

1 AN ACT in relation to taxes.

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

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

6 (35 ILCS 105/3-5) (from Ch. 120, par. 439.3-5)

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

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

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

19 (3) Personal property purchased by a not-for-profit arts
20 or cultural organization that establishes, by proof required
21 by the Department by rule, that it has received an exemption
22 under Section 501(c)(3) of the Internal Revenue Code and that
23 is organized and operated primarily for the presentation or
24 support of arts or cultural programming, activities, or
25 services. These organizations include, but are not limited
26 to, music and dramatic arts organizations such as symphony
27 orchestras and theatrical groups, arts and cultural service
28 organizations, local arts councils, visual arts
29 organizations, and media arts organizations. On and after the
30 effective date of this amendatory Act of the 92nd General
31 Assembly, however, an entity otherwise eligible for this

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

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

18 (5) A passenger car that is a replacement vehicle to the
19 extent that the purchase price of the car is subject to the
20 Replacement Vehicle Tax.

21 (6) Graphic arts machinery and equipment, including
22 repair and replacement parts, both new and used, and
23 including that manufactured on special order, certified by
24 the purchaser to be used primarily for graphic arts
25 production, and including machinery and equipment purchased
26 for lease. Equipment includes chemicals or chemicals acting
27 as catalysts but only if the chemicals or chemicals acting as
28 catalysts effect a direct and immediate change upon a graphic
29 arts product.

30 (7) Farm chemicals.

31 (8) Legal tender, currency, medallions, or gold or
32 silver coinage issued by the State of Illinois, the
33 government of the United States of America, or the government
34 of any foreign country, and bullion.

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

4 (10) A motor vehicle of the first division, a motor
5 vehicle of the second division that is a self-contained motor
6 vehicle designed or permanently converted to provide living
7 quarters for recreational, camping, or travel use, with
8 direct walk through to the living quarters from the driver's
9 seat, or a motor vehicle of the second division that is of
10 the van configuration designed for the transportation of not
11 less than 7 nor more than 16 passengers, as defined in
12 Section 1-146 of the Illinois Vehicle Code, that is used for
13 automobile renting, as defined in the Automobile Renting
14 Occupation and Use Tax Act.

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

34 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,
4 seeders, or spreaders. Precision farming equipment includes,
5 but is not limited to, soil testing sensors, computers,
6 monitors, software, global positioning and mapping systems,
7 and other such equipment.

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

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

23 (13) Proceeds of mandatory service charges separately
24 stated on customers' bills for the purchase and consumption
25 of food and beverages purchased at retail from a retailer, to
26 the extent that the proceeds of the service charge are in
27 fact turned over as tips or as a substitute for tips to the
28 employees who participate directly in preparing, serving,
29 hosting or cleaning up the food or beverage function with
30 respect to which the service charge is imposed.

31 (14) Oil field exploration, drilling, and production
32 equipment, including (i) rigs and parts of rigs, rotary rigs,
33 cable tool rigs, and workover rigs, (ii) pipe and tubular
34 goods, including casing and drill strings, (iii) pumps and

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

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

12 (16) Coal exploration, mining, offhighway hauling,
13 processing, maintenance, and reclamation equipment, including
14 replacement parts and equipment, and including equipment
15 purchased for lease, but excluding motor vehicles required to
16 be registered under the Illinois Vehicle Code.

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

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

34 (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.

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

1 lessor is liable to pay that amount to the Department.

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

23 (24) Beginning with taxable years ending on or after
24 December 31, 1995 and ending with taxable years ending on or
25 before December 31, 2004, personal property that is donated
26 for disaster relief to be used in a State or federally
27 declared disaster area in Illinois or bordering Illinois by a
28 manufacturer or retailer that is registered in this State to
29 a corporation, society, association, foundation, or
30 institution that has been issued a sales tax exemption
31 identification number by the Department that assists victims
32 of the disaster who reside within the declared disaster area.

