

SB3607



103RD GENERAL ASSEMBLY

State of Illinois

2023 and 2024

SB3607

Introduced 2/9/2024, by Sen. Michael W. Halpin

SYNOPSIS AS INTRODUCED:

35 ILCS 5/241 new
35 ILCS 105/3-5
35 ILCS 110/3-5
35 ILCS 115/3-5
35 ILCS 120/2-5

Amends the Illinois Income Tax Act. Creates an income tax credit for developers that invest in a qualified project redeveloping a brownfield or grayfield. Amends the Use Tax Act, the Service Use Tax Act, the Service Occupation Tax Act, and the Retailers' Occupation Tax Act. Creates an exemption for tangible personal property that is purchased by a developer who has been awarded a certificate of exemption by the Department of Commerce and Economic Opportunity and that is used to rehabilitate brownfield or grayfield property. Effective immediately.

LRB103 39069 HLH 69587 b

A BILL FOR

1 AN ACT concerning revenue.

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

4 Section 5. The Illinois Income Tax Act is amended by
5 adding Section 241 as follows:

6 (35 ILCS 5/241 new)

7 Sec. 241. Brownfield and grayfield tax credit incentive
8 program.

9 (a) For taxable years ending on or after December 31, 2024
10 and ending on or before December 31, 2027, each taxpayer that
11 is a developer and that invests in a qualified project
12 redeveloping a brownfield or a grayfield may apply to the
13 Department to receive a credit against the taxes imposed by
14 subsections (a) and (b) of Section 201. If the redevelopment
15 is to a brownfield, the amount of the credit is equal to 10% of
16 up to \$1,000,000 of the rehabilitation costs incurred by the
17 taxpayer after remediation has occurred. If the redevelopment
18 is to a grayfield, the amount of the credit is equal to 5% of
19 up to \$1,000,000 of the rehabilitation costs incurred by the
20 taxpayer after remediation has occurred. The Department may
21 not issue more than \$20,000,000 in credits under this Section
22 for taxable years ending on or after December 31, 2024 and
23 ending on or before December 31, 2027.

1 (b) If a municipality or a county is the developer of the
2 project, then the Department shall award the municipality or
3 county the amount of the credit under this Section in the form
4 of a grant from the General Revenue Fund.

5 (c) In no event shall a credit under this Section reduce
6 the taxpayer's liability to less than zero. If the amount of
7 the credit exceeds the tax liability for the year, the excess
8 may be carried forward and applied to the tax liability of the
9 5 taxable years following the excess credit year. The tax
10 credit shall be applied to the earliest year for which there is
11 a tax liability. If there are credits for more than one year
12 that are available to offset a liability, the earlier credit
13 shall be applied first.

14 (d) If the taxpayer is a partnership or Subchapter S
15 corporation, the credit is allowed to pass through to the
16 partners and shareholders as provided in Section 251. Credits
17 may also be transferred during the 5 taxable years after the
18 taxable year in which the credit is claimed.

19 (e) The Department shall determine whether a project
20 qualifies for the credit under this Section. The criteria that
21 shall be used in making that determination are:

22 (1) the total amount of the developer's investment in
23 the project;

24 (2) the number of projected jobs or housing units
25 created by the project;

26 (3) the community impact of the planned

1 revitalization; and

2 (4) the cost-efficiency of the project.

3 In addition, the Department shall give enhanced
4 consideration to projects that provide middle-income housing
5 as part of the project.

6 Receipt of other credits or incentives shall not count
7 against applicants when determining qualifying projects.

8 (f) The Department shall adopt rules to implement and
9 administer this Section, including rules concerning
10 applications for the tax credit. A taxpayer claiming the
11 credit provided by this Section must maintain and record any
12 information that the Department requires regarding the project
13 for which the credit is claimed.

14 (g) As used in this Section:

15 "Brownfield" means a former industrial or commercial site
16 where future use is affected by real or perceived
17 environmental contamination.

18 "Department" means the Department of Commerce and Economic
19 Opportunity.

