



93RD GENERAL ASSEMBLY
State of Illinois
2003 and 2004
HB3955

Introduced 12/3/2003, by Bill Mitchell

SYNOPSIS AS INTRODUCED:

35 ILCS 105/3-5	from Ch. 120, par. 439.3-5
35 ILCS 110/3-5	from Ch. 120, par. 439.33-5
35 ILCS 115/3-5	from Ch. 120, par. 439.103-5
35 ILCS 120/2-5	from Ch. 120, par. 441-5

Amends the Use Tax Act, the Service Use Tax Act, the Service Occupation Tax Act, and the Retailers' Occupation Tax Act. Reinstates the exemption from the tax imposed by these Acts for certain oil field exploration, drilling, and production equipment. Reinstates the exemption from the tax imposed by these Acts for coal exploration, mining, offhighway hauling, processing, maintenance, and reclamation equipment. Effective immediately.

LRB093 14576 SJM 40073 b

FISCAL NOTE ACT
MAY APPLY

A BILL FOR

1 AN ACT in relation to taxation.

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 Section
5 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 by
21 the Department by rule, that it has received an exemption under
22 Section 501(c)(3) of the Internal Revenue Code and that is
23 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 to,
26 music and dramatic arts organizations such as symphony
27 orchestras and theatrical groups, arts and cultural service
28 organizations, local arts councils, visual arts organizations,
29 and media arts organizations. On and after the effective date
30 of this amendatory Act of the 92nd General Assembly, however,
31 an entity otherwise eligible for this exemption shall not make
32 tax-free purchases unless it has an active identification

1 number issued by the Department.

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

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

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

28 (7) Farm chemicals.

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

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

36 (10) A motor vehicle of the first division, a motor

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

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

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

1 such equipment.

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

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

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

25 (14) Until July 1, 2003 and beginning again on the
26 effective date of this amendatory Act of the 93rd General
27 Assembly, 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
35 required to be registered under the Illinois Vehicle Code. This
36 paragraph is exempt from the provisions of Section 3-90.

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

6 (16) Until July 1, 2003 and beginning again on the
7 effective date of this amendatory Act of the 93rd General
8 Assembly, 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. This paragraph
13 is exempt from the provisions of Section 3-90.

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

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

31 (19) Personal property delivered to a purchaser or
32 purchaser's donee inside Illinois when the purchase order for
33 that personal property was received by a florist located
34 outside Illinois who has a florist located inside Illinois
35 deliver the personal property.

36 (20) Semen used for artificial insemination of livestock

1 for direct agricultural production.

2 (21) Horses, or interests in horses, registered with and
3 meeting the requirements of any of the Arabian Horse Club
4 Registry of America, Appaloosa Horse Club, American Quarter
5 Horse Association, United States Trotting Association, or
6 Jockey Club, as appropriate, used for purposes of breeding or
7 racing for prizes.

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

31 (23) Personal property purchased by a lessor who leases
32 the property, under a lease of one year or longer executed or
33 in effect at the time the lessor would otherwise be subject to
34 the tax imposed by this Act, to a governmental body that has
35 been issued an active sales tax exemption identification number
36 by the Department under Section 1g of the Retailers' Occupation

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

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

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

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

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

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

1 from the sale to the fundraising entity. This paragraph is
2 exempt from the provisions of Section 3-90.

3 (29) 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 other
6 items, and replacement parts for these machines. Beginning
7 January 1, 2002 and through June 30, 2003, machines and parts
8 for machines used in commercial, coin-operated amusement and
9 vending business if a use or occupation tax is paid on the
10 gross 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 3-90.

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

23 (31) Beginning on the effective date of this amendatory
24 Act of the 92nd General Assembly, computers and communications
25 equipment utilized for any hospital purpose and equipment used
26 in the diagnosis, analysis, or treatment of hospital patients
27 purchased by a lessor who leases the equipment, under a lease
28 of one year or longer executed or in effect at the time the
29 lessor would otherwise be subject to the tax imposed by this
30 Act, to a hospital that has been issued an active tax exemption
31 identification number by the Department under Section 1g of the
32 Retailers' Occupation Tax Act. If the equipment is leased in a
33 manner that does not qualify for this exemption or is used in
34 any other nonexempt manner, the lessor shall be liable for the
35 tax imposed under this Act or the Service Use Tax Act, as the
36 case may be, based on the fair market value of the property at

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

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

35 (33) On and after July 1, 2003, the use in this State of
36 motor vehicles of the second division with a gross vehicle

1 weight in excess of 8,000 pounds and that are subject to the
2 commercial distribution fee imposed under Section 3-815.1 of
3 the Illinois Vehicle Code. This exemption applies to repair and
4 replacement parts added after the initial purchase of such a
5 motor vehicle if that motor vehicle is used in a manner that
6 would qualify for the rolling stock exemption otherwise
7 provided for in this Act.

