

1 AN ACT concerning taxes.

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

4 ARTICLE 10

5 Section 10-1. Short title. This Article may be cited as
6 the Aircraft Use Tax Law.

7 Section 10-10. Definition. For the purposes of this Law,
8 "Department" means the Department of Revenue of the State of
9 Illinois.

10 Section 10-15. Tax imposed. A tax is hereby imposed on
11 the privilege of using, in this State, any aircraft as
12 defined in Section 3 of the Illinois Aeronautics Act acquired
13 by gift, transfer, or purchase after June 30, 2003. This tax
14 does not apply (i) if the use of the aircraft is otherwise
15 taxed under the Use Tax Act; (ii) if the aircraft is bought
16 and used by a governmental agency or a society, association,
17 foundation, or institution organized and operated exclusively
18 for charitable, religious, or educational purposes; (iii) if
19 the use of the aircraft is not subject to the Use Tax Act by
20 reason of subsection (a), (b), (c), (d), or (e) of Section
21 3-55 of that Act dealing with the prevention of actual or
22 likely multistate taxation; or (iv) if the transfer is a gift
23 to a beneficiary in the administration of an estate and the
24 beneficiary is a surviving spouse. The rate of tax shall be
25 6.25% of the selling price for each purchase of aircraft that
26 qualifies under this Law. For purposes of calculating the tax
27 due under this Law when an aircraft is acquired by gift or
28 transfer, the tax shall be imposed on the fair market value
29 of the aircraft on the date the aircraft is acquired or the

1 date the aircraft is brought into the State, whichever is
 2 later. Tax shall be imposed on the selling price of an
 3 aircraft acquired through purchase. However, the selling
 4 price shall not be less than the fair market value of the
 5 aircraft on the date the aircraft is purchased or the date
 6 the aircraft is brought into the State, whichever is later.

7 Section 10-20. Returns. The purchaser, transferee, or
 8 donee shall file a return signed by the purchaser,
 9 transferee, or donee with the Department of Revenue on a form
 10 prescribed by the Department. The return shall contain
 11 substantially the following paragraph and such other
 12 information as the Department may reasonably require:

13 VERIFICATION

14 I declare that I have examined this return and, to the
 15 best of my knowledge, it is true, correct, and complete. I
 16 understand that the penalty for willfully filing a false
 17 return shall be a fine not to exceed \$1,000 or imprisonment
 18 in a penal institution other than the penitentiary not to
 19 exceed one year, or both a fine and imprisonment.

20
 21 Date Signature of purchaser,
 22 transferee, or donee

23 The return and payment from the purchaser, transferee, or
 24 donee shall be submitted to the Department within 30 days
 25 after the date of purchase, donation, or other transfer or
 26 the date the aircraft is brought into the State, whichever is
 27 later. Payment of tax shall be a condition to securing
 28 registration of the aircraft from the Division of Aeronautics
 29 of the Department of Transportation.

30 When a purchaser, transferee, or donee pays the tax
 31 imposed by Section 10-15 of this Law, the Department (upon
 32 request therefor from the purchaser, transferee, or donee)
 33 shall issue an appropriate receipt to the purchaser,

1 transferee, or donee showing that he or she has paid such tax
2 to the Department. The receipt shall be sufficient to relieve
3 the purchaser, transferee, or donee from further liability
4 for the tax to which the receipt may refer.

5 Section 10-25. Filing false or incomplete return. Any
6 person required to file a return under this Law who willfully
7 files a false or incomplete return is guilty of a Class A
8 misdemeanor.

9 Section 10-30. Determining selling price. For the purpose
10 of assisting in determining the validity of the "selling
11 price" reported on returns filed with the Department, the
12 Department may furnish the following information to persons
13 with whom the Department has contracted for service related
14 to making that determination: the selling price stated on the
15 return; the aircraft identification number; the year, the
16 make, and the model name or number of the aircraft; the
17 purchase date; and the hours of operation.

18 Section 10-35. Powers of Department. The Department shall
19 have full power to administer and enforce this Law; to
20 collect all taxes, penalties, and interest due hereunder; to
21 dispose of taxes, penalties, and interest so collected in the
22 manner hereinafter provided, and to determine all rights to
23 credit memoranda or refunds arising on account of the
24 erroneous payment of tax, penalty, or interest hereunder. In
25 the administration of, and compliance with, this Law, the
26 Department and persons who are subject to this Law shall have
27 the same rights, remedies, privileges, immunities, powers,
28 and duties, and be subject to the same conditions,
29 restrictions, limitations, penalties, and definitions of
30 terms, and employ the same modes of procedure, as are
31 prescribed in the Use Tax Act, as now or hereafter amended

1 (except for the provisions of Section 3-70), which are not
2 inconsistent with this Law, as fully as if the provisions of
3 the Use Tax Act were set forth in this Law. In addition to
4 any other penalties imposed under law, any person convicted
5 of violating the provisions of this Law, shall be assessed a
6 fine of \$1,000.

7 Section 10-40. Payments to Local Government Distributive
8 Fund and General Revenue Fund. The Department of Revenue
9 shall each month, upon collecting any taxes as provided in
10 this Law, pay the money collected from the 1.25% portion of
11 the 6.25% rate into the Local Government Distributive Fund, a
12 special fund in the State treasury. The remainder shall be
13 paid into the General Revenue Fund.

14 Section 10-45. Rules. The Department shall have the
15 authority to adopt such rules as are reasonable and necessary
16 to implement the provisions of this Law.

17 Section 10-905. The Retailers' Occupation Tax Act is
18 amended by changing Section 1c as follows:

19 (35 ILCS 120/1c) (from Ch. 120, par. 440c)

20 Sec. 1c. A person who is engaged in the business of
21 leasing or renting motor vehicles or, beginning July 1, 2003,
22 aircraft to others and who, in connection with such business
23 sells any used motor vehicle or aircraft to a purchaser for
24 his use and not for the purpose of resale, is a retailer
25 engaged in the business of selling tangible personal property
26 at retail under this Act to the extent of the value of the
27 vehicle or aircraft sold. For the purpose of this Section
28 "motor vehicle" has the meaning prescribed in Section 1-157
29 of the Illinois Vehicle Code, as now or hereafter amended.
30 For the purpose of this Section "aircraft" has the meaning

1 prescribed in Section 3 of the Illinois Aeronautics Act.
 2 (Nothing provided herein shall affect liability incurred
 3 under this Act because of the sale at retail of such motor
 4 vehicles or aircraft to a lessor.)
 5 (Source: P.A. 80-598.)

6 Section 10-910. The Illinois Aeronautics Act is amended
 7 by changing Section 42 as follows:

8 (620 ILCS 5/42) (from Ch. 15 1/2, par. 22.42)
 9 Sec. 42. Regulation of aircraft, airmen, and airports.

10 (a) The general public interest and safety, the safety
 11 of persons operating, using, or traveling in, aircraft, and
 12 of persons and property on the ground, and the interest of
 13 aeronautical progress require that aircraft operated within
 14 this State should be airworthy, that airmen should be
 15 properly qualified, and that air navigation facilities should
 16 be suitable for the purposes for which they are designed.
 17 The purposes of this Act require that the Department should
 18 be enabled to exercise the powers of regulation and
 19 supervision herein granted. The advantage of uniform
 20 regulation makes it desirable that aircraft operated within
 21 this State should conform with respect to design,
 22 construction, and airworthiness to the standards prescribed
 23 by the United States Government with respect to civil
 24 aircraft subject to its jurisdiction and that persons
 25 engaging in aeronautics within this State should have the
 26 qualifications necessary for obtaining and holding
 27 appropriate airman certificates of the United States. It is
 28 desirable and right that all applicable fees and taxes shall
 29 be paid with respect to aircraft operated within this State.

30 (b) In light of the findings in subsection (a), the
 31 Department is authorized:

32 (1) To require the registration, every 2 years, of

1 federal licenses, certificates or permits of civil
2 aircraft engaged in air navigation within this State, and
3 of airmen engaged in aeronautics within this State, and
4 to issue certificates of such registration. These
5 certificates of registration constitute the authorization
6 of such aircraft and airmen for operations within this
7 State to the extent permitted by the federal licenses,
8 certificates or permits so registered. It shall charge a
9 fee, payable every 2 years, for the registration of each
10 federal license, certificate or permit of \$10 for each
11 airman's certificate and \$20 for each aircraft
12 certificate. It may accept as evidence of the holding of
13 a federal license, certificate or permit the verified
14 application of the airman or the owner of the aircraft,
15 which application shall contain such information as the
16 Department may by rule, ruling, regulation, order or
17 decision prescribe. The Department's authority to
18 register aircraft or to issue certificates of
19 registration is limited as follows:

20 (i) Except as to any aircraft vehicle
21 purchased before March 8, 1963, the Department, in
22 the case of the first registration of any aircraft
23 vehicle for any given owner on or after March 8,
24 1963, may not issue a certificate of registration
25 with respect to any aircraft vehicle until after the
26 Department has been satisfied that no tax under the
27 Use Tax Act, the Aircraft Use Tax Law, the Municipal
28 Use Tax Act, or the Home Rule County Use Tax Law is
29 owing by reason of the use of the vehicle in
30 Illinois or that any tax so imposed has been paid. A
31 receipt issued under those Acts by the Department of
32 Revenue constitutes proof of payment of the tax. For
33 the purpose of this paragraph, "aircraft vehicle"
34 means a single aircraft.

1 (ii) If the proof of payment of the tax or of
2 nonliability therefor is, after the issuance of the
3 certificate of registration, found to be invalid,
4 the Department shall revoke the certificate and
5 require that the certificate be returned to the
6 Department.

7 (2) To classify and approve airports and restricted
8 landing areas and any alterations or extensions thereof.
9 Certificates of approval issued pursuant to this
10 paragraph, or pursuant to any prior law, shall be issued
11 in the name of the applicant and shall be transferable
12 upon a change of ownership or control of the airport or
13 restricted landing area only after approval of the
14 Department. No charge or fee shall be made or imposed for
15 any kind of certificate of approval or a transfer
16 thereof.