20 "Developer" means a for-profit developer, a nonprofit
21 developer, a land bank, a municipality, or a county.

22 "Grayfield" means commercial buildings that have been
23 vacant for a minimum of 12 consecutive months. "Grayfield"
24 includes vacant shopping malls and surrounding parking lots.

25 "Household" means all persons using the premises as their
26 principal place of residence upon the sale or lease of the

1 middle-income housing by the developer.

2 "Household income" means the combined federal adjusted
3 gross income of the members of the household for the taxable
4 year immediately preceding the year in which the middle-income
5 housing is sold or rented to the members of the household.

6 "Middle-income housing" means housing that is sold or
7 rented to pursuant to a contract with a term of one year or
8 longer to one or more individuals with a combined household
9 income that exceeds 80% of the median household income in
10 Illinois but does not exceed 120% of the median household
11 income in Illinois.

12 Section 10. The Use Tax Act is amended by changing Section
13 3-5 as follows:

14 (35 ILCS 105/3-5)

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

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

24 (2) Personal property purchased by a not-for-profit

1 Illinois county fair association for use in conducting,
2 operating, or promoting the county fair.

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

18 (4) Except as otherwise provided in this Act, personal
19 property purchased by a governmental body, by a corporation,
20 society, association, foundation, or institution organized and
21 operated exclusively for charitable, religious, or educational
22 purposes, or by a not-for-profit corporation, society,
23 association, foundation, institution, or organization that has
24 no compensated officers or employees and that is organized and
25 operated primarily for the recreation of persons 55 years of
26 age or older. A limited liability company may qualify for the

1 exemption under this paragraph only if the limited liability
2 company is organized and operated exclusively for educational
3 purposes. On and after July 1, 1987, however, no entity
4 otherwise eligible for this exemption shall make tax-free
5 purchases unless it has an active exemption identification
6 number issued by the Department.

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

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

23 (7) Farm chemicals.

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

1 country, and bullion.

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

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

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

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

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

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

19 This item (11) is exempt from the provisions of Section
20 3-90.

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

1 domestic stopovers.

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

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

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

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

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

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

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

26 (18) Manufacturing and assembling machinery and equipment

1 used primarily in the process of manufacturing or assembling
2 tangible personal property for wholesale or retail sale or
3 lease, whether that sale or lease is made directly by the
4 manufacturer or by some other person, whether the materials
5 used in the process are owned by the manufacturer or some other
6 person, or whether that sale or lease is made apart from or as
7 an incident to the seller's engaging in the service occupation
8 of producing machines, tools, dies, jigs, patterns, gauges, or
9 other similar items of no commercial value on special order
10 for a particular purchaser. The exemption provided by this
11 paragraph (18) includes production related tangible personal
12 property, as defined in Section 3-50, purchased on or after
13 July 1, 2019. The exemption provided by this paragraph (18)
14 does not include machinery and equipment used in (i) the
15 generation of electricity for wholesale or retail sale; (ii)
16 the generation or treatment of natural or artificial gas for
17 wholesale or retail sale that is delivered to customers
18 through pipes, pipelines, or mains; or (iii) the treatment of
19 water for wholesale or retail sale that is delivered to
20 customers through pipes, pipelines, or mains. The provisions
21 of Public Act 98-583 are declaratory of existing law as to the
22 meaning and scope of this exemption. Beginning on July 1,
23 2017, the exemption provided by this paragraph (18) includes,
24 but is not limited to, graphic arts machinery and equipment,
25 as defined in paragraph (6) of this Section.

26 (19) Personal property delivered to a purchaser or

1 purchaser's donee inside Illinois when the purchase order for
2 that personal property was received by a florist located
3 outside Illinois who has a florist located inside Illinois
4 deliver the personal property.