8 (Source: P.A. 92-35, eff. 7-1-01; 92-227, eff. 8-2-01; 92-337,
9 eff. 8-10-01; 92-484, eff. 8-23-01; 92-651, eff. 7-11-02;
10 93-23, eff. 6-20-03; 93-24, eff. 6-20-03; revised 9-11-03.)

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

13 (35 ILCS 110/3-5) (from Ch. 120, par. 439.33-5)

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

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

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

26 (3) Personal property purchased by a not-for-profit arts
27 or cultural organization that establishes, by proof required by
28 the Department by rule, that it has received an exemption under
29 Section 501(c)(3) of the Internal Revenue Code and that is
30 organized and operated primarily for the presentation or
31 support of arts or cultural programming, activities, or
32 services. These organizations include, but are not limited to,
33 music and dramatic arts organizations such as symphony
34 orchestras and theatrical groups, arts and cultural service

1 organizations, local arts councils, visual arts organizations,
2 and media arts organizations. On and after the effective date
3 of this amendatory Act of the 92nd General Assembly, however,
4 an entity otherwise eligible for this exemption shall not make
5 tax-free purchases unless it has an active identification
6 number issued by the Department.

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

11 (5) Until July 1, 2003, graphic arts machinery and
12 equipment, including repair and replacement parts, both new and
13 used, and including that manufactured on special order or
14 purchased for lease, certified by the purchaser to be used
15 primarily for graphic arts production. Equipment includes
16 chemicals or chemicals acting as catalysts but only if the
17 chemicals or chemicals acting as catalysts effect a direct and
18 immediate change upon a graphic arts product.

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

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

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

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

13 Farm machinery and equipment also includes computers,
14 sensors, software, and related equipment used primarily in the
15 computer-assisted operation of production agriculture
16 facilities, equipment, and activities such as, but not limited
17 to, the collection, monitoring, and correlation of animal and
18 crop data for the purpose of formulating animal diets and
19 agricultural chemicals. This item (7) is exempt from the
20 provisions of Section 3-75.

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

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

1 (10) Until July 1, 2003 and beginning again on the
2 effective date of this amendatory Act of the 93rd General
3 Assembly, oil field exploration, drilling, and production
4 equipment, including (i) rigs and parts of rigs, rotary rigs,
5 cable tool rigs, and workover rigs, (ii) pipe and tubular
6 goods, including casing and drill strings, (iii) pumps and
7 pump-jack units, (iv) storage tanks and flow lines, (v) any
8 individual replacement part for oil field exploration,
9 drilling, and production equipment, and (vi) machinery and
10 equipment purchased for lease; but excluding motor vehicles
11 required to be registered under the Illinois Vehicle Code. This
12 paragraph is exempt from the provisions of Section 3-75.

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

19 (12) Until July 1, 2003 and beginning again on the
20 effective date of this amendatory Act of the 93rd General
21 Assembly, coal exploration, mining, offhighway hauling,
22 processing, maintenance, and reclamation equipment, including
23 replacement parts and equipment, and including equipment
24 purchased for lease, but excluding motor vehicles required to
25 be registered under the Illinois Vehicle Code. This paragraph
26 is exempt from the provisions of Section 3-75.

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

29 (14) Horses, or interests in horses, registered with and
30 meeting the requirements of any of the Arabian Horse Club
31 Registry of America, Appaloosa Horse Club, American Quarter
32 Horse Association, United States Trotting Association, or
33 Jockey Club, as appropriate, used for purposes of breeding or
34 racing for prizes.

35 (15) Computers and communications equipment utilized for
36 any hospital purpose and equipment used in the diagnosis,

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

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

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

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

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

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

33 (20) A motor vehicle, as that term is defined in Section
34 1-146 of the Illinois Vehicle Code, that is donated to a
35 corporation, limited liability company, society, association,
36 foundation, or institution that is determined by the Department

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

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

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

1 coin-operated amusement and vending machines. This paragraph
2 is exempt from the provisions of Section 3-75.