17 (3) To revoke, temporarily or permanently, any
18 certificate of registration of an aircraft or airman
19 issued by it, or to refuse to issue any such certificate
20 of registration, when it shall reasonably determine that
21 any aircraft is not airworthy, or that any airman:

22 (i) is not qualified;

23 (ii) has willfully violated the laws of this
24 State pertaining to aeronautics or any rules,
25 rulings, regulations, orders, or decisions issued
26 pursuant thereto, or any Federal law or any rule or
27 regulation issued pursuant thereto;

28 (iii) is addicted to the use of narcotics or
29 other habit forming drug, or to the excessive use of
30 intoxicating liquor;

31 (iv) has made any false statement in any
32 application for registration of a federal license,
33 certificate or permit; or

34 (v) has been guilty of other conduct, acts, or

1 practices dangerous to the public safety or the
2 safety of those engaged in aeronautics.

3 (c) The Department may refuse to issue or may suspend
4 the certificate of any person who fails to file a return, or
5 to pay the tax, penalty or interest shown in a filed return,
6 or to pay any final assessment of tax, penalty or interest,
7 as required by any tax Act administered by the Illinois
8 Department of Revenue, until such time as the requirements of
9 any such tax Act are satisfied.

10 (Source: P.A. 92-341, eff. 8-10-01.)

11 ARTICLE 50

12 Section 50-22. The Use Tax Act is amended by changing
13 Sections 2a, 3-5, 3-7, and 3-85 as follows:

14 (35 ILCS 105/2a) (from Ch. 120, par. 439.2a)

15 Sec. 2a. "Pollution control facilities" means any system,
16 method, construction, device or appliance appurtenant thereto
17 sold or used or intended for the primary purpose of
18 eliminating, preventing, or reducing air and water pollution
19 as the term "air pollution" or "water pollution" is defined
20 in the "Environmental Protection Act", enacted by the 76th
21 General Assembly, or for the primary purpose of treating,
22 pretreating, modifying or disposing of any potential solid,
23 liquid or gaseous pollutant which if released without such
24 treatment, pretreatment, modification or disposal might be
25 harmful, detrimental or offensive to human, plant or animal
26 life, or to property.

27 Until July 1, 2003, the purchase, employment and transfer
28 of such tangible personal property as pollution control
29 facilities is not a purchase, use or sale of tangible
30 personal property.

31 (Source: P.A. 76-2447.)

1 (35 ILCS 105/3-5) (from Ch. 120, par. 439.3-5)

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 not-for-profit
12 Illinois county fair association for use in conducting,
13 operating, or promoting the county fair.

14 (3) Personal property purchased by 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) Personal property purchased by a governmental body,
30 by a corporation, society, association, foundation, or
31 institution organized and operated exclusively for
32 charitable, religious, or educational purposes, or by a
33 not-for-profit corporation, society, association, foundation,
34 institution, or organization that has no compensated officers

1 or employees and that is organized and operated primarily for
2 the recreation of persons 55 years of age or older. A limited
3 liability company may qualify for the exemption under this
4 paragraph only if the limited liability company is organized
5 and operated exclusively for educational purposes. On and
6 after July 1, 1987, however, no entity otherwise eligible for
7 this exemption shall make tax-free purchases unless it has an
8 active exemption identification number issued by the
9 Department.

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

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

22 (7) Farm chemicals.

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

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

30 (10) A motor vehicle of the first division, a motor
31 vehicle of the second division that is a self-contained motor
32 vehicle designed or permanently converted to provide living
33 quarters for recreational, camping, or travel use, with
34 direct walk through to the living quarters from the driver's

1 seat, or a motor vehicle of the second division that is of
2 the van configuration designed for the transportation of not
3 less than 7 nor more than 16 passengers, as defined in
4 Section 1-146 of the Illinois Vehicle Code, that is used for
5 automobile renting, as defined in the Automobile Renting
6 Occupation and Use Tax Act.

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

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

34 Farm machinery and equipment also includes computers,

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

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

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

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

33 (15) Photoprocessing machinery and equipment, including
34 repair and replacement parts, both new and used, including

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

5 (16) Until July 1, 2003, coal exploration, mining,
6 offhighway hauling, processing, maintenance, and reclamation
7 equipment, including replacement parts and equipment, and
8 including equipment purchased for lease, but excluding motor
9 vehicles required to be registered under the Illinois Vehicle
10 Code.

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

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

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

33 (20) Semen used for artificial insemination of livestock
34 for direct agricultural production.

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

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

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

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

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

27 (25) Beginning with taxable years ending on or after
28 December 31, 1995 and ending with taxable years ending on or
29 before December 31, 2004, personal property that is used in
30 the performance of infrastructure repairs in this State,
31 including but not limited to municipal roads and streets,
32 access roads, bridges, sidewalks, waste disposal systems,
33 water and sewer line extensions, water distribution and
34 purification facilities, storm water drainage and retention

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

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

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

31 (28) Beginning January 1, 2000, personal property,
32 including food, purchased through fundraising events for the
33 benefit of a public or private elementary or secondary
34 school, a group of those schools, or one or more school

1 districts if the events are sponsored by an entity recognized
2 by the school district that consists primarily of volunteers
3 and includes parents and teachers of the school children.
4 This paragraph does not apply to fundraising events (i) for
5 the benefit of private home instruction or (ii) for which the
6 fundraising entity purchases the personal property sold at
7 the events from another individual or entity that sold the
8 property for the purpose of resale by the fundraising entity
9 and that profits from the sale to the fundraising entity.
10 This paragraph is exempt from the provisions of Section 3-90.

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

21 (30) 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 nonprescription
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 (31) Beginning on the effective date of this amendatory
32 Act of the 92nd General Assembly, computers and
33 communications equipment utilized for any hospital purpose
34 and equipment used in the diagnosis, analysis, or treatment

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

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

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

12 (Source: P.A. 91-51, eff. 6-30-99; 91-200, eff. 7-20-99;
13 91-439, eff. 8-6-99; 91-637, eff. 8-20-99; 91-644, eff.
14 8-20-99; 91-901, eff. 1-1-01; 92-35, eff. 7-1-01; 92-227,
15 eff. 8-2-01; 92-337, eff. 8-10-01; 92-484, eff. 8-23-01;
16 92-651, eff. 7-11-02.)

17 (35 ILCS 105/3-7)

18 Sec. 3-7. Aggregate manufacturing exemption. Through
19 June 30, 2003 ~~December--31,--2007~~, the use of aggregate
20 exploration, mining, offhighway hauling, processing,
21 maintenance, and reclamation equipment, including replacement
22 parts and equipment, and including equipment purchased for
23 lease, but excluding motor vehicles required to be registered
24 under the Illinois Vehicle Code, is exempt from the tax
25 imposed by this Act.

26 (Source: P.A. 92-603, eff. 6-28-02.)

27 (35 ILCS 105/3-85)

28 Sec. 3-85. Manufacturer's Purchase Credit. For purchases
29 of machinery and equipment made on and after January 1, 1995
30 and through June 30, 2003, a purchaser of manufacturing
31 machinery and equipment that qualifies for the exemption
32 provided by paragraph (18) of Section 3-5 of this Act earns a

1 credit in an amount equal to a fixed percentage of the tax
2 which would have been incurred under this Act on those
3 purchases. For purchases of graphic arts machinery and
4 equipment made on or after July 1, 1996 and through June 30,
5 2003, a purchaser of graphic arts machinery and equipment
6 that qualifies for the exemption provided by paragraph (6) of
7 Section 3-5 of this Act earns a credit in an amount equal to
8 a fixed percentage of the tax that would have been incurred
9 under this Act on those purchases. The credit earned for
10 purchases of manufacturing machinery and equipment or graphic
11 arts machinery and equipment shall be referred to as the
12 Manufacturer's Purchase Credit. A graphic arts producer is a
13 person engaged in graphic arts production as defined in
14 Section 2-30 of the Retailers' Occupation Tax Act. Beginning
15 July 1, 1996, all references in this Section to manufacturers
16 or manufacturing shall also be deemed to refer to graphic
17 arts producers or graphic arts production.

18 The amount of credit shall be a percentage of the tax
19 that would have been incurred on the purchase of
20 manufacturing machinery and equipment or graphic arts
21 machinery and equipment if the exemptions provided by
22 paragraph (6) or paragraph (18) of Section 3-5 of this Act
23 had not been applicable. The percentage shall be as follows:

24 (1) 15% for purchases made on or before June 30,
25 1995.

26 (2) 25% for purchases made after June 30, 1995, and
27 on or before June 30, 1996.

28 (3) 40% for purchases made after June 30, 1996, and
29 on or before June 30, 1997.

30 (4) 50% for purchases made on or after July 1,
31 1997.

32 A purchaser of production related tangible personal
33 property desiring to use the Manufacturer's Purchase Credit
34 shall certify to the seller prior to October 1, 2003 that the

1 purchaser is satisfying all or part of the liability under
2 the Use Tax Act or the Service Use Tax Act that is due on the
3 purchase of the production related tangible personal property
4 by use of Manufacturer's Purchase Credit. The Manufacturer's
5 Purchase Credit certification must be dated and shall include
6 the name and address of the purchaser, the purchaser's
7 registration number, if registered, the credit being applied,
8 and a statement that the State Use Tax or Service Use Tax
9 liability is being satisfied with the manufacturer's or
10 graphic arts producer's accumulated purchase credit.
11 Certification may be incorporated into the manufacturer's or
12 graphic arts producer's purchase order. Manufacturer's
13 Purchase Credit certification provided by the manufacturer or
14 graphic arts producer prior to October 1, 2003 may be used to
15 satisfy the retailer's or serviceman's liability under the
16 Retailers' Occupation Tax Act or Service Occupation Tax Act
17 for the credit claimed, not to exceed 6.25% of the receipts
18 subject to tax from a qualifying purchase, but only if the
19 retailer or serviceman reports the Manufacturer's Purchase
20 Credit claimed as required by the Department. A
21 Manufacturer's Purchase Credit reported on any original or
22 amended return filed under this Act after October 20, 2003
23 shall be disallowed. The Manufacturer's Purchase Credit
24 earned by purchase of exempt manufacturing machinery and
25 equipment or graphic arts machinery and equipment is a
26 non-transferable credit. A manufacturer or graphic arts
27 producer that enters into a contract involving the
28 installation of tangible personal property into real estate
29 within a manufacturing or graphic arts production facility
30 may, prior to October 1, 2003, authorize a construction
31 contractor to utilize credit accumulated by the manufacturer
32 or graphic arts producer to purchase the tangible personal
33 property. A manufacturer or graphic arts producer intending
34 to use accumulated credit to purchase such tangible personal

1 property shall execute a written contract authorizing the
2 contractor to utilize a specified dollar amount of credit.
3 The contractor shall furnish, prior to October 1, 2003, the
4 supplier with the manufacturer's or graphic arts producer's
5 name, registration or resale number, and a statement that a
6 specific amount of the Use Tax or Service Use Tax liability,
7 not to exceed 6.25% of the selling price, is being satisfied
8 with the credit. The manufacturer or graphic arts producer
9 shall remain liable to timely report all information required
10 by the annual Report of Manufacturer's Purchase Credit Used
11 for all credit utilized by a construction contractor.