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

7 (21) Horses, or interests in horses, registered with and
8 meeting the requirements of any of the Arabian Horse Club
9 Registry of America, Appaloosa Horse Club, American Quarter
10 Horse Association, United States Trotting Association, or
11 Jockey Club, as appropriate, used for purposes of breeding or
12 racing for prizes. This item (21) is exempt from the
13 provisions of Section 3-90, and the exemption provided for
14 under this item (21) applies for all periods beginning May 30,
15 1995, but no claim for credit or refund is allowed on or after
16 January 1, 2008 for such taxes paid during the period
17 beginning May 30, 2000 and ending on January 1, 2008.

18 (22) Computers and communications equipment utilized for
19 any hospital purpose and equipment used in the diagnosis,
20 analysis, or treatment of hospital patients purchased by a
21 lessor who leases the equipment, under a lease of one year or
22 longer executed or in effect at the time the lessor would
23 otherwise be subject to the tax imposed by this Act, to a
24 hospital that has been issued an active tax exemption
25 identification number by the Department under Section 1g of
26 the Retailers' Occupation Tax Act. If the equipment is leased

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

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

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

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

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

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

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

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

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

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

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

1 paragraph is exempt from the provisions of Section 3-90.

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

15 (31) Beginning on August 2, 2001 (the effective date of
16 Public Act 92-227), computers and communications equipment
17 utilized for any hospital purpose and equipment used in the
18 diagnosis, analysis, or treatment of hospital patients
19 purchased by a lessor who leases the equipment, under a lease
20 of one year or longer executed or in effect at the time the
21 lessor would otherwise be subject to the tax imposed by this
22 Act, to a hospital that has been issued an active tax exemption
23 identification number by the Department under Section 1g of
24 the Retailers' Occupation Tax Act. If the equipment is leased
25 in a manner that does not qualify for this exemption or is used
26 in any other nonexempt manner, the lessor shall be liable for

1 the tax imposed under this Act or the Service Use Tax Act, as
2 the case may be, based on the fair market value of the property
3 at the time the nonqualifying use occurs. No lessor shall
4 collect or attempt to collect an amount (however designated)
5 that purports to reimburse that lessor for the tax imposed by
6 this Act or the Service Use Tax Act, as the case may be, if the
7 tax has not been paid by the lessor. If a lessor improperly
8 collects any such amount from the lessee, the lessee shall
9 have a legal right to claim a refund of that amount from the
10 lessor. If, however, that amount is not refunded to the lessee
11 for any reason, the lessor is liable to pay that amount to the
12 Department. This paragraph is exempt from the provisions of
13 Section 3-90.

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

1 or attempt to collect an amount (however designated) that
2 purports to reimburse that lessor for the tax imposed by this
3 Act or the Service Use Tax Act, as the case may be, if the tax
4 has not been paid by the lessor. If a lessor improperly
5 collects any such amount from the lessee, the lessee shall
6 have a legal right to claim a refund of that amount from the
7 lessor. If, however, that amount is not refunded to the lessee
8 for any reason, the lessor is liable to pay that amount to the
9 Department. This paragraph is exempt from the provisions of
10 Section 3-90.

11 (33) On and after July 1, 2003 and through June 30, 2004,
12 the use in this State of motor vehicles of the second division
13 with a gross vehicle weight in excess of 8,000 pounds and that
14 are subject to the commercial distribution fee imposed under
15 Section 3-815.1 of the Illinois Vehicle Code. Beginning on
16 July 1, 2004 and through June 30, 2005, the use in this State
17 of motor vehicles of the second division: (i) with a gross
18 vehicle weight rating in excess of 8,000 pounds; (ii) that are
19 subject to the commercial distribution fee imposed under
20 Section 3-815.1 of the Illinois Vehicle Code; and (iii) that
21 are primarily used for commercial purposes. Through June 30,
22 2005, this exemption applies to repair and replacement parts
23 added after the initial purchase of such a motor vehicle if
24 that motor vehicle is used in a manner that would qualify for
25 the rolling stock exemption otherwise provided for in this
26 Act. For purposes of this paragraph, the term "used for

1 commercial purposes" means the transportation of persons or
2 property in furtherance of any commercial or industrial
3 enterprise, whether for-hire or not.