3 (23) Food for human consumption that is to be consumed off
4 the 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 5 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.

13 (24) Beginning on the effective date of this amendatory
14 Act of the 92nd General Assembly, computers and communications
15 equipment utilized for any hospital purpose and equipment used
16 in the diagnosis, analysis, or treatment of hospital patients
17 purchased by a lessor who leases the equipment, under a lease
18 of one year or longer executed or in effect at the time the
19 lessor would otherwise be subject to the tax imposed by this
20 Act, to a hospital that has been issued an active tax exemption
21 identification number by the Department under Section 1g of the
22 Retailers' Occupation Tax Act. If the equipment is leased in a
23 manner that does not qualify for this exemption or is used in
24 any other nonexempt manner, the lessor shall be liable for the
25 tax imposed under this Act or the Use Tax Act, as the case may
26 be, based on the fair market value of the property at the time
27 the nonqualifying use occurs. No lessor shall collect or
28 attempt to collect an amount (however designated) that purports
29 to reimburse that lessor for the tax imposed by this Act or the
30 Use Tax Act, as the case may be, if the tax has not been paid by
31 the lessor. If a lessor improperly collects any such amount
32 from the lessee, the lessee shall have a legal right to claim a
33 refund of that amount from the lessor. If, however, that amount
34 is not refunded to the lessee for any reason, the lessor is
35 liable to pay that amount to the Department. This paragraph is
36 exempt from the provisions of Section 3-75.

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

23 (Source: P.A. 92-16, eff. 6-28-01; 92-35, eff. 7-1-01; 92-227,
24 eff. 8-2-01; 92-337, eff. 8-10-01; 92-484, eff. 8-23-01;
25 92-651, eff. 7-11-02; 93-24, eff. 6-20-03 database correction
26 9-24-03.)

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

29 (35 ILCS 115/3-5) (from Ch. 120, par. 439.103-5)

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

32 (1) Personal property sold by a corporation, society,
33 association, foundation, institution, or organization, other
34 than a limited liability company, that is organized and

1 operated as a not-for-profit service enterprise for the benefit
2 of persons 65 years of age or older if the personal property
3 was not purchased by the enterprise for the purpose of resale
4 by the enterprise.

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

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

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

27 (5) Until July 1, 2003, graphic arts machinery and
28 equipment, including repair and replacement parts, both new and
29 used, and including that manufactured on special order or
30 purchased for lease, certified by the purchaser to be used
31 primarily for graphic arts production. Equipment includes
32 chemicals or chemicals acting as catalysts but only if the
33 chemicals or chemicals acting as catalysts effect a direct and
34 immediate change upon a graphic arts product.

35 (6) Personal property sold by a teacher-sponsored student
36 organization affiliated with an elementary or secondary school

1 located in Illinois.

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

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

29 Farm machinery and equipment also includes computers,
30 sensors, software, and related equipment used primarily in the
31 computer-assisted operation of production agriculture
32 facilities, equipment, and activities such as, but not limited
33 to, the collection, monitoring, and correlation of animal and
34 crop data for the purpose of formulating animal diets and
35 agricultural chemicals. This item (7) is exempt from the
36 provisions of Section 3-55.

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

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

16 (10) Until July 1, 2003 and beginning again on the
17 effective date of this amendatory Act of the 93rd General
18 Assembly, oil field exploration, drilling, and production
19 equipment, including (i) rigs and parts of rigs, rotary rigs,
20 cable tool rigs, and workover rigs, (ii) pipe and tubular
21 goods, including casing and drill strings, (iii) pumps and
22 pump-jack units, (iv) storage tanks and flow lines, (v) any
23 individual replacement part for oil field exploration,
24 drilling, and production equipment, and (vi) machinery and
25 equipment purchased for lease; but excluding motor vehicles
26 required to be registered under the Illinois Vehicle Code. This
27 paragraph is exempt from the provisions of Section 3-55.

28 (11) Photoprocessing machinery and equipment, including
29 repair and replacement parts, both new and used, including that
30 manufactured on special order, certified by the purchaser to be
31 used primarily for photoprocessing, and including
32 photoprocessing machinery and equipment purchased for lease.

33 (12) Until July 1, 2003 and beginning again on the
34 effective date of this amendatory Act of the 93rd General
35 Assembly, coal exploration, mining, offhighway hauling,
36 processing, maintenance, and reclamation equipment, including

1 replacement parts and equipment, and including equipment
2 purchased for lease, but excluding motor vehicles required to
3 be registered under the Illinois Vehicle Code. This paragraph
4 is exempt from the provisions of Section 3-55.