12 The Manufacturer's Purchase Credit may be used to satisfy
13 liability under the Use Tax Act or the Service Use Tax Act
14 due on the purchase of production related tangible personal
15 property (including purchases by a manufacturer, by a graphic
16 arts producer, or by a lessor who rents or leases the use of
17 the property to a manufacturer or graphic arts producer) that
18 does not otherwise qualify for the manufacturing machinery
19 and equipment exemption or the graphic arts machinery and
20 equipment exemption. "Production related tangible personal
21 property" means (i) all tangible personal property used or
22 consumed by the purchaser in a manufacturing facility in
23 which a manufacturing process described in Section 2-45 of
24 the Retailers' Occupation Tax Act takes place, including
25 tangible personal property purchased for incorporation into
26 real estate within a manufacturing facility and including,
27 but not limited to, tangible personal property used or
28 consumed in activities such as preproduction material
29 handling, receiving, quality control, inventory control,
30 storage, staging, and packaging for shipping and
31 transportation purposes; (ii) all tangible personal property
32 used or consumed by the purchaser in a graphic arts facility
33 in which graphic arts production as described in Section 2-30
34 of the Retailers' Occupation Tax Act takes place, including

1 tangible personal property purchased for incorporation into
2 real estate within a graphic arts facility and including, but
3 not limited to, all tangible personal property used or
4 consumed in activities such as graphic arts preliminary or
5 pre-press production, pre-production material handling,
6 receiving, quality control, inventory control, storage,
7 staging, sorting, labeling, mailing, tying, wrapping, and
8 packaging; and (iii) all tangible personal property used or
9 consumed by the purchaser for research and development.
10 "Production related tangible personal property" does not
11 include (i) tangible personal property used, within or
12 without a manufacturing facility, in sales, purchasing,
13 accounting, fiscal management, marketing, personnel
14 recruitment or selection, or landscaping or (ii) tangible
15 personal property required to be titled or registered with a
16 department, agency, or unit of federal, state, or local
17 government. The Manufacturer's Purchase Credit may be used,
18 prior to October 1, 2003, to satisfy the tax arising either
19 from the purchase of machinery and equipment on or after
20 January 1, 1995 for which the exemption provided by paragraph
21 (18) of Section 3-5 of this Act was erroneously claimed, or
22 the purchase of machinery and equipment on or after July 1,
23 1996 for which the exemption provided by paragraph (6) of
24 Section 3-5 of this Act was erroneously claimed, but not in
25 satisfaction of penalty, if any, and interest for failure to
26 pay the tax when due. A purchaser of production related
27 tangible personal property who is required to pay Illinois
28 Use Tax or Service Use Tax on the purchase directly to the
29 Department may, prior to October 1, 2003, utilize the
30 Manufacturer's Purchase Credit in satisfaction of the tax
31 arising from that purchase, but not in satisfaction of
32 penalty and interest. A purchaser who uses the Manufacturer's
33 Purchase Credit to purchase property which is later
34 determined not to be production related tangible personal

1 property may be liable for tax, penalty, and interest on the
2 purchase of that property as of the date of purchase but
3 shall be entitled to use the disallowed Manufacturer's
4 Purchase Credit, so long as it has not expired and is used
5 prior to October 1, 2003, on qualifying purchases of
6 production related tangible personal property not previously
7 subject to credit usage. The Manufacturer's Purchase Credit
8 earned by a manufacturer or graphic arts producer expires the
9 last day of the second calendar year following the calendar
10 year in which the credit arose. No Manufacturer's Purchase
11 Credit may be used after September 30, 2003 regardless of
12 when that credit was earned.

13 A purchaser earning Manufacturer's Purchase Credit shall
14 sign and file an annual Report of Manufacturer's Purchase
15 Credit Earned for each calendar year no later than the last
16 day of the sixth month following the calendar year in which a
17 Manufacturer's Purchase Credit is earned. A Report of
18 Manufacturer's Purchase Credit Earned shall be filed on forms
19 as prescribed or approved by the Department and shall state,
20 for each month of the calendar year: (i) the total purchase
21 price of all purchases of exempt manufacturing or graphic
22 arts machinery on which the credit was earned; (ii) the total
23 State Use Tax or Service Use Tax which would have been due on
24 those items; (iii) the percentage used to calculate the
25 amount of credit earned; (iv) the amount of credit earned;
26 and (v) such other information as the Department may
27 reasonably require. A purchaser earning Manufacturer's
28 Purchase Credit shall maintain records which identify, as to
29 each purchase of manufacturing or graphic arts machinery and
30 equipment on which the purchaser earned Manufacturer's
31 Purchase Credit, the vendor (including, if applicable, either
32 the vendor's registration number or Federal Employer
33 Identification Number), the purchase price, and the amount of
34 Manufacturer's Purchase Credit earned on each purchase.

1 A purchaser using Manufacturer's Purchase Credit shall
2 sign and file an annual Report of Manufacturer's Purchase
3 Credit Used for each calendar year no later than the last day
4 of the sixth month following the calendar year in which a
5 Manufacturer's Purchase Credit is used. A Report of
6 Manufacturer's Purchase Credit Used shall be filed on forms
7 as prescribed or approved by the Department and shall state,
8 for each month of the calendar year: (i) the total purchase
9 price of production related tangible personal property
10 purchased from Illinois suppliers; (ii) the total purchase
11 price of production related tangible personal property
12 purchased from out-of-state suppliers; (iii) the total amount
13 of credit used during such month; and (iv) such other
14 information as the Department may reasonably require. A
15 purchaser using Manufacturer's Purchase Credit shall maintain
16 records that identify, as to each purchase of production
17 related tangible personal property on which the purchaser
18 used Manufacturer's Purchase Credit, the vendor (including,
19 if applicable, either the vendor's registration number or
20 Federal Employer Identification Number), the purchase price,
21 and the amount of Manufacturer's Purchase Credit used on each
22 purchase.

23 No annual report shall be filed before May 1, 1996 or
24 after June 30, 2004. A purchaser that fails to file an annual
25 Report of Manufacturer's Purchase Credit Earned or an annual
26 Report of Manufacturer's Purchase Credit Used by the last day
27 of the sixth month following the end of the calendar year
28 shall forfeit all Manufacturer's Purchase Credit for that
29 calendar year unless it establishes that its failure to file
30 was due to reasonable cause. Manufacturer's Purchase Credit
31 reports may be amended to report and claim credit on
32 qualifying purchases not previously reported at any time
33 before the credit would have expired, unless both the
34 Department and the purchaser have agreed to an extension of

1 the statute of limitations for the issuance of a notice of
2 tax liability as provided in Section 4 of the Retailers'
3 Occupation Tax Act. If the time for assessment or refund has
4 been extended, then amended reports for a calendar year may
5 be filed at any time prior to the date to which the statute
6 of limitations for the calendar year or portion thereof has
7 been extended. No Manufacturer's Purchase Credit report filed
8 with the Department for periods prior to January 1, 1995
9 shall be approved. Manufacturer's Purchase Credit claimed on
10 an amended report may be used, until October 1, 2003, to
11 satisfy tax liability under the Use Tax Act or the Service
12 Use Tax Act (i) on qualifying purchases of production related
13 tangible personal property made after the date the amended
14 report is filed or (ii) assessed by the Department on
15 qualifying purchases of production related tangible personal
16 property made in the case of manufacturers on or after
17 January 1, 1995, or in the case of graphic arts producers on
18 or after July 1, 1996.

19 If the purchaser is not the manufacturer or a graphic
20 arts producer, but rents or leases the use of the property to
21 a manufacturer or graphic arts producer, the purchaser may
22 earn, report, and use Manufacturer's Purchase Credit in the
23 same manner as a manufacturer or graphic arts producer.

24 A purchaser shall not be entitled to any Manufacturer's
25 Purchase Credit for a purchase that is required to be
26 reported and is not timely reported as provided in this
27 Section. A purchaser remains liable for (i) any tax that was
28 satisfied by use of a Manufacturer's Purchase Credit, as of
29 the date of purchase, if that use is not timely reported as
30 required in this Section and (ii) for any applicable
31 penalties and interest for failing to pay the tax when due.
32 No Manufacturer's Purchase Credit may be used after September
33 30, 2003 to satisfy any tax liability imposed under this Act,
34 including any audit liability.

1 (Source: P.A. 88-547, eff. 6-30-94; 89-89, eff. 6-30-95;
2 89-235, eff. 8-4-95; 89-531, eff. 7-19-96.)

3 Section 50-23. The Service Use Tax Act is amended by
4 changing Sections 2, 2a, 3-5, 3-7, and 3-70 as follows:

5 (35 ILCS 110/2) (from Ch. 120, par. 439.32)

6 Sec. 2. "Use" means the exercise by any person of any
7 right or power over tangible personal property incident to
8 the ownership of that property, but does not include the sale
9 or use for demonstration by him of that property in any form
10 as tangible personal property in the regular course of
11 business. "Use" does not mean the interim use of tangible
12 personal property nor the physical incorporation of tangible
13 personal property, as an ingredient or constituent, into
14 other tangible personal property, (a) which is sold in the
15 regular course of business or (b) which the person
16 incorporating such ingredient or constituent therein has
17 undertaken at the time of such purchase to cause to be
18 transported in interstate commerce to destinations outside
19 the State of Illinois.