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

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

12 (26) Beginning July 1, 1999, game or game birds
13 purchased at a "game breeding and hunting preserve area" or
14 an "exotic game hunting area" as those terms are used in the
15 Wildlife Code or at a hunting enclosure approved through
16 rules adopted by the Department of Natural Resources. This
17 paragraph is exempt from the provisions of Section 3-90.

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

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

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

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

27 (30) Food for human consumption that is to be consumed
28 off the premises where it is sold (other than alcoholic
29 beverages, soft drinks, and food that has been prepared for
30 immediate consumption) and prescription and nonprescription
31 medicines, drugs, medical appliances, and insulin, urine
32 testing materials, syringes, and needles used by diabetics,
33 for human use, when purchased for use by a person receiving
34 medical assistance under Article 5 of the Illinois Public Aid

1 Code who resides in a licensed long-term care facility, as
2 defined in the Nursing Home Care Act.

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

29 (32) Beginning on the effective date of this amendatory
30 Act of the 92nd General Assembly, personal property purchased
31 by a lessor who leases the property, under a lease of one
32 year or longer executed or in effect at the time the lessor
33 would otherwise be subject to the tax imposed by this Act, to
34 a governmental body that has been issued an active sales tax

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

18 (33) Beginning on January 1, 2004, modular,
 19 pre-fabricated, metal, storage, and other structures used for
 20 agricultural purposes, including, but not limited to, pole
 21 barns used for storing agricultural inputs and equipment,
 22 bins used for storing agricultural products, and sheds used
 23 for protecting livestock. This exemption is allowed only if
 24 the purchaser certifies that the structure will be used for
 25 agricultural purposes. This paragraph is exempt from the
 26 provisions of Section 3-90.

27 (Source: P.A. 91-51, eff. 6-30-99; 91-200, eff. 7-20-99;
 28 91-439, eff. 8-6-99; 91-637, eff. 8-20-99; 91-644, eff.
 29 8-20-99; 91-901, eff. 1-1-01; 92-35, eff. 7-1-01; 92-227,
 30 eff. 8-2-01; 92-337, eff. 8-10-01; 92-484, eff. 8-23-01;
 31 92-651, eff. 7-11-02.)

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

1 (35 ILCS 110/3-5) (from Ch. 120, par. 439.33-5)

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

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

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

14 (3) Personal property purchased by a 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
21 to, music and dramatic arts organizations such as symphony
22 orchestras and theatrical groups, arts and cultural service
23 organizations, local arts councils, visual arts
24 organizations, and media arts organizations. On and after the
25 effective date of this amendatory Act of the 92nd General
26 Assembly, however, an entity otherwise eligible for this
27 exemption shall not make tax-free purchases unless it has an
28 active identification number issued by the Department.

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

33 (5) Graphic arts machinery and equipment, including
34 repair and replacement parts, both new and used, and

1 including that manufactured on special order or purchased for
2 lease, certified by the purchaser to be used primarily for
3 graphic arts production. Equipment includes chemicals or
4 chemicals acting as catalysts but only if the chemicals or
5 chemicals acting as catalysts effect a direct and immediate
6 change upon a graphic arts product.

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

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

29 Farm machinery and equipment shall include precision
30 farming equipment that is installed or purchased to be
31 installed on farm machinery and equipment including, but not
32 limited to, tractors, harvesters, sprayers, planters,
33 seeders, or spreaders. Precision farming equipment includes,
34 but is not limited to, soil testing sensors, computers,

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

3 Farm machinery and equipment also includes computers,
4 sensors, software, and related equipment used primarily in
5 the computer-assisted operation of production agriculture
6 facilities, equipment, and activities such as, but not
7 limited to, the collection, monitoring, and correlation of
8 animal and crop data for the purpose of formulating animal
9 diets and agricultural chemicals. This item (7) is exempt
10 from the provisions of Section 3-75.