4 (34) Beginning January 1, 2008, tangible personal property
5 used in the construction or maintenance of a community water
6 supply, as defined under Section 3.145 of the Environmental
7 Protection Act, that is operated by a not-for-profit
8 corporation that holds a valid water supply permit issued
9 under Title IV of the Environmental Protection Act. This
10 paragraph is exempt from the provisions of Section 3-90.

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

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

21 The exemption does not include aircraft operated by a
22 commercial air carrier providing scheduled passenger air
23 service pursuant to authority issued under Part 121 or Part
24 129 of the Federal Aviation Regulations. The changes made to
25 this paragraph (35) by Public Act 98-534 are declarative of
26 existing law. It is the intent of the General Assembly that the

1 exemption under this paragraph (35) applies continuously from
2 January 1, 2010 through December 31, 2024; however, no claim
3 for credit or refund is allowed for taxes paid as a result of
4 the disallowance of this exemption on or after January 1, 2015
5 and prior to February 5, 2020 (the effective date of Public Act
6 101-629).

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

22 (37) Beginning January 1, 2017 and through December 31,
23 2026, menstrual pads, tampons, and menstrual cups.

24 (38) Merchandise that is subject to the Rental Purchase
25 Agreement Occupation and Use Tax. The purchaser must certify
26 that the item is purchased to be rented subject to a

1 ~~rental-purchase~~ ~~rental-purchase~~ agreement, as defined in the
2 Rental-Purchase ~~Rental-Purchase~~ Agreement Act, and provide
3 proof of registration under the Rental Purchase Agreement
4 Occupation and Use Tax Act. This paragraph is exempt from the
5 provisions of Section 3-90.

6 (39) Tangible personal property purchased by a purchaser
7 who is exempt from the tax imposed by this Act by operation of
8 federal law. This paragraph is exempt from the provisions of
9 Section 3-90.

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

24 The Department of Commerce and Economic Opportunity shall
25 grant a certificate of exemption under this item (40) to
26 qualified data centers as defined by Section 605-1025 of the

1 Department of Commerce and Economic Opportunity Law of the
2 Civil Administrative Code of Illinois.

3 For the purposes of this item (40):

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

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

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

9 This item (40) is exempt from the provisions of Section
10 3-90.

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

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

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

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

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

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

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

5 (43) Beginning on January 1, 2024, tangible personal
6 property purchased by an active duty member of the armed
7 forces of the United States who presents valid military
8 identification and purchases the property using a form of
9 payment where the federal government is the payor. The member
10 of the armed forces must complete, at the point of sale, a form
11 prescribed by the Department of Revenue documenting that the
12 transaction is eligible for the exemption under this
13 paragraph. Retailers must keep the form as documentation of
14 the exemption in their records for a period of not less than 6
15 years. "Armed forces of the United States" means the United
16 States Army, Navy, Air Force, Marine Corps, or Coast Guard.
17 This paragraph is exempt from the provisions of Section 3-90.

18 (44) Tangible personal property that is (i) purchased by a
19 developer who has been awarded a certificate of exemption
20 under this paragraph (44) by the Department of Commerce and
21 Economic Opportunity and (ii) used to rehabilitate brownfield
22 or grayfield property, as defined in Section 241 of the
23 Illinois Income Tax Act, after remediation has occurred. The
24 Department of Commerce and Economic Opportunity shall award
25 certificates of exemption under this paragraph (44) for
26 property that meets the criteria under this paragraph (44).