20 "Purchased from a serviceman" means the acquisition of
21 the ownership of, or title to, tangible personal property
22 through a sale of service.

23 "Purchaser" means any person who, through a sale of
24 service, acquires the ownership of, or title to, any tangible
25 personal property.

26 "Cost price" means the consideration paid by the
27 serviceman for a purchase valued in money, whether paid in
28 money or otherwise, including cash, credits and services, and
29 shall be determined without any deduction on account of the
30 supplier's cost of the property sold or on account of any
31 other expense incurred by the supplier. When a serviceman
32 contracts out part or all of the services required in his

1 sale of service, it shall be presumed that the cost price to
2 the serviceman of the property transferred to him or her by
3 his or her subcontractor is equal to 50% of the
4 subcontractor's charges to the serviceman in the absence of
5 proof of the consideration paid by the subcontractor for the
6 purchase of such property.

7 "Selling price" means the consideration for a sale valued
8 in money whether received in money or otherwise, including
9 cash, credits and service, and shall be determined without
10 any deduction on account of the serviceman's cost of the
11 property sold, the cost of materials used, labor or service
12 cost or any other expense whatsoever, but does not include
13 interest or finance charges which appear as separate items on
14 the bill of sale or sales contract nor charges that are added
15 to prices by sellers on account of the seller's duty to
16 collect, from the purchaser, the tax that is imposed by this
17 Act.

18 "Department" means the Department of Revenue.

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

24 "Sale of service" means any transaction except:

25 (1) a retail sale of tangible personal property
26 taxable under the Retailers' Occupation Tax Act or under
27 the Use Tax Act.

28 (2) a sale of tangible personal property for the
29 purpose of resale made in compliance with Section 2c of
30 the Retailers' Occupation Tax Act.

31 (3) except as hereinafter provided, a sale or
32 transfer of tangible personal property as an incident to
33 the rendering of service for or by any governmental body,
34 or for or by any corporation, society, association,

1 foundation or institution organized and operated
2 exclusively for charitable, religious or educational
3 purposes or any not-for-profit corporation, society,
4 association, foundation, institution or organization
5 which has no compensated officers or employees and which
6 is organized and operated primarily for the recreation of
7 persons 55 years of age or older. A limited liability
8 company may qualify for the exemption under this
9 paragraph only if the limited liability company is
10 organized and operated exclusively for educational
11 purposes.

12 (4) a sale or transfer of tangible personal
13 property as an incident to the rendering of service for
14 interstate carriers for hire for use as rolling stock
15 moving in interstate commerce or by lessors under a lease
16 of one year or longer, executed or in effect at the time
17 of purchase of personal property, to interstate carriers
18 for hire for use as rolling stock moving in interstate
19 commerce so long as so used by such interstate carriers
20 for hire, and equipment operated by a telecommunications
21 provider, licensed as a common carrier by the Federal
22 Communications Commission, which is permanently installed
23 in or affixed to aircraft moving in interstate commerce.

24 (4a) a sale or transfer of tangible personal
25 property as an incident to the rendering of service for
26 owners, lessors, or shippers of tangible personal
27 property which is utilized by interstate carriers for
28 hire for use as rolling stock moving in interstate
29 commerce so long as so used by interstate carriers for
30 hire, and equipment operated by a telecommunications
31 provider, licensed as a common carrier by the Federal
32 Communications Commission, which is permanently installed
33 in or affixed to aircraft moving in interstate commerce.

34 (5) a sale or transfer of machinery and equipment

1 used primarily in the process of the manufacturing or
2 assembling, either in an existing, an expanded or a new
3 manufacturing facility, of tangible personal property for
4 wholesale or retail sale or lease, whether such sale or
5 lease is made directly by the manufacturer or by some
6 other person, whether the materials used in the process
7 are owned by the manufacturer or some other person, or
8 whether such sale or lease is made apart from or as an
9 incident to the seller's engaging in a service occupation
10 and the applicable tax is a Service Use Tax or Service
11 Occupation Tax, rather than Use Tax or Retailers'
12 Occupation Tax.

13 (5a) the repairing, reconditioning or remodeling,
14 for a common carrier by rail, of tangible personal
15 property which belongs to such carrier for hire, and as
16 to which such carrier receives the physical possession of
17 the repaired, reconditioned or remodeled item of tangible
18 personal property in Illinois, and which such carrier
19 transports, or shares with another common carrier in the
20 transportation of such property, out of Illinois on a
21 standard uniform bill of lading showing the person who
22 repaired, reconditioned or remodeled the property to a
23 destination outside Illinois, for use outside Illinois.

24 (5b) a sale or transfer of tangible personal
25 property which is produced by the seller thereof on
26 special order in such a way as to have made the
27 applicable tax the Service Occupation Tax or the Service
28 Use Tax, rather than the Retailers' Occupation Tax or the
29 Use Tax, for an interstate carrier by rail which receives
30 the physical possession of such property in Illinois, and
31 which transports such property, or shares with another
32 common carrier in the transportation of such property,
33 out of Illinois on a standard uniform bill of lading
34 showing the seller of the property as the shipper or

1 consignor of such property to a destination outside
2 Illinois, for use outside Illinois.

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

11 (7) at the election of any serviceman not required
12 to be otherwise registered as a retailer under Section 2a
13 of the Retailers' Occupation Tax Act, made for each
14 fiscal year sales of service in which the aggregate
15 annual cost price of tangible personal property
16 transferred as an incident to the sales of service is
17 less than 35%, or 75% in the case of servicemen
18 transferring prescription drugs or servicemen engaged in
19 graphic arts production, of the aggregate annual total
20 gross receipts from all sales of service. The purchase of
21 such tangible personal property by the serviceman shall
22 be subject to tax under the Retailers' Occupation Tax Act
23 and the Use Tax Act. However, if a primary serviceman who
24 has made the election described in this paragraph
25 subcontracts service work to a secondary serviceman who
26 has also made the election described in this paragraph,
27 the primary serviceman does not incur a Use Tax liability
28 if the secondary serviceman (i) has paid or will pay Use
29 Tax on his or her cost price of any tangible personal
30 property transferred to the primary serviceman and (ii)
31 certifies that fact in writing to the primary serviceman.
32 Tangible personal property transferred incident to the
33 completion of a maintenance agreement is exempt from the tax
34 imposed pursuant to this Act.

1 Exemption (5) also includes machinery and equipment used
2 in the general maintenance or repair of such exempt machinery
3 and equipment or for in-house manufacture of exempt machinery
4 and equipment. For the purposes of exemption (5), each of
5 these terms shall have the following meanings: (1)
6 "manufacturing process" shall mean the production of any
7 article of tangible personal property, whether such article
8 is a finished product or an article for use in the process of
9 manufacturing or assembling a different article of tangible
10 personal property, by procedures commonly regarded as
11 manufacturing, processing, fabricating, or refining which
12 changes some existing material or materials into a material
13 with a different form, use or name. In relation to a
14 recognized integrated business composed of a series of
15 operations which collectively constitute manufacturing, or
16 individually constitute manufacturing operations, the
17 manufacturing process shall be deemed to commence with the
18 first operation or stage of production in the series, and
19 shall not be deemed to end until the completion of the final
20 product in the last operation or stage of production in the
21 series; and further, for purposes of exemption (5),
22 photoprocessing is deemed to be a manufacturing process of
23 tangible personal property for wholesale or retail sale; (2)
24 "assembling process" shall mean the production of any article
25 of tangible personal property, whether such article is a
26 finished product or an article for use in the process of
27 manufacturing or assembling a different article of tangible
28 personal property, by the combination of existing materials
29 in a manner commonly regarded as assembling which results in
30 a material of a different form, use or name; (3) "machinery"
31 shall mean major mechanical machines or major components of
32 such machines contributing to a manufacturing or assembling
33 process; and (4) "equipment" shall include any independent
34 device or tool separate from any machinery but essential to

1 an integrated manufacturing or assembly process; including
2 computers used primarily in a manufacturer's computer
3 assisted design, computer assisted manufacturing (CAD/CAM)
4 system; or any subunit or assembly comprising a component of
5 any machinery or auxiliary, adjunct or attachment parts of
6 machinery, such as tools, dies, jigs, fixtures, patterns and
7 molds; or any parts which require periodic replacement in the
8 course of normal operation; but shall not include hand tools.
9 Equipment includes chemicals or chemicals acting as catalysts
10 but only if the chemicals or chemicals acting as catalysts
11 effect a direct and immediate change upon a product being
12 manufactured or assembled for wholesale or retail sale or
13 lease. The purchaser of such machinery and equipment who has
14 an active resale registration number shall furnish such
15 number to the seller at the time of purchase. The user of
16 such machinery and equipment and tools without an active
17 resale registration number shall prepare a certificate of
18 exemption for each transaction stating facts establishing the
19 exemption for that transaction, which certificate shall be
20 available to the Department for inspection or audit. The
21 Department shall prescribe the form of the certificate.

22 Any informal rulings, opinions or letters issued by the
23 Department in response to an inquiry or request for any
24 opinion from any person regarding the coverage and
25 applicability of exemption (5) to specific devices shall be
26 published, maintained as a public record, and made available
27 for public inspection and copying. If the informal ruling,
28 opinion or letter contains trade secrets or other
29 confidential information, where possible the Department shall
30 delete such information prior to publication. Whenever such
31 informal rulings, opinions, or letters contain any policy of
32 general applicability, the Department shall formulate and
33 adopt such policy as a rule in accordance with the provisions
34 of the Illinois Administrative Procedure Act.

1 On and after July 1, 1987, no entity otherwise eligible
2 under exemption (3) of this Section shall make tax free
3 purchases unless it has an active exemption identification
4 number issued by the Department.

5 The purchase, employment and transfer of such tangible
6 personal property as newsprint and ink for the primary
7 purpose of conveying news (with or without other information)
8 is not a purchase, use or sale of service or of tangible
9 personal property within the meaning of this Act.

10 "Serviceman" means any person who is engaged in the
11 occupation of making sales of service.