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

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

27 (10) Oil field exploration, drilling, and production
28 equipment, including (i) rigs and parts of rigs, rotary rigs,
29 cable tool rigs, and workover rigs, (ii) pipe and tubular
30 goods, including casing and drill strings, (iii) pumps and
31 pump-jack units, (iv) storage tanks and flow lines, (v) any
32 individual replacement part for oil field exploration,
33 drilling, and production equipment, and (vi) machinery and
34 equipment purchased for lease; but excluding motor vehicles

1 required to be registered under the Illinois Vehicle Code.

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

8 (12) Coal exploration, mining, offhighway hauling,
9 processing, maintenance, and reclamation equipment, including
10 replacement parts and equipment, and including equipment
11 purchased for lease, but excluding motor vehicles required to
12 be registered under the Illinois Vehicle Code.

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

15 (14) Horses, or interests in horses, registered with and
16 meeting the requirements of any of the Arabian Horse Club
17 Registry of America, Appaloosa Horse Club, American Quarter
18 Horse Association, United States Trotting Association, or
19 Jockey Club, as appropriate, used for purposes of breeding or
20 racing for prizes.

21 (15) Computers and communications equipment utilized for
22 any hospital purpose and equipment used in the diagnosis,
23 analysis, or treatment of hospital patients purchased by a
24 lessor who leases the equipment, under a lease of one year or
25 longer executed or in effect at the time the lessor would
26 otherwise be subject to the tax imposed by this Act, to a
27 hospital that has been issued an active tax exemption
28 identification number by the Department under Section 1g of
29 the Retailers' Occupation Tax Act. If the equipment is leased
30 in a manner that does not qualify for this exemption or is
31 used in any other non-exempt manner, the lessor shall be
32 liable for the tax imposed under this Act or the Use Tax Act,
33 as the case may be, based on the fair market value of the
34 property at the time the non-qualifying use occurs. No

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

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

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

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

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

20 (19) Beginning July 1, 1999, game or game birds
21 purchased at a "game breeding and hunting preserve area" or
22 an "exotic game hunting area" as those terms are used in the
23 Wildlife Code or at a hunting enclosure approved through
24 rules adopted by the Department of Natural Resources. This
25 paragraph is exempt from the provisions of Section 3-75.

26 (20) A motor vehicle, as that term is defined in Section
27 1-146 of the Illinois Vehicle Code, that is donated to a
28 corporation, limited liability company, society, association,
29 foundation, or institution that is determined by the
30 Department to be organized and operated exclusively for
31 educational purposes. For purposes of this exemption, "a
32 corporation, limited liability company, society, association,
33 foundation, or institution organized and operated exclusively
34 for educational purposes" means all tax-supported public

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

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

25 (22) Beginning January 1, 2000 and through December 31,
26 2001, new or used automatic vending machines that prepare and
27 serve hot food and beverages, including coffee, soup, and
28 other items, and replacement parts for these machines.
29 Beginning January 1, 2002, machines and parts for machines
30 used in commercial, coin-operated amusement and vending
31 business if a use or occupation tax is paid on the gross
32 receipts derived from the use of the commercial,
33 coin-operated amusement and vending machines. This paragraph
34 is exempt from the provisions of Section 3-75.

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

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

1 Department. This paragraph is exempt from the provisions of
2 Section 3-75.

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

26 (26) Beginning on January 1, 2004, modular,
27 pre-fabricated, metal, storage, and other structures used for
28 agricultural purposes, including, but not limited to, pole
29 barns used for storing agricultural inputs and equipment,
30 bins used for storing agricultural products, and sheds used
31 for protecting livestock. This exemption is allowed only if
32 the purchaser certifies that the structure will be used for
33 agricultural purposes. This paragraph is exempt from the
34 provisions of Section 3-75.

1 (Source: P.A. 91-51, eff. 6-30-99; 91-200, eff. 7-20-99;
 2 91-439, eff. 8-6-99; 91-637, eff. 8-20-99; 91-644, eff.
 3 8-20-99; 92-16, eff. 6-28-01; 92-35, eff. 7-1-01; 92-227,
 4 eff. 8-2-01; 92-337, eff. 8-10-01; 92-484, eff. 8-23-01;
 5 92-651, eff. 7-11-02.)