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

2 (Source: P.A. 102-16, eff. 6-17-21; 102-700, Article 70,
3 Section 70-5, eff. 4-19-22; 102-700, Article 75, Section 75-5,
4 eff. 4-19-22; 102-1026, eff. 5-27-22; 103-9, Article 5,
5 Section 5-5, eff. 6-7-23; 103-9, Article 15, Section 15-5,
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 Service Use Tax Act is amended by changing
9 Section 3-5 as follows:

10 (35 ILCS 110/3-5)

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

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

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

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

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

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

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

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

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

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

26 Farm machinery and equipment shall include precision

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

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

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

18 This item (7) is exempt from the provisions of Section
19 3-75.

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

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

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

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

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

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

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

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

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

1 Jockey Club, as appropriate, used for purposes of breeding or
2 racing for prizes. This item (14) is exempt from the
3 provisions of Section 3-75, and the exemption provided for
4 under this item (14) applies for all periods beginning May 30,
5 1995, but no claim for credit or refund is allowed on or after
6 January 1, 2008 (the effective date of Public Act 95-88) for
7 such taxes paid during the period beginning May 30, 2000 and
8 ending on January 1, 2008 (the effective date of Public Act
9 95-88).

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

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

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

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

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

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

1 provisions of Section 3-75.

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

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

1 parents and teachers of the school children. This paragraph
2 does not apply to fundraising events (i) for the benefit of
3 private home instruction or (ii) for which the fundraising
4 entity purchases the personal property sold at the events from
5 another individual or entity that sold the property for the
6 purpose of resale by the fundraising entity and that profits
7 from the sale to the fundraising entity. This paragraph is
8 exempt from the provisions of Section 3-75.

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

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

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

6 (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
10 purchased by a lessor who leases the equipment, under a lease
11 of one year or longer executed or in effect at the time the
12 lessor would otherwise be subject to the tax imposed by this
13 Act, to a 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 nonexempt 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 nonqualifying 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. This paragraph is exempt from the provisions of
4 Section 3-75.

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

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

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

24 Beginning January 1, 2010 and continuing through December
25 31, 2023, this exemption applies only to the use of qualifying
26 tangible personal property transferred incident to the

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

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

1 for credit or refund is allowed for taxes paid as a result of
2 the disallowance of this exemption on or after January 1, 2015
3 and prior to February 5, 2020 (the effective date of Public Act
4 101-629).

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

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

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

26 (31) Qualified tangible personal property used in the

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

14 The Department of Commerce and Economic Opportunity shall
15 grant a certificate of exemption under this item (31) to
16 qualified data centers as defined by Section 605-1025 of the
17 Department of Commerce and Economic Opportunity Law of the
18 Civil Administrative Code of Illinois.

19 For the purposes of this item (31):

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

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

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

25 This item (31) is exempt from the provisions of Section
26 3-75.

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

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

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

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

24 "Breast pump collection and storage supplies" does not
25 include: (1) bottles and bottle caps not specific to the
26 operation of the breast pump; (2) breast pump travel bags

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

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

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

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

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

8 (35) Tangible personal property that is (i) purchased by a
9 developer who has been awarded a certificate of exemption
10 under this paragraph (35) by the Department of Commerce and
11 Economic Opportunity and (ii) used to rehabilitate brownfield
12 or grayfield property, as defined in Section 241 of the
13 Illinois Income Tax Act, after remediation has occurred. The
14 Department of Commerce and Economic Opportunity shall award
15 certificates of exemption under this paragraph (35) for
16 property that meets the criteria under this paragraph (35).
17 This paragraph is exempt from the provisions of Section 3-75.

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

24 Section 20. The Service Occupation Tax Act is amended by
25 changing Section 3-5 as follows:

1 (35 ILCS 115/3-5)

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

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

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

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

1 otherwise eligible for this exemption shall not make tax-free
2 purchases unless it has an active identification number issued
3 by the Department.

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

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

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

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

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

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

24 Farm machinery and equipment also includes computers,
25 sensors, software, and related equipment used primarily in the
26 computer-assisted operation of production agriculture

1 facilities, equipment, and activities such as, but not limited
2 to, the collection, monitoring, and correlation of animal and
3 crop data for the purpose of formulating animal diets and
4 agricultural chemicals.