12 "Sale at retail" means "sale at retail" as defined in the
13 Retailers' Occupation Tax Act.

14 "Supplier" means any person who makes sales of tangible
15 personal property to servicemen for the purpose of resale as
16 an incident to a sale of service.

17 "Serviceman maintaining a place of business in this
18 State", or any like term, means and includes any serviceman:

19 1. having or maintaining within this State,
20 directly or by a subsidiary, an office, distribution
21 house, sales house, warehouse or other place of business,
22 or any agent or other representative operating within
23 this State under the authority of the serviceman or its
24 subsidiary, irrespective of whether such place of
25 business or agent or other representative is located here
26 permanently or temporarily, or whether such serviceman or
27 subsidiary is licensed to do business in this State;

28 2. soliciting orders for tangible personal property
29 by means of a telecommunication or television shopping
30 system (which utilizes toll free numbers) which is
31 intended by the retailer to be broadcast by cable
32 television or other means of broadcasting, to consumers
33 located in this State;

34 3. pursuant to a contract with a broadcaster or

1 publisher located in this State, soliciting orders for
2 tangible personal property by means of advertising which
3 is disseminated primarily to consumers located in this
4 State and only secondarily to bordering jurisdictions;

5 4. soliciting orders for tangible personal property
6 by mail if the solicitations are substantial and
7 recurring and if the retailer benefits from any banking,
8 financing, debt collection, telecommunication, or
9 marketing activities occurring in this State or benefits
10 from the location in this State of authorized
11 installation, servicing, or repair facilities;

12 5. being owned or controlled by the same interests
13 which own or control any retailer engaging in business in
14 the same or similar line of business in this State;

15 6. having a franchisee or licensee operating under
16 its trade name if the franchisee or licensee is required
17 to collect the tax under this Section;

18 7. pursuant to a contract with a cable television
19 operator located in this State, soliciting orders for
20 tangible personal property by means of advertising which
21 is transmitted or distributed over a cable television
22 system in this State; or

23 8. engaging in activities in Illinois, which
24 activities in the state in which the supply business
25 engaging in such activities is located would constitute
26 maintaining a place of business in that state.

27 (Source: P.A. 91-51, eff. 6-30-99; 92-484, eff. 8-23-01.)

28 (35 ILCS 110/2a) (from Ch. 120, par. 439.32a)

29 Sec. 2a. "Pollution control facilities" means any system,
30 method, construction, device or appliance appurtenant thereto
31 used in this State acquired as an incident to the purchase of
32 a service from a serviceman for the primary purpose of
33 eliminating, preventing, or reducing air and water pollution

1 as the term "air pollution" or "water pollution" is defined
2 in the "Environmental Protection Act", enacted by the 76th
3 General Assembly, or for the primary purpose of treating,
4 pretreating, modifying or disposing of any potential solid,
5 liquid or gaseous pollutant which if released without such
6 treatment, pretreatment, modification or disposal might be
7 harmful, detrimental or offensive to human, plant or animal
8 life, or to property.

9 Until July 1, 2003, the purchase, employment or transfer
10 of such tangible personal property as pollution control
11 facilities is not a purchase, use or sale of service or of
12 tangible personal property within the meaning of this Act.
13 (Source: P.A. 76-2248.)

14 (35 ILCS 110/3-5) (from Ch. 120, par. 439.33-5)

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

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

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

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

1 to, music and dramatic arts organizations such as symphony
2 orchestras and theatrical groups, arts and cultural service
3 organizations, local arts councils, visual arts
4 organizations, and media arts organizations. On and after the
5 effective date of this amendatory Act of the 92nd General
6 Assembly, however, an entity otherwise eligible for this
7 exemption shall not make tax-free purchases unless it has an
8 active identification number issued by the Department.

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

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

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

24 (7) Farm machinery and equipment, both new and used,
25 including that manufactured on special order, certified by
26 the purchaser to be used primarily for production agriculture
27 or State or federal agricultural programs, including
28 individual replacement parts for the machinery and equipment,
29 including machinery and equipment purchased for lease, and
30 including implements of husbandry defined in Section 1-130 of
31 the Illinois Vehicle Code, farm machinery and agricultural
32 chemical and fertilizer spreaders, and nurse wagons required
33 to be registered under Section 3-809 of the Illinois Vehicle
34 Code, but excluding other motor vehicles required to be

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

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

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

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

32 (9) Proceeds of mandatory service charges separately
33 stated on customers' bills for the purchase and consumption
34 of food and beverages acquired as an incident to the purchase

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

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

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

23 (12) Until July 1, 2003, coal exploration, mining,
24 offhighway hauling, processing, maintenance, and reclamation
25 equipment, including replacement parts and equipment, and
26 including equipment purchased for lease, but excluding motor
27 vehicles required to be registered under the Illinois Vehicle
28 Code.

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

31 (14) Horses, or interests in horses, registered with and
32 meeting the requirements of any of the Arabian Horse Club
33 Registry of America, Appaloosa Horse Club, American Quarter
34 Horse Association, United States Trotting Association, or

1 Jockey Club, as appropriate, used for purposes of breeding or
2 racing for prizes.

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

26 (16) Personal property purchased by a lessor who leases
27 the property, under a lease of one year or longer executed or
28 in effect at the time the lessor would otherwise be subject
29 to the tax imposed by this Act, to a governmental body that
30 has been issued an active tax exemption identification number
31 by the Department under Section 1g of the Retailers'
32 Occupation Tax Act. If the property is leased in a manner
33 that does not qualify for this exemption or is used in any
34 other non-exempt manner, the lessor shall be liable for the

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

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

23 (18) 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 used in
26 the performance of infrastructure repairs in this State,
27 including but not limited to municipal roads and streets,
28 access roads, bridges, sidewalks, waste disposal systems,
29 water and sewer line extensions, water distribution and
30 purification facilities, storm water drainage and retention
31 facilities, and sewage treatment facilities, resulting from a
32 State or federally declared disaster in Illinois or bordering
33 Illinois when such repairs are initiated on facilities
34 located in the declared disaster area within 6 months after

1 the disaster.

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

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

27 (21) Beginning January 1, 2000, personal property,
28 including food, purchased through fundraising events for the
29 benefit of a public or private elementary or secondary
30 school, a group of those schools, or one or more school
31 districts if the events are sponsored by an entity recognized
32 by the school district that consists primarily of volunteers
33 and includes parents and teachers of the school children.
34 This paragraph does not apply to fundraising events (i) for

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

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

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

27 (24) Beginning on the effective date of this
28 amendatory Act of the 92nd General Assembly, computers and
29 communications equipment utilized for any hospital purpose
30 and equipment used in the diagnosis, analysis, or treatment
31 of hospital patients purchased by a lessor who leases the
32 equipment, under a lease of one year or longer executed or in
33 effect at the time the lessor would otherwise be subject to
34 the tax imposed by this Act, to a hospital that has been

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

19 (25) Beginning on the effective date of this amendatory
20 Act of the 92nd General Assembly, personal property purchased
21 by a lessor who leases the property, under a lease of one
22 year or longer executed or in effect at the time the lessor
23 would otherwise be subject to the tax imposed by this Act, to
24 a governmental body that has been issued an active tax
25 exemption identification number by the Department under
26 Section 1g of the Retailers' Occupation Tax Act. If the
27 property is leased in a manner that does not qualify for this
28 exemption or is used in any other nonexempt manner, the
29 lessor shall be liable for the tax imposed under this Act or
30 the Use Tax Act, as the case may be, based on the fair market
31 value of the property at the time the nonqualifying use
32 occurs. No lessor shall collect or attempt to collect an
33 amount (however designated) that purports to reimburse that
34 lessor for the tax imposed by this Act or the Use Tax Act, as

1 the case may be, if the tax has not been paid by the lessor.
2 If a lessor improperly collects any such amount from the
3 lessee, the lessee shall have a legal right to claim a refund
4 of that amount from the lessor. If, however, that amount is
5 not refunded to the lessee for any reason, the lessor is
6 liable to pay that amount to the Department. This paragraph
7 is exempt from the provisions of Section 3-75.

8 (Source: P.A. 91-51, eff. 6-30-99; 91-200, eff. 7-20-99;
9 91-439, eff. 8-6-99; 91-637, eff. 8-20-99; 91-644, eff.
10 8-20-99; 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 92-651, eff. 7-11-02.)

13 (35 ILCS 110/3-7)

14 Sec. 3-7. Aggregate manufacturing exemption. Through
15 June 30, 2003 ~~December--31,--2007~~, the use of aggregate
16 exploration, mining, offhighway hauling, processing,
17 maintenance, and reclamation equipment, including replacement
18 parts and equipment, and including equipment purchased for
19 lease, but excluding motor vehicles required to be registered
20 under the Illinois Vehicle Code, is exempt from the tax
21 imposed by this Act.

22 (Source: P.A. 92-603, eff. 6-28-02.)

23 (35 ILCS 110/3-70)

24 Sec. 3-70. Manufacturer's Purchase Credit. For purchases
25 of machinery and equipment made on and after January 1, 1995
26 and through June 30, 2003, a purchaser of manufacturing
27 machinery and equipment that qualifies for the exemption
28 provided by Section 2 of this Act earns a credit in an amount
29 equal to a fixed percentage of the tax which would have been
30 incurred under this Act on those purchases. For purchases of
31 graphic arts machinery and equipment made on or after July 1,
32 1996 and through June 30, 2003, a purchase of graphic arts

1 machinery and equipment that qualifies for the exemption
2 provided by paragraph (5) of Section 3-5 of this Act earns a
3 credit in an amount equal to a fixed percentage of the tax
4 that would have been incurred under this Act on those
5 purchases. The credit earned for the purchase of
6 manufacturing machinery and equipment and graphic arts
7 machinery and equipment shall be referred to as the
8 Manufacturer's Purchase Credit. A graphic arts producer is a
9 person engaged in graphic arts production as defined in
10 Section 3-30 of the Service Occupation Tax Act. Beginning
11 July 1, 1996, all references in this Section to manufacturers
12 or manufacturing shall also refer to graphic arts producers
13 or graphic arts production.