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

8 (35 ILCS 115/3-5) (from Ch. 120, par. 439.103-5)

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

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

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

21 (3) Personal property purchased by any not-for-profit
 22 arts or cultural organization that establishes, by proof
 23 required by the Department by rule, that it has received an
 24 exemption under Section 501(c)(3) of the Internal Revenue
 25 Code and that is organized and operated primarily for the
 26 presentation or support of arts or cultural programming,
 27 activities, or services. These organizations include, but
 28 are not limited to, music and dramatic arts organizations
 29 such as symphony orchestras and theatrical groups, arts and
 30 cultural service organizations, local arts councils, visual
 31 arts organizations, and media arts organizations. On and
 32 after the effective date of this amendatory Act of the 92nd

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

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

8 (5) Graphic arts machinery and equipment, including
9 repair and replacement parts, both new and used, and
10 including that manufactured on special order or purchased for
11 lease, certified by the purchaser to be used primarily for
12 graphic arts production. Equipment includes chemicals or
13 chemicals acting as catalysts but only if the chemicals or
14 chemicals acting as catalysts effect a direct and immediate
15 change upon a graphic arts product.

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

19 (7) Farm machinery and equipment, both new and used,
20 including that manufactured on special order, certified by
21 the purchaser to be used primarily for production agriculture
22 or State or federal agricultural programs, including
23 individual replacement parts for the machinery and equipment,
24 including machinery and equipment purchased for lease, and
25 including implements of husbandry defined in Section 1-130 of
26 the Illinois Vehicle Code, farm machinery and agricultural
27 chemical and fertilizer spreaders, and nurse wagons required
28 to be registered under Section 3-809 of the Illinois Vehicle
29 Code, but excluding other motor vehicles required to be
30 registered under the Illinois Vehicle Code. Horticultural
31 polyhouses or hoop houses used for propagating, growing, or
32 overwintering plants shall be considered farm machinery and
33 equipment under this item (7). Agricultural chemical tender
34 tanks and dry boxes shall include units sold separately from

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

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

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

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

27 (9) Proceeds of mandatory service charges separately
28 stated on customers' bills for the purchase and consumption
29 of food and beverages, to the extent that the proceeds of the
30 service charge are in fact turned over as tips or as a
31 substitute for tips to the employees who participate directly
32 in preparing, serving, hosting or cleaning up the food or
33 beverage function with respect to which the service charge is
34 imposed.

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

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

16 (12) Coal exploration, mining, offhighway hauling,
17 processing, maintenance, and reclamation equipment, including
18 replacement parts and equipment, and including equipment
19 purchased for lease, but excluding motor vehicles required to
20 be registered under the Illinois Vehicle Code.

21 (13) Food for human consumption that is to be consumed
22 off the premises where it is sold (other than alcoholic
23 beverages, soft drinks and food that has been prepared for
24 immediate consumption) and prescription and non-prescription
25 medicines, drugs, medical appliances, and insulin, urine
26 testing materials, syringes, and needles used by diabetics,
27 for human use, when purchased for use by a person receiving
28 medical assistance under Article 5 of the Illinois Public Aid
29 Code who resides in a licensed long-term care facility, as
30 defined in the Nursing Home Care Act.

31 (14) Semen used for artificial insemination of livestock
32 for direct agricultural production.

33 (15) Horses, or interests in horses, registered with and
34 meeting the requirements of any of the Arabian Horse Club

1 Registry of America, Appaloosa Horse Club, American Quarter
2 Horse Association, United States Trotting Association, or
3 Jockey Club, as appropriate, used for purposes of breeding or
4 racing for prizes.