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

8 This item (7) is exempt from the provisions of Section
9 3-55.

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

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

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

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

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

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

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

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

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

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

1 Horse Association, United States Trotting Association, or
2 Jockey Club, as appropriate, used for purposes of breeding or
3 racing for prizes. This item (15) is exempt from the
4 provisions of Section 3-55, and the exemption provided for
5 under this item (15) applies for all periods beginning May 30,
6 1995, but no claim for credit or refund is allowed on or after
7 January 1, 2008 (the effective date of Public Act 95-88) for
8 such taxes paid during the period beginning May 30, 2000 and
9 ending on January 1, 2008 (the effective date of Public Act
10 95-88).

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

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

25 (18) Beginning with taxable years ending on or after
26 December 31, 1995 and ending with taxable years ending on or

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

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

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

26 (21) A motor vehicle, as that term is defined in Section

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

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

1 private home instruction or (ii) for which the fundraising
2 entity purchases the personal property sold at the events from
3 another individual or entity that sold the property for the
4 purpose of resale by the fundraising entity and that profits
5 from the sale to the fundraising entity. This paragraph is
6 exempt from the provisions of Section 3-55.

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

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

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

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

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

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

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

1 of Section 3-55.

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

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

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

16 The changes made to this paragraph (29) by Public Act
17 98-534 are declarative of existing law. It is the intent of the
18 General Assembly that the exemption under this paragraph (29)
19 applies continuously from January 1, 2010 through December 31,
20 2024; however, no claim for credit or refund is allowed for
21 taxes paid as a result of the disallowance of this exemption on
22 or after January 1, 2015 and prior to February 5, 2020 (the
23 effective date of Public Act 101-629).

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

26 (31) Tangible personal property transferred to a purchaser

1 who is exempt from tax by operation of federal law. This
2 paragraph is exempt from the provisions of Section 3-55.

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

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

22 For the purposes of this item (32):

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

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

1 Commerce and Economic Opportunity.

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

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

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

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

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

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

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

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

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

1 identification and purchases the property using a form of
2 payment where the federal government is the payor. The member
3 of the armed forces must complete, at the point of sale, a form
4 prescribed by the Department of Revenue documenting that the
5 transaction is eligible for the exemption under this
6 paragraph. Retailers must keep the form as documentation of
7 the exemption in their records for a period of not less than 6
8 years. "Armed forces of the United States" means the United
9 States Army, Navy, Air Force, Marine Corps, or Coast Guard.
10 This paragraph is exempt from the provisions of Section 3-55.

11 (36) Tangible personal property that is (i) purchased by a
12 developer who has been awarded a certificate of exemption
13 under this paragraph (36) by the Department of Commerce and
14 Economic Opportunity and (ii) used to rehabilitate brownfield
15 or grayfield property, as defined in Section 241 of the
16 Illinois Income Tax Act, after remediation has occurred. The
17 Department of Commerce and Economic Opportunity shall award
18 certificates of exemption under this paragraph (36) for
19 property that meets the criteria under this paragraph (36).
20 This paragraph is exempt from the provisions of Section 3-55.

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

1 Section 25. The Retailers' Occupation Tax Act is amended
2 by changing Section 2-5 as follows:

3 (35 ILCS 120/2-5)

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

7 (1) Farm chemicals.

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

1 separately from a motor vehicle required to be licensed
2 and units sold mounted on a motor vehicle required to be
3 licensed, if the selling price of the tender is separately
4 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
8 not limited to, tractors, harvesters, sprayers, planters,
9 seeders, or spreaders. Precision farming equipment
10 includes, but is not limited to, soil testing sensors,
11 computers, monitors, software, global positioning and
12 mapping systems, and other such equipment.

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

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

23 This item (2) is exempt from the provisions of Section
24 2-70.

25 (3) Until July 1, 2003, distillation machinery and
26 equipment, sold as a unit or kit, assembled or installed

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

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

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

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

26 (7) Until July 1, 2003, proceeds of that portion of

1 the selling price of a passenger car the sale of which is
2 subject to the Replacement Vehicle Tax.