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

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

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

23 (16) Computers and communications equipment utilized for
24 any hospital purpose and equipment used in the diagnosis,
25 analysis, or treatment of hospital patients sold to a lessor
26 who leases the equipment, under a lease of one year or longer
27 executed or in effect at the time of the purchase, to a
28 hospital that has been issued an active tax exemption
29 identification number by the Department under Section 1g of the
30 Retailers' Occupation Tax Act.

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

1 (18) 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 for
4 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 (19) 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 the
14 performance of infrastructure repairs in this State, including
15 but not limited to municipal roads and streets, access roads,
16 bridges, sidewalks, waste disposal systems, water and sewer
17 line extensions, water distribution and purification
18 facilities, storm water drainage and retention facilities, and
19 sewage treatment facilities, resulting from a State or
20 federally declared disaster in Illinois or bordering Illinois
21 when such repairs are initiated on facilities located in the
22 declared disaster area within 6 months after the disaster.

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

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

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

11 (22) 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 school,
14 a group of those schools, or one or more school districts if
15 the events are sponsored by an entity recognized by the school
16 district that consists primarily of volunteers and includes
17 parents and teachers of the school children. This paragraph
18 does not apply to fundraising events (i) for the benefit of
19 private home instruction or (ii) for which the fundraising
20 entity purchases the personal property sold at the events from
21 another individual or entity that sold the property for the
22 purpose of resale by the fundraising entity and that profits
23 from the sale to the fundraising entity. This paragraph is
24 exempt from the provisions of Section 3-55.

25 (23) 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 other
28 items, and replacement parts for these machines. Beginning
29 January 1, 2002 and through June 30, 2003, machines and parts
30 for machines used in commercial, coin-operated amusement and
31 vending business if a use or occupation tax is paid on the
32 gross 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 3-55.

35 (24) Beginning on the effective date of this amendatory
36 Act of the 92nd General Assembly, computers and communications

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

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

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

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

3 (Source: P.A. 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 92-488, eff. 8-23-01; 92-651, eff. 7-11-02; 93-24, eff.
6 6-20-03.)

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

9 (35 ILCS 120/2-5) (from Ch. 120, par. 441-5)

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

13 (1) Farm chemicals.

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

33 Farm machinery and equipment shall include precision
34 farming equipment that is installed or purchased to be

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

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

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

21 (4) Until July 1, 2003, graphic arts machinery and
22 equipment, including repair and replacement parts, both new and
23 used, and including that manufactured on special order or
24 purchased for lease, certified by the purchaser to be used
25 primarily for graphic arts production. Equipment includes
26 chemicals or chemicals acting as catalysts but only if the
27 chemicals or chemicals acting as catalysts effect a direct and
28 immediate change upon a graphic arts product.

29 (5) A motor vehicle of the first division, a motor vehicle
30 of the second division that is a self-contained motor vehicle
31 designed or permanently converted to provide living quarters
32 for recreational, camping, or travel use, with direct walk
33 through access to the living quarters from the driver's seat,
34 or a motor vehicle of the second division that is of the van
35 configuration designed for the transportation of not less than
36 7 nor more than 16 passengers, as defined in Section 1-146 of

1 the Illinois Vehicle Code, that is used for automobile renting,
2 as defined in the Automobile Renting Occupation and Use Tax
3 Act.

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

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

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

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

28 (10) Personal property sold by a corporation, society,
29 association, foundation, institution, or organization, other
30 than a limited liability company, that is organized and
31 operated as a not-for-profit service enterprise for the benefit
32 of persons 65 years of age or older if the personal property
33 was not purchased by the enterprise for the purpose of resale
34 by the enterprise.

35 (11) Personal property sold to a governmental body, to a
36 corporation, society, association, foundation, or institution

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

13 (12) Tangible personal property sold to interstate
14 carriers for hire for use as rolling stock moving in interstate
15 commerce or to lessors under leases of one year or longer
16 executed or in effect at the time of purchase by interstate
17 carriers for hire for use as rolling stock moving in interstate
18 commerce and equipment operated by a telecommunications
19 provider, licensed as a common carrier by the Federal
20 Communications Commission, which is permanently installed in
21 or affixed to aircraft moving in interstate commerce.