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

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

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

29 (19) Beginning with taxable years ending on or after
30 December 31, 1995 and ending with taxable years ending on or
31 before December 31, 2004, personal property that is used in
32 the performance of infrastructure repairs in this State,
33 including but not limited to municipal roads and streets,
34 access roads, bridges, sidewalks, waste disposal systems,

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

8 (20) Beginning July 1, 1999, game or game birds sold at
9 a "game breeding and hunting preserve area" or an "exotic
10 game hunting area" as those terms are used in the Wildlife
11 Code or at a hunting enclosure approved through rules adopted
12 by the Department of Natural Resources. This paragraph is
13 exempt from the provisions of Section 3-55.

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

33 (22) Beginning January 1, 2000, personal property,
34 including food, purchased through fundraising events for the

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

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

23 (24) Beginning on the effective date of this amendatory
24 Act of the 92nd General Assembly, computers and
25 communications equipment utilized for any hospital purpose
26 and equipment used in the diagnosis, analysis, or treatment
27 of hospital patients sold to a lessor who leases the
28 equipment, under a lease of one year or longer executed or in
29 effect at the time of the purchase, to a hospital that has
30 been issued an active tax exemption identification number by
31 the Department under Section 1g of the Retailers' Occupation
32 Tax Act. This paragraph is exempt from the provisions of
33 Section 3-55.

34 (25) Beginning on the effective date of this amendatory

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

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

31 (27) Beginning on January 1, 2004, modular,
32 pre-fabricated, metal, storage, and other structures used for
33 agricultural purposes, including, but not limited to, pole
34 barns used for storing agricultural inputs and equipment,

1 bins used for storing agricultural products, and sheds used
2 for protecting livestock. This exemption is allowed only if
3 the purchaser certifies that the structure will be used for
4 agricultural purposes. This paragraph is exempt from the
5 provisions of Section 3-55.

6 (Source: P.A. 91-51, eff. 6-30-99; 91-200, eff. 7-20-99;
7 91-439, eff. 8-6-99; 91-533, eff. 8-13-99; 91-637, eff.
8 8-20-99; 91-644, eff. 8-20-99; 92-16, eff. 6-28-01; 92-35,
9 eff. 7-1-01; 92-227, eff. 8-2-01; 92-337, eff. 8-10-01;
10 92-484, eff. 8-23-01; 92-488, eff. 8-23-01; 92-651, eff.
11 7-11-02.)

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

14 (35 ILCS 120/2-5) (from Ch. 120, par. 441-5)

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

18 (1) Farm chemicals.

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

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

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

14 Farm machinery and equipment also includes computers,
15 sensors, software, and related equipment used primarily in
16 the computer-assisted operation of production agriculture
17 facilities, equipment, and activities such as, but not
18 limited to, the collection, monitoring, and correlation of
19 animal and crop data for the purpose of formulating animal
20 diets and agricultural chemicals. This item (7) is exempt
21 from the provisions of Section 2-70.

22 (3) Distillation machinery and equipment, sold as a unit
23 or kit, assembled or installed by the retailer, certified by
24 the user to be used only for the production of ethyl alcohol
25 that will be used for consumption as motor fuel or as a
26 component of motor fuel for the personal use of the user, and
27 not subject to sale or resale.

28 (4) Graphic arts machinery and equipment, including
29 repair and replacement parts, both new and used, and
30 including that manufactured on special order or purchased for
31 lease, certified by the purchaser to be used primarily for
32 graphic arts production. Equipment includes chemicals or
33 chemicals acting as catalysts but only if the chemicals or
34 chemicals acting as catalysts effect a direct and immediate

1 change upon a graphic arts product.

2 (5) A motor vehicle of the first division, a motor
3 vehicle of the second division that is a self-contained motor
4 vehicle designed or permanently converted to provide living
5 quarters for recreational, camping, or travel use, with
6 direct walk through access to the living quarters from the
7 driver's seat, or a motor vehicle of the second division that
8 is of the van configuration designed for the transportation
9 of not less than 7 nor more than 16 passengers, as defined in
10 Section 1-146 of the Illinois Vehicle Code, that is used for
11 automobile renting, as defined in the Automobile Renting
12 Occupation and Use Tax Act.