14 The amount of credit shall be a percentage of the tax
15 that would have been incurred on the purchase of the
16 manufacturing machinery and equipment or graphic arts
17 machinery and equipment if the exemptions provided by Section
18 2 or paragraph (5) of Section 3-5 of this Act had not been
19 applicable.

20 All purchases prior to October 1, 2003 of manufacturing
21 machinery and equipment and graphic arts machinery and
22 equipment that qualify for the exemptions provided by
23 paragraph (5) of Section 2 or paragraph (5) of Section 3-5 of
24 this Act qualify for the credit without regard to whether the
25 serviceman elected, or could have elected, under paragraph
26 (7) of Section 2 of this Act to exclude the transaction from
27 this Act. If the serviceman's billing to the service
28 customer separately states a selling price for the exempt
29 manufacturing machinery or equipment or the exempt graphic
30 arts machinery and equipment, the credit shall be calculated,
31 as otherwise provided herein, based on that selling price.
32 If the serviceman's billing does not separately state a
33 selling price for the exempt manufacturing machinery and
34 equipment or the exempt graphic arts machinery and equipment,

1 the credit shall be calculated, as otherwise provided herein,
2 based on 50% of the entire billing. If the serviceman
3 contracts to design, develop, and produce special order
4 manufacturing machinery and equipment or special order
5 graphic arts machinery and equipment, and the billing does
6 not separately state a selling price for such special order
7 machinery and equipment, the credit shall be calculated, as
8 otherwise provided herein, based on 50% of the entire
9 billing. The provisions of this paragraph are effective for
10 purchases made on or after January 1, 1995.

11 The percentage shall be as follows:

12 (1) 15% for purchases made on or before June 30,
13 1995.

14 (2) 25% for purchases made after June 30, 1995, and
15 on or before June 30, 1996.

16 (3) 40% for purchases made after June 30, 1996, and
17 on or before June 30, 1997.

18 (4) 50% for purchases made on or after July 1,
19 1997.

20 A purchaser of production related tangible personal
21 property desiring to use the Manufacturer's Purchase Credit
22 shall certify to the seller prior to October 1, 2003 that the
23 purchaser is satisfying all or part of the liability under
24 the Use Tax Act or the Service Use Tax Act that is due on the
25 purchase of the production related tangible personal property
26 by use of a Manufacturer's Purchase Credit. The
27 Manufacturer's Purchase Credit certification must be dated
28 and shall include the name and address of the purchaser, the
29 purchaser's registration number, if registered, the credit
30 being applied, and a statement that the State Use Tax or
31 Service Use Tax liability is being satisfied with the
32 manufacturer's or graphic arts producer's accumulated
33 purchase credit. Certification may be incorporated into the
34 manufacturer's or graphic arts producer's purchase order.

1 Manufacturer's Purchase Credit certification provided by the
2 manufacturer or graphic arts producer prior to October 1,
3 2003 may be used to satisfy the retailer's or serviceman's
4 liability under the Retailers' Occupation Tax Act or Service
5 Occupation Tax Act for the credit claimed, not to exceed
6 6.25% of the receipts subject to tax from a qualifying
7 purchase, but only if the retailer or serviceman reports the
8 Manufacturer's Purchase Credit claimed as required by the
9 Department. A Manufacturer's Purchase Credit reported on any
10 original or amended return filed under this Act after October
11 20, 2003 shall be disallowed. The Manufacturer's Purchase
12 Credit earned by purchase of exempt manufacturing machinery
13 and equipment or graphic arts machinery and equipment is a
14 non-transferable credit. A manufacturer or graphic arts
15 producer that enters into a contract involving the
16 installation of tangible personal property into real estate
17 within a manufacturing or graphic arts production facility,
18 prior to October 1, 2003, may authorize a construction
19 contractor to utilize credit accumulated by the manufacturer
20 or graphic arts producer to purchase the tangible personal
21 property. A manufacturer or graphic arts producer intending
22 to use accumulated credit to purchase such tangible personal
23 property shall execute a written contract authorizing the
24 contractor to utilize a specified dollar amount of credit.
25 The contractor shall furnish, prior to October 1, 2003, the
26 supplier with the manufacturer's or graphic arts producer's
27 name, registration or resale number, and a statement that a
28 specific amount of the Use Tax or Service Use Tax liability,
29 not to exceed 6.25% of the selling price, is being satisfied
30 with the credit. The manufacturer or graphic arts producer
31 shall remain liable to timely report all information required
32 by the annual Report of Manufacturer's Purchase Credit Used
33 for credit utilized by a construction contractor.

34 The Manufacturer's Purchase Credit may be used to satisfy

1 liability under the Use Tax Act or the Service Use Tax Act
2 due on the purchase of production related tangible personal
3 property (including purchases by a manufacturer, by a graphic
4 arts producer, or a lessor who rents or leases the use of the
5 property to a manufacturer or graphic arts producer) that
6 does not otherwise qualify for the manufacturing machinery
7 and equipment exemption or the graphic arts machinery and
8 equipment exemption. "Production related tangible personal
9 property" means (i) all tangible personal property used or
10 consumed by the purchaser in a manufacturing facility in
11 which a manufacturing process described in Section 2-45 of
12 the Retailers' Occupation Tax Act takes place, including
13 tangible personal property purchased for incorporation into
14 real estate within a manufacturing facility and including,
15 but not limited to, tangible personal property used or
16 consumed in activities such as pre-production material
17 handling, receiving, quality control, inventory control,
18 storage, staging, and packaging for shipping and
19 transportation purposes; (ii) all tangible personal property
20 used or consumed by the purchaser in a graphic arts facility
21 in which graphic arts production as described in Section 2-30
22 of the Retailers' Occupation Tax Act takes place, including
23 tangible personal property purchased for incorporation into
24 real estate within a graphic arts facility and including, but
25 not limited to, all tangible personal property used or
26 consumed in activities such as graphic arts preliminary or
27 pre-press production, pre-production material handling,
28 receiving, quality control, inventory control, storage,
29 staging, sorting, labeling, mailing, tying, wrapping, and
30 packaging; and (iii) all tangible personal property used or
31 consumed by the purchaser for research and development.
32 "Production related tangible personal property" does not
33 include (i) tangible personal property used, within or
34 without a manufacturing or graphic arts facility, in sales,

1 purchasing, accounting, fiscal management, marketing,
2 personnel recruitment or selection, or landscaping or (ii)
3 tangible personal property required to be titled or
4 registered with a department, agency, or unit of federal,
5 state, or local government. The Manufacturer's Purchase
6 Credit may be used, prior to October 1, 2003, to satisfy the
7 tax arising either from the purchase of machinery and
8 equipment on or after January 1, 1995 for which the
9 manufacturing machinery and equipment exemption provided by
10 Section 2 of this Act was erroneously claimed, or the
11 purchase of machinery and equipment on or after July 1, 1996
12 for which the exemption provided by paragraph (5) of Section
13 3-5 of this Act was erroneously claimed, but not in
14 satisfaction of penalty, if any, and interest for failure to
15 pay the tax when due. A purchaser of production related
16 tangible personal property who is required to pay Illinois
17 Use Tax or Service Use Tax on the purchase directly to the
18 Department may, prior to October 1, 2003, utilize the
19 Manufacturer's Purchase Credit in satisfaction of the tax
20 arising from that purchase, but not in satisfaction of
21 penalty and interest. A purchaser who uses the Manufacturer's
22 Purchase Credit to purchase property which is later
23 determined not to be production related tangible personal
24 property may be liable for tax, penalty, and interest on the
25 purchase of that property as of the date of purchase but
26 shall be entitled to use the disallowed Manufacturer's
27 Purchase Credit, so long as it has not expired and is used
28 prior to October 1, 2003, on qualifying purchases of
29 production related tangible personal property not previously
30 subject to credit usage. The Manufacturer's Purchase Credit
31 earned by a manufacturer or graphic arts producer expires the
32 last day of the second calendar year following the calendar
33 year in which the credit arose. No Manufacturer's Purchase
34 Credit may be used after September 30, 2003 regardless of

1 when that credit was earned.

2 A purchaser earning Manufacturer's Purchase Credit shall
3 sign and file an annual Report of Manufacturer's Purchase
4 Credit Earned for each calendar year no later than the last
5 day of the sixth month following the calendar year in which a
6 Manufacturer's Purchase Credit is earned. A Report of
7 Manufacturer's Purchase Credit Earned shall be filed on forms
8 as prescribed or approved by the Department and shall state,
9 for each month of the calendar year: (i) the total purchase
10 price of all purchases of exempt manufacturing or graphic
11 arts machinery on which the credit was earned; (ii) the total
12 State Use Tax or Service Use Tax which would have been due on
13 those items; (iii) the percentage used to calculate the
14 amount of credit earned; (iv) the amount of credit earned;
15 and (v) such other information as the Department may
16 reasonably require. A purchaser earning Manufacturer's
17 Purchase Credit shall maintain records which identify, as to
18 each purchase of manufacturing or graphic arts machinery and
19 equipment on which the purchaser earned Manufacturer's
20 Purchase Credit, the vendor (including, if applicable, either
21 the vendor's registration number or Federal Employer
22 Identification Number), the purchase price, and the amount of
23 Manufacturer's Purchase Credit earned on each purchase.

24 A purchaser using Manufacturer's Purchase Credit shall
25 sign and file an annual Report of Manufacturer's Purchase
26 Credit Used for each calendar year no later than the last day
27 of the sixth month following the calendar year in which a
28 Manufacturer's Purchase Credit is used. A Report of
29 Manufacturer's Purchase Credit Used shall be filed on forms
30 as prescribed or approved by the Department and shall state,
31 for each month of the calendar year: (i) the total purchase
32 price of production related tangible personal property
33 purchased from Illinois suppliers; (ii) the total purchase
34 price of production related tangible personal property

1 purchased from out-of-state suppliers; (iii) the total amount
2 of credit used during such month; and (iv) such other
3 information as the Department may reasonably require. A
4 purchaser using Manufacturer's Purchase Credit shall maintain
5 records that identify, as to each purchase of production
6 related tangible personal property on which the purchaser
7 used Manufacturer's Purchase Credit, the vendor (including,
8 if applicable, either the vendor's registration number or
9 Federal Employer Identification Number), the purchase price,
10 and the amount of Manufacturer's Purchase Credit used on each
11 purchase.