22 (12-5) On and after July 1, 2003, motor vehicles of the
23 second division with a gross vehicle weight in excess of 8,000
24 pounds that are subject to the commercial distribution fee
25 imposed under Section 3-815.1 of the Illinois Vehicle Code.
26 This exemption applies to repair and replacement parts added
27 after the initial purchase of such a motor vehicle if that
28 motor vehicle is used in a manner that would qualify for the
29 rolling stock exemption otherwise provided for in this Act.

30 (13) Proceeds from sales to owners, lessors, or shippers
31 of tangible personal property that is utilized by interstate
32 carriers for hire for use as rolling stock moving in interstate
33 commerce and equipment operated by a telecommunications
34 provider, licensed as a common carrier by the Federal
35 Communications Commission, which is permanently installed in
36 or affixed to aircraft moving in interstate commerce.

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

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

20 (16) Petroleum products sold to a purchaser if the seller
21 is prohibited by federal law from charging tax to the
22 purchaser.

23 (17) Tangible personal property sold to a common carrier
24 by rail or motor that receives the physical possession of the
25 property in Illinois and that transports the property, or
26 shares with another common carrier in the transportation of the
27 property, out of Illinois on a standard uniform bill of lading
28 showing the seller of the property as the shipper or consignor
29 of the property to a destination outside Illinois, for use
30 outside Illinois.

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

35 (19) Until July 1 2003 and beginning again on the
36 effective date of this amendatory Act of the 93rd General

1 Assembly, 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. This
10 paragraph is exempt from the provisions of Section 2-70.

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

16 (21) Until July 1, 2003 and beginning again on the
17 effective date of this amendatory Act of the 93rd General
18 Assembly, coal exploration, mining, offhighway hauling,
19 processing, maintenance, and reclamation equipment, including
20 replacement parts and equipment, and including equipment
21 purchased for lease, but excluding motor vehicles required to
22 be registered under the Illinois Vehicle Code. This paragraph
23 is exempt from the provisions of Section 2-70.

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

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

34 (24) Fuel consumed or used in the operation of ships,
35 barges, or vessels that are used primarily in or for the
36 transportation of property or the conveyance of persons for

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

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

15 (26) Semen used for artificial insemination of livestock
16 for direct agricultural production.

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

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

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

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

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

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

22 (32) Beginning July 1, 1999, game or game birds sold at a
23 "game breeding and hunting preserve area" or an "exotic game
24 hunting area" as those terms are used in the Wildlife Code or
25 at a hunting enclosure approved through rules adopted by the
26 Department of Natural Resources. This paragraph is exempt from
27 the provisions of Section 2-70.

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

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

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

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

34 (35-5) Food for human consumption that is to be consumed
35 off the premises where it is sold (other than alcoholic
36 beverages, soft drinks, and food that has been prepared for

1 immediate consumption) and prescription and nonprescription
2 medicines, drugs, medical appliances, and insulin, urine
3 testing materials, syringes, and needles used by diabetics, for
4 human use, when purchased for use by a person receiving medical
5 assistance under Article 5 of the Illinois Public Aid Code who
6 resides in a licensed long-term care facility, as defined in
7 the Nursing Home Care Act.

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

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

24 (38) Beginning on January 1, 2002, tangible personal
25 property purchased from an Illinois retailer by a taxpayer
26 engaged in centralized purchasing activities in Illinois who
27 will, upon receipt of the property in Illinois, temporarily
28 store the property in Illinois (i) for the purpose of
29 subsequently transporting it outside this State for use or
30 consumption thereafter solely outside this State or (ii) for
31 the purpose of being processed, fabricated, or manufactured
32 into, attached to, or incorporated into other tangible personal
33 property to be transported outside this State and thereafter
34 used or consumed solely outside this State. The Director of
35 Revenue shall, pursuant to rules adopted in accordance with the
36 Illinois Administrative Procedure Act, issue a permit to any

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

10 (Source: P.A. 92-16, eff. 6-28-01; 92-35, eff. 7-1-01; 92-227,
11 eff. 8-2-01; 92-337, eff. 8-10-01; 92-484, eff. 8-23-01;
12 92-488, eff. 8-23-01; 92-651, eff. 7-11-02; 92-680, eff.
13 7-16-02; 93-23, eff. 6-20-03; 93-24, eff. 6-20-03; revised
14 9-11-03.)

15 Section 99. Effective date. This Act takes effect upon
16 becoming law.