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

16 (7) Proceeds of that portion of the selling price of a
17 passenger car the sale of which is subject to the Replacement
18 Vehicle Tax.

19 (8) Personal property sold to an Illinois county fair
20 association for use in conducting, operating, or promoting
21 the county fair.

22 (9) Personal property sold to a not-for-profit arts or
23 cultural organization that establishes, by proof required by
24 the Department by rule, that it has received an exemption
25 under Section 501(c)(3) of the Internal Revenue Code and that
26 is organized and operated primarily for the presentation or
27 support of arts or cultural programming, activities, or
28 services. These organizations include, but are not limited
29 to, music and dramatic arts organizations such as symphony
30 orchestras and theatrical groups, arts and cultural service
31 organizations, local arts councils, visual arts
32 organizations, and media arts organizations. On and after the
33 effective date of this amendatory Act of the 92nd General
34 Assembly, however, an entity otherwise eligible for this

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

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

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

24 (12) Personal property sold to interstate carriers for
25 hire for use as rolling stock moving in interstate commerce
26 or to lessors under leases of one year or longer executed or
27 in effect at the time of purchase by interstate carriers for
28 hire for use as rolling stock moving in interstate commerce
29 and equipment operated by a telecommunications provider,
30 licensed as a common carrier by the Federal Communications
31 Commission, which is permanently installed in or affixed to
32 aircraft moving in interstate commerce.

33 (13) Proceeds from sales to owners, lessors, or shippers
34 of tangible personal property that is utilized by interstate

1 carriers for hire for use as rolling stock moving in
2 interstate commerce and equipment operated by a
3 telecommunications provider, licensed as a common carrier by
4 the Federal Communications Commission, which is permanently
5 installed in or affixed to aircraft moving in interstate
6 commerce.

7 (14) Machinery and equipment that will be used by the
8 purchaser, or a lessee of the purchaser, primarily in the
9 process of manufacturing or assembling tangible personal
10 property for wholesale or retail sale or lease, whether the
11 sale or lease is made directly by the manufacturer or by some
12 other person, whether the materials used in the process are
13 owned by the manufacturer or some other person, or whether
14 the sale or lease is made apart from or as an incident to the
15 seller's engaging in the service occupation of producing
16 machines, tools, dies, jigs, patterns, gauges, or other
17 similar items of no commercial value on special order for a
18 particular purchaser.

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

27 (16) Petroleum products sold to a purchaser if the
28 seller is prohibited by federal law from charging tax to the
29 purchaser.

30 (17) Tangible personal property sold to a common carrier
31 by rail or motor that receives the physical possession of the
32 property in Illinois and that transports the property, or
33 shares with another common carrier in the transportation of
34 the property, out of Illinois on a standard uniform bill of

1 lading showing the seller of the property as the shipper or
2 consignor of the property to a destination outside Illinois,
3 for use outside Illinois.

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

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

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

23 (21) Coal exploration, mining, offhighway hauling,
24 processing, maintenance, and reclamation equipment, including
25 replacement parts and equipment, and including equipment
26 purchased for lease, but excluding motor vehicles required to
27 be registered under the Illinois Vehicle Code.

28 (22) Fuel and petroleum products sold to or used by an
29 air carrier, certified by the carrier to be used for
30 consumption, shipment, or storage in the conduct of its
31 business as an air common carrier, for a flight destined for
32 or returning from a location or locations outside the United
33 States without regard to previous or subsequent domestic
34 stopovers.

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

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

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

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

24 (27) 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
27 Horse Association, United States Trotting Association, or
28 Jockey Club, as appropriate, used for purposes of breeding or
29 racing for prizes.

