is used to dispense motor fuel
21 in the State of Illinois: "As of July 1, 2022, the State of
22 Illinois has suspended the inflation adjustment to the motor
23 fuel tax through December 31, 2022. The price on this pump
24 should reflect the suspension of the tax increase." The notice
25 shall be printed in bold print on a sign that is no smaller
26 than 4 inches by 8 inches. The sign shall be clearly visible to

1 customers. Any retailer who fails to post or maintain a
2 required sign through December 31, 2022 is guilty of a petty
3 offense for which the fine shall be \$500 per day per each
4 retail premises where a violation occurs.

5 (b) Until July 1, 2019, the tax on the privilege of
6 operating motor vehicles which use diesel fuel, liquefied
7 natural gas, or propane shall be the rate according to
8 paragraph (a) plus an additional 2 1/2 cents per gallon.
9 Beginning July 1, 2019, the tax on the privilege of operating
10 motor vehicles which use diesel fuel, liquefied natural gas,
11 or propane shall be the rate according to subsection (a) plus
12 an additional 7.5 cents per gallon. "Diesel fuel" is defined
13 as any product intended for use or offered for sale as a fuel
14 for engines in which the fuel is injected into the combustion
15 chamber and ignited by pressure without electric spark.

16 (c) A tax is imposed upon the privilege of engaging in the
17 business of selling motor fuel as a retailer or reseller on all
18 motor fuel used in motor vehicles operating on the public
19 highways and recreational type watercraft operating upon the
20 waters of this State: (1) at the rate of 3 cents per gallon on
21 motor fuel owned or possessed by such retailer or reseller at
22 12:01 a.m. on August 1, 1989; and (2) at the rate of 3 cents
23 per gallon on motor fuel owned or possessed by such retailer or
24 reseller at 12:01 A.M. on January 1, 1990.

25 Retailers and resellers who are subject to this additional
26 tax shall be required to inventory such motor fuel and pay this

1 additional tax in a manner prescribed by the Department of
2 Revenue.

3 The tax imposed in this paragraph (c) shall be in addition
4 to all other taxes imposed by the State of Illinois or any unit
5 of local government in this State.

6 (d) Except as provided in Section 2a, the collection of a
7 tax based on gallonage of gasoline used for the propulsion of
8 any aircraft is prohibited on and after October 1, 1979, and
9 the collection of a tax based on gallonage of special fuel used
10 for the propulsion of any aircraft is prohibited on and after
11 December 1, 2019.

12 (e) The collection of a tax, based on gallonage of all
13 products commonly or commercially known or sold as 1-K
14 kerosene, regardless of its classification or uses, is
15 prohibited (i) on and after July 1, 1992 until December 31,
16 1999, except when the 1-K kerosene is either: (1) delivered
17 into bulk storage facilities of a bulk user, or (2) delivered
18 directly into the fuel supply tanks of motor vehicles and (ii)
19 on and after January 1, 2000. Beginning on January 1, 2000, the
20 collection of a tax, based on gallonage of all products
21 commonly or commercially known or sold as 1-K kerosene,
22 regardless of its classification or uses, is prohibited except
23 when the 1-K kerosene is delivered directly into a storage
24 tank that is located at a facility that has withdrawal
25 facilities that are readily accessible to and are capable of
26 dispensing 1-K kerosene into the fuel supply tanks of motor

1 vehicles. For purposes of this subsection (e), a facility is
2 considered to have withdrawal facilities that are not "readily
3 accessible to and capable of dispensing 1-K kerosene into the
4 fuel supply tanks of motor vehicles" only if the 1-K kerosene
5 is delivered from: (i) a dispenser hose that is short enough so
6 that it will not reach the fuel supply tank of a motor vehicle
7 or (ii) a dispenser that is enclosed by a fence or other
8 physical barrier so that a vehicle cannot pull alongside the
9 dispenser to permit fueling.

10 Any person who sells or uses 1-K kerosene for use in motor
11 vehicles upon which the tax imposed by this Law has not been
12 paid shall be liable for any tax due on the sales or use of 1-K
13 kerosene.

14 As used in this Section, "Consumer Price Index" means the
15 index published by the Bureau of Labor Statistics of the
16 United States Department of Labor that measures the average
17 change in prices of goods and services purchased by all urban
18 consumers, United States city average, all items, 1982-84 =
19 100.

20 (Source: P.A. 101-10, eff. 6-5-19; 101-32, eff. 6-28-19;
21 101-604, eff. 12-13-19; 102-700, eff. 4-19-22.)

22 Section 99. Effective date. This Act takes effect upon
23 becoming law.