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

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

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

1 the purpose of resale by the enterprise.

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

18 (12) (Blank).

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 previous or subsequent domestic stopovers.

2 Beginning July 1, 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 that (i) is engaged in foreign trade or is engaged
7 in trade between the United States and any of its
8 possessions and (ii) transports at least one individual or
9 package for hire from the city of origination to the city
10 of final destination on the same aircraft, without regard
11 to a change in the flight number of that aircraft.

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

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

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

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

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

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

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

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

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

26 (3) the seller retains in his or her books and

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

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

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

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

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

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

26 (27) Horses, or interests in horses, registered with

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

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

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

1 of this Act.

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

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

26 (32) Beginning July 1, 1999, game or game birds sold

1 at a "game breeding and hunting preserve area" as that
2 term is used in the Wildlife Code. This paragraph is
3 exempt from the provisions of Section 2-70.

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

24 (34) Beginning January 1, 2000, personal property,
25 including food, purchased through fundraising events for
26 the benefit of a public or private elementary or secondary

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

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

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

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

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

22 (37) Beginning August 2, 2001, personal property sold
23 to a lessor who leases the property, under a lease of one
24 year or longer executed or in effect at the time of the
25 purchase, to a governmental body that has been issued an
26 active tax exemption identification number by the

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

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

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

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

26 Beginning January 1, 2010 and continuing through

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

26 The changes made to this paragraph (40) by Public Act

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

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

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

26 (43) Merchandise that is subject to the Rental

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

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

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

1 Opportunity Law of the Civil Administrative Code of
2 Illinois.

3 For the purposes of this item (44):

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

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

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

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

12 (45) Beginning January 1, 2020 and through December
13 31, 2020, sales of tangible personal property made by a
14 marketplace seller over a marketplace for which tax is due
15 under this Act but for which use tax has been collected and
16 remitted to the Department by a marketplace facilitator
17 under Section 2d of the Use Tax Act are exempt from tax
18 under this Act. A marketplace seller claiming this
19 exemption shall maintain books and records demonstrating
20 that the use tax on such sales has been collected and
21 remitted by a marketplace facilitator. Marketplace sellers
22 that have properly remitted tax under this Act on such
23 sales may file a claim for credit as provided in Section 6
24 of this Act. No claim is allowed, however, for such taxes
25 for which a credit or refund has been issued to the
26 marketplace facilitator under the Use Tax Act, or for

1 which the marketplace facilitator has filed a claim for
2 credit or refund under the Use Tax Act.

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

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

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

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

26 "Breast pump collection and storage supplies" does not

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

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

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

23 (48) Beginning on January 1, 2024, tangible personal
24 property purchased by an active duty member of the armed
25 forces of the United States who presents valid military
26 identification and purchases the property using a form of

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

11 (49) Tangible personal property that is (i) purchased
12 by a developer who has been awarded a certificate of
13 exemption under this paragraph (49) by the Department of
14 Commerce and Economic Opportunity and (ii) used to
15 rehabilitate brownfield or grayfield property, as defined
16 in Section 241 of the Illinois Income Tax Act, after
17 remediation has occurred. The Department of Commerce and
18 Economic Opportunity shall award certificates of exemption
19 under this paragraph (49) for property that meets the
20 criteria under this paragraph (49). This paragraph is
21 exempt from the provisions of Section 2-70.

22 (Source: P.A. 102-16, eff. 6-17-21; 102-634, eff. 8-27-21;
23 102-700, Article 70, Section 70-20, eff. 4-19-22; 102-700,
24 Article 75, Section 75-20, eff. 4-19-22; 102-813, eff.
25 5-13-22; 102-1026, eff. 5-27-22; 103-9, Article 5, Section
26 5-20, eff. 6-7-23; 103-9, Article 15, Section 15-20, eff.

1 6-7-23; 103-154, eff. 6-30-23; 103-384, eff. 1-1-24; revised
2 12-12-23.)

3 Section 99. Effective date. This Act takes effect upon
4 becoming law.