30 (28) Computers and communications equipment utilized for
31 any hospital purpose and equipment used in the diagnosis,
32 analysis, or treatment of hospital patients sold to a lessor
33 who leases the equipment, under a lease of one year or longer
34 executed or in effect at the time of the purchase, to a

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

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

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

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

32 (32) Beginning July 1, 1999, game or game birds sold at
33 a "game breeding and hunting preserve area" or an "exotic
34 game hunting area" as those terms are used in the Wildlife

1 Code or at a hunting enclosure approved through rules adopted
2 by the Department of Natural Resources. This paragraph is
3 exempt from the provisions of Section 2-70.

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

23 (34) Beginning January 1, 2000, personal property,
24 including food, purchased through fundraising events for the
25 benefit of a public or private elementary or secondary
26 school, a group of those schools, or one or more school
27 districts if the events are sponsored by an entity recognized
28 by the school district that consists primarily of volunteers
29 and includes parents and teachers of the school children.
30 This paragraph does not apply to fundraising events (i) for
31 the benefit of private home instruction or (ii) for which the
32 fundraising entity purchases the personal property sold at
33 the events from another individual or entity that sold the
34 property for the purpose of resale by the fundraising entity

1 and that profits from the sale to the fundraising entity.
2 This paragraph is exempt from the provisions of Section 2-70.

3 (35) Beginning January 1, 2000 and through December 31,
4 2001, new or used automatic vending machines that prepare and
5 serve hot food and beverages, including coffee, soup, and
6 other items, and replacement parts for these machines.
7 Beginning January 1, 2002, machines and parts for machines
8 used in commercial, coin-operated amusement and vending
9 business if a use or occupation tax is paid on the gross
10 receipts derived from the use of the commercial,
11 coin-operated amusement and vending machines. This paragraph
12 is exempt from the provisions of Section 2-70.

13 (35-5) ~~(36)~~ Food for human consumption that is to be
14 consumed off the premises where it is sold (other than
15 alcoholic beverages, soft drinks, and food that has been
16 prepared for immediate consumption) and prescription and
17 nonprescription medicines, drugs, medical appliances, and
18 insulin, urine testing materials, syringes, and needles used
19 by diabetics, for human use, when purchased for use by a
20 person receiving medical assistance under Article 5 of the
21 Illinois Public Aid Code who resides in a licensed long-term
22 care facility, as defined in the Nursing Home Care Act.

23 (36) Beginning on the effective date of this amendatory
24 Act of the 92nd General Assembly, computers and
25 communications equipment utilized for any hospital purpose
26 and equipment used in the diagnosis, analysis, or treatment
27 of hospital patients sold to a lessor who leases the
28 equipment, under a lease of one year or longer executed or in
29 effect at the time of the purchase, to a hospital that has
30 been issued an active tax exemption identification number by
31 the Department under Section 1g of this Act. This paragraph
32 is exempt from the provisions of Section 2-70.

33 (37) Beginning on the effective date of this amendatory
34 Act of the 92nd General Assembly, personal property sold to a

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

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

30 (39) Beginning on January 1, 2004, modular,
31 pre-fabricated, metal, storage, and other structures used for
32 agricultural purposes, including, but not limited to, pole
33 barns used for storing agricultural inputs and equipment,
34 bins used for storing agricultural products, and sheds used

1 for protecting livestock. This exemption is allowed only if
2 the purchaser certifies that the structure will be used for
3 agricultural purposes. This paragraph is exempt from the
4 provisions of Section 2-70.

5 (Source: P.A. 91-51, eff. 6-30-99; 91-200, eff. 7-20-99;
6 91-439, eff. 8-6-99; 91-533, eff. 8-13-99; 91-637, eff.
7 8-20-99; 91-644, eff. 8-20-99; 92-16, eff. 6-28-01; 92-35,
8 eff. 7-1-01; 92-227, eff. 8-2-01; 92-337, eff. 8-10-01;
9 92-484, eff. 8-23-01; 92-488, eff. 8-23-01; 92-651, eff.
10 7-11-02; 92-680, eff. 7-16-02; revised 12-02-02.)

11 Section 99. Effective date. This Act takes effect on
12 January 1, 2004.