12 No annual report shall be filed before May 1, 1996 or
13 after June 30, 2004. A purchaser that fails to file an annual
14 Report of Manufacturer's Purchase Credit Earned or an annual
15 Report of Manufacturer's Purchase Credit Used by the last day
16 of the sixth month following the end of the calendar year
17 shall forfeit all Manufacturer's Purchase Credit for that
18 calendar year unless it establishes that its failure to file
19 was due to reasonable cause. Manufacturer's Purchase Credit
20 reports may be amended to report and claim credit on
21 qualifying purchases not previously reported at any time
22 before the credit would have expired, unless both the
23 Department and the purchaser have agreed to an extension of
24 the statute of limitations for the issuance of a notice of
25 tax liability as provided in Section 4 of the Retailers'
26 Occupation Tax Act. If the time for assessment or refund has
27 been extended, then amended reports for a calendar year may
28 be filed at any time prior to the date to which the statute
29 of limitations for the calendar year or portion thereof has
30 been extended. No Manufacturer's Purchase Credit report filed
31 with the Department for periods prior to January 1, 1995
32 shall be approved. Manufacturer's Purchase Credit claimed on
33 an amended report may be used, prior to October 1, 2003, to
34 satisfy tax liability under the Use Tax Act or the Service

1 Use Tax Act (i) on qualifying purchases of production related
2 tangible personal property made after the date the amended
3 report is filed or (ii) assessed by the Department on
4 qualifying purchases of production related tangible personal
5 property made in the case of manufacturers on or after
6 January 1, 1995, or in the case of graphic arts producers on
7 or after July 1, 1996.

8 If the purchaser is not the manufacturer or a graphic
9 arts producer, but rents or leases the use of the property to
10 a manufacturer or a graphic arts producer, the purchaser may
11 earn, report, and use Manufacturer's Purchase Credit in the
12 same manner as a manufacturer or graphic arts producer.

13 A purchaser shall not be entitled to any Manufacturer's
14 Purchase Credit for a purchase that is required to be
15 reported and is not timely reported as provided in this
16 Section. A purchaser remains liable for (i) any tax that was
17 satisfied by use of a Manufacturer's Purchase Credit, as of
18 the date of purchase, if that use is not timely reported as
19 required in this Section and (ii) for any applicable
20 penalties and interest for failing to pay the tax when due.
21 No Manufacturer's Purchase Credit may be used after September
22 30, 2003 to satisfy any tax liability imposed under this Act,
23 including any audit liability.

24 (Source: P.A. 89-89, eff. 6-30-95; 89-235, eff. 8-4-95;
25 89-531, eff. 7-19-96; 90-166, eff. 7-23-97.)

26 Section 50-24. The Service Occupation Tax Act is amended
27 by changing Sections 2, 2a, 3-5, 3-7, and 9 as follows:

28 (35 ILCS 115/2) (from Ch. 120, par. 439.102)

29 Sec. 2. "Transfer" means any transfer of the title to
30 property or of the ownership of property whether or not the
31 transferor retains title as security for the payment of
32 amounts due him from the transferee.

1 "Cost Price" means the consideration paid by the
2 serviceman for a purchase valued in money, whether paid in
3 money or otherwise, including cash, credits and services, and
4 shall be determined without any deduction on account of the
5 supplier's cost of the property sold or on account of any
6 other expense incurred by the supplier. When a serviceman
7 contracts out part or all of the services required in his
8 sale of service, it shall be presumed that the cost price to
9 the serviceman of the property transferred to him by his or
10 her subcontractor is equal to 50% of the subcontractor's
11 charges to the serviceman in the absence of proof of the
12 consideration paid by the subcontractor for the purchase of
13 such property.

14 "Department" means the Department of Revenue.

15 "Person" means any natural individual, firm, partnership,
16 association, joint stock company, joint venture, public or
17 private corporation, limited liability company, and any
18 receiver, executor, trustee, guardian or other representative
19 appointed by order of any court.

20 "Sale of Service" means any transaction except:

21 (a) A retail sale of tangible personal property taxable
22 under the Retailers' Occupation Tax Act or under the Use Tax
23 Act.

24 (b) A sale of tangible personal property for the purpose
25 of resale made in compliance with Section 2c of the
26 Retailers' Occupation Tax Act.

27 (c) Except as hereinafter provided, a sale or transfer
28 of tangible personal property as an incident to the rendering
29 of service for or by any governmental body or for or by any
30 corporation, society, association, foundation or institution
31 organized and operated exclusively for charitable, religious
32 or educational purposes or any not-for-profit corporation,
33 society, association, foundation, institution or organization
34 which has no compensated officers or employees and which is

1 organized and operated primarily for the recreation of
2 persons 55 years of age or older. A limited liability company
3 may qualify for the exemption under this paragraph only if
4 the limited liability company is organized and operated
5 exclusively for educational purposes.

6 (d) A sale or transfer of tangible personal property as
7 an incident to the rendering of service for interstate
8 carriers for hire for use as rolling stock moving in
9 interstate commerce or lessors under leases of one year or
10 longer, executed or in effect at the time of purchase, to
11 interstate carriers for hire for use as rolling stock moving
12 in interstate commerce, and equipment operated by a
13 telecommunications provider, licensed as a common carrier by
14 the Federal Communications Commission, which is permanently
15 installed in or affixed to aircraft moving in interstate
16 commerce.

17 (d-1) A sale or transfer of tangible personal property
18 as an incident to the rendering of service for owners,
19 lessors or shippers of tangible personal property which is
20 utilized by interstate carriers for hire for use as rolling
21 stock moving in interstate commerce, and equipment operated
22 by a telecommunications provider, licensed as a common
23 carrier by the Federal Communications Commission, which is
24 permanently installed in or affixed to aircraft moving in
25 interstate commerce.

26 (d-2) The repairing, reconditioning or remodeling, for a
27 common carrier by rail, of tangible personal property which
28 belongs to such carrier for hire, and as to which such
29 carrier receives the physical possession of the repaired,
30 reconditioned or remodeled item of tangible personal property
31 in Illinois, and which such carrier transports, or shares
32 with another common carrier in the transportation of such
33 property, out of Illinois on a standard uniform bill of
34 lading showing the person who repaired, reconditioned or

1 remodeled the property as the shipper or consignor of such
2 property to a destination outside Illinois, for use outside
3 Illinois.

4 (d-3) A sale or transfer of tangible personal property
5 which is produced by the seller thereof on special order in
6 such a way as to have made the applicable tax the Service
7 Occupation Tax or the Service Use Tax, rather than the
8 Retailers' Occupation Tax or the Use Tax, for an interstate
9 carrier by rail which receives the physical possession of
10 such property in Illinois, and which transports such
11 property, or shares with another common carrier in the
12 transportation of such property, out of Illinois on a
13 standard uniform bill of lading showing the seller of the
14 property as the shipper or consignor of such property to a
15 destination outside Illinois, for use outside Illinois.

16 (d-4) Until January 1, 1997, a sale, by a registered
17 serviceman paying tax under this Act to the Department, of
18 special order printed materials delivered outside Illinois
19 and which are not returned to this State, if delivery is made
20 by the seller or agent of the seller, including an agent who
21 causes the product to be delivered outside Illinois by a
22 common carrier or the U.S. postal service.

23 (e) A sale or transfer of machinery and equipment used
24 primarily in the process of the manufacturing or assembling,
25 either in an existing, an expanded or a new manufacturing
26 facility, of tangible personal property for wholesale or
27 retail sale or lease, whether such sale or lease is made
28 directly by the manufacturer or by some other person, whether
29 the materials used in the process are owned by the
30 manufacturer or some other person, or whether such sale or
31 lease is made apart from or as an incident to the seller's
32 engaging in a service occupation and the applicable tax is a
33 Service Occupation Tax or Service Use Tax, rather than
34 Retailers' Occupation Tax or Use Tax.

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

9 (g) At the election of any serviceman not required to be
10 otherwise registered as a retailer under Section 2a of the
11 Retailers' Occupation Tax Act, made for each fiscal year
12 sales of service in which the aggregate annual cost price of
13 tangible personal property transferred as an incident to the
14 sales of service is less than 35% (75% in the case of
15 servicemen transferring prescription drugs or servicemen
16 engaged in graphic arts production) of the aggregate annual
17 total gross receipts from all sales of service. The purchase
18 of such tangible personal property by the serviceman shall be
19 subject to tax under the Retailers' Occupation Tax Act and
20 the Use Tax Act. However, if a primary serviceman who has
21 made the election described in this paragraph subcontracts
22 service work to a secondary serviceman who has also made the
23 election described in this paragraph, the primary serviceman
24 does not incur a Use Tax liability if the secondary
25 serviceman (i) has paid or will pay Use Tax on his or her
26 cost price of any tangible personal property transferred to
27 the primary serviceman and (ii) certifies that fact in
28 writing to the primary serviceman.

29 Tangible personal property transferred incident to the
30 completion of a maintenance agreement is exempt from the tax
31 imposed pursuant to this Act.

32 Exemption (e) also includes machinery and equipment used
33 in the general maintenance or repair of such exempt machinery
34 and equipment or for in-house manufacture of exempt machinery

1 and equipment. For the purposes of exemption (e), each of
2 these terms shall have the following meanings: (1)
3 "manufacturing process" shall mean the production of any
4 article of tangible personal property, whether such article
5 is a finished product or an article for use in the process of
6 manufacturing or assembling a different article of tangible
7 personal property, by procedures commonly regarded as
8 manufacturing, processing, fabricating, or refining which
9 changes some existing material or materials into a material
10 with a different form, use or name. In relation to a
11 recognized integrated business composed of a series of
12 operations which collectively constitute manufacturing, or
13 individually constitute manufacturing operations, the
14 manufacturing process shall be deemed to commence with the
15 first operation or stage of production in the series, and
16 shall not be deemed to end until the completion of the final
17 product in the last operation or stage of production in the
18 series; and further for purposes of exemption (e),
19 photoprocessing is deemed to be a manufacturing process of
20 tangible personal property for wholesale or retail sale; (2)
21 "assembling process" shall mean the production of any article
22 of tangible personal property, whether such article is a
23 finished product or an article for use in the process of
24 manufacturing or assembling a different article of tangible
25 personal property, by the combination of existing materials
26 in a manner commonly regarded as assembling which results in
27 a material of a different form, use or name; (3) "machinery"
28 shall mean major mechanical machines or major components of
29 such machines contributing to a manufacturing or assembling
30 process; and (4) "equipment" shall include any independent
31 device or tool separate from any machinery but essential to
32 an integrated manufacturing or assembly process; including
33 computers used primarily in a manufacturer's ~~manufaeturer's~~
34 computer assisted design, computer assisted manufacturing

1 (CAD/CAM) system; or any subunit or assembly comprising a
2 component of any machinery or auxiliary, adjunct or
3 attachment parts of machinery, such as tools, dies, jigs,
4 fixtures, patterns and molds; or any parts which require
5 periodic replacement in the course of normal operation; but
6 shall not include hand tools. Equipment includes chemicals
7 or chemicals acting as catalysts but only if the chemicals or
8 chemicals acting as catalysts effect a direct and immediate
9 change upon a product being manufactured or assembled for
10 wholesale or retail sale or lease. The purchaser of such
11 machinery and equipment who has an active resale registration
12 number shall furnish such number to the seller at the time of
13 purchase. The purchaser of such machinery and equipment and
14 tools without an active resale registration number shall
15 furnish to the seller a certificate of exemption for each
16 transaction stating facts establishing the exemption for that
17 transaction, which certificate shall be available to the
18 Department for inspection or audit.

19 The rolling stock exemption applies to rolling stock used
20 by an interstate carrier for hire, even just between points
21 in Illinois, if such rolling stock transports, for hire,
22 persons whose journeys or property whose shipments originate
23 or terminate outside Illinois.

24 Any informal rulings, opinions or letters issued by the
25 Department in response to an inquiry or request for any
26 opinion from any person regarding the coverage and
27 applicability of exemption (e) to specific devices shall be
28 published, maintained as a public record, and made available
29 for public inspection and copying. If the informal ruling,
30 opinion or letter contains trade secrets or other
31 confidential information, where possible the Department shall
32 delete such information prior to publication. Whenever such
33 informal rulings, opinions, or letters contain any policy of
34 general applicability, the Department shall formulate and

1 adopt such policy as a rule in accordance with the provisions
2 of the Illinois Administrative Procedure Act.

3 On and after July 1, 1987, no entity otherwise eligible
4 under exemption (c) of this Section shall make tax free
5 purchases unless it has an active exemption identification
6 number issued by the Department.

7 "Serviceman" means any person who is engaged in the
8 occupation of making sales of service.

9 "Sale at Retail" means "sale at retail" as defined in the
10 Retailers' Occupation Tax Act.

11 "Supplier" means any person who makes sales of tangible
12 personal property to servicemen for the purpose of resale as
13 an incident to a sale of service.

14 (Source: P.A. 91-51, eff. 6-30-99; 92-484, eff. 8-23-01;
15 revised 11-22-02.)

16 (35 ILCS 115/2a) (from Ch. 120, par. 439.102a)

17 Sec. 2a. "Pollution control facilities" means any system,
18 method, construction, device or appliance appurtenant thereto
19 transferred by a serviceman for the primary purpose of
20 eliminating, preventing, or reducing air and water pollution
21 as the term "air pollution" or "water pollution" is defined
22 in the "Environmental Protection Act", enacted by the 76th
23 General Assembly, or for the primary purpose of treating,
24 pretreating, modifying or disposing of any potential solid,
25 liquid or gaseous pollutant which if released without such
26 treatment, pretreatment, modification or disposal might be
27 harmful, detrimental or offensive to human, plant or animal
28 life, or to property.

29 Until July 1, 2003, the purchase, employment and transfer
30 of such tangible personal property as pollution control
31 facilities shall not be deemed to be a purchase, use or sale
32 of service or of tangible personal property, but shall be
33 deemed to be intangible personal property.

1 (Source: P.A. 76-2449.)

2 (35 ILCS 115/3-5) (from Ch. 120, par. 439.103-5)

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

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

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

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

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

1 (5) Until July 1, 2003, graphic arts machinery and
2 equipment, including repair and replacement parts, both new
3 and used, and including that manufactured on special order or
4 purchased for lease, certified by the purchaser to be used
5 primarily for graphic arts production. Equipment includes
6 chemicals or chemicals acting as catalysts but only if the
7 chemicals or chemicals acting as catalysts effect a direct
8 and immediate change upon a graphic arts product.

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

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

31 Farm machinery and equipment shall include precision
32 farming equipment that is installed or purchased to be
33 installed on farm machinery and equipment including, but not
34 limited to, tractors, harvesters, sprayers, planters,

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

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

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

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

28 (10) Until July 1, 2003, oil field exploration,
29 drilling, and production equipment, including (i) rigs and
30 parts of rigs, rotary rigs, cable tool rigs, and workover
31 rigs, (ii) pipe and tubular goods, including casing and drill
32 strings, (iii) pumps and pump-jack units, (iv) storage tanks
33 and flow lines, (v) any individual replacement part for oil
34 field exploration, drilling, and production equipment, and

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

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

10 (12) Until July 1, 2003, coal exploration, mining,
11 offhighway hauling, processing, maintenance, and reclamation
12 equipment, including replacement parts and equipment, and
13 including equipment purchased for lease, but excluding motor
14 vehicles required to be registered under the Illinois Vehicle
15 Code.

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

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

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

34 (16) Computers and communications equipment utilized for

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

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

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

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

1 located in the declared disaster area within 6 months after
2 the disaster.

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

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

28 (22) Beginning January 1, 2000, personal property,
29 including food, purchased through fundraising events for the
30 benefit of a public or private elementary or secondary
31 school, a group of those schools, or one or more school
32 districts if the events are sponsored by an entity recognized
33 by the school district that consists primarily of volunteers
34 and includes parents and teachers of the school children.

1 This paragraph does not apply to fundraising events (i) for
2 the benefit of private home instruction or (ii) for which the
3 fundraising entity purchases the personal property sold at
4 the events from another individual or entity that sold the
5 property for the purpose of resale by the fundraising entity
6 and that profits from the sale to the fundraising entity.
7 This paragraph is exempt from the provisions of Section 3-55.

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

18 (24) Beginning on the effective date of this amendatory
19 Act of the 92nd General Assembly, computers and
20 communications equipment utilized for any hospital purpose
21 and equipment used in the diagnosis, analysis, or treatment
22 of hospital patients sold to a lessor who leases the
23 equipment, under a lease of one year or longer executed or in
24 effect at the time of the purchase, to a hospital 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. This paragraph is exempt from the provisions of
28 Section 3-55.

29 (25) Beginning on the effective date of this amendatory
30 Act of the 92nd General Assembly, personal property sold to a
31 lessor who leases the property, under a lease of one year or
32 longer executed or in effect at the time of the purchase, to
33 a governmental body that has been issued an active tax
34 exemption identification number by the Department under

1 Section 1g of the Retailers' Occupation Tax Act. This
2 paragraph is exempt from the provisions of Section 3-55.

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

26 (Source: P.A. 91-51, eff. 6-30-99; 91-200, eff. 7-20-99;
27 91-439, eff. 8-6-99; 91-533, eff. 8-13-99; 91-637, eff.
28 8-20-99; 91-644, eff. 8-20-99; 92-16, eff. 6-28-01; 92-35,
29 eff. 7-1-01; 92-227, eff. 8-2-01; 92-337, eff. 8-10-01;
30 92-484, eff. 8-23-01; 92-488, eff. 8-23-01; 92-651, eff.
31 7-11-02.)

32 (35 ILCS 115/3-7)

33 Sec. 3-7. Aggregate manufacturing exemption. Through

1 June 30, 2003 ~~December--31,--2007~~, aggregate exploration,
2 mining, offhighway hauling, processing, maintenance, and
3 reclamation equipment, including replacement parts and
4 equipment, and including equipment purchased for lease, but
5 excluding motor vehicles required to be registered under the
6 Illinois Vehicle Code, is exempt from the tax imposed by this
7 Act.

8 (Source: P.A. 92-603, eff. 6-28-02.)

9 (35 ILCS 115/9) (from Ch. 120, par. 439.109)

10 Sec. 9. Each serviceman required or authorized to
11 collect the tax herein imposed shall pay to the Department
12 the amount of such tax at the time when he is required to
13 file his return for the period during which such tax was
14 collectible, less a discount of 2.1% prior to January 1,
15 1990, and 1.75% on and after January 1, 1990, or \$5 per
16 calendar year, whichever is greater, which is allowed to
17 reimburse the serviceman for expenses incurred in collecting
18 the tax, keeping records, preparing and filing returns,
19 remitting the tax and supplying data to the Department on
20 request.

21 Where such tangible personal property is sold under a
22 conditional sales contract, or under any other form of sale
23 wherein the payment of the principal sum, or a part thereof,
24 is extended beyond the close of the period for which the
25 return is filed, the serviceman, in collecting the tax may
26 collect, for each tax return period, only the tax applicable
27 to the part of the selling price actually received during
28 such tax return period.

29 Except as provided hereinafter in this Section, on or
30 before the twentieth day of each calendar month, such
31 serviceman shall file a return for the preceding calendar
32 month in accordance with reasonable rules and regulations to
33 be promulgated by the Department of Revenue. Such return

1 shall be filed on a form prescribed by the Department and
2 shall contain such information as the Department may
3 reasonably require.

4 The Department may require returns to be filed on a
5 quarterly basis. If so required, a return for each calendar
6 quarter shall be filed on or before the twentieth day of the
7 calendar month following the end of such calendar quarter.
8 The taxpayer shall also file a return with the Department for
9 each of the first two months of each calendar quarter, on or
10 before the twentieth day of the following calendar month,
11 stating:

- 12 1. The name of the seller;
- 13 2. The address of the principal place of business
14 from which he engages in business as a serviceman in this
15 State;
- 16 3. The total amount of taxable receipts received by
17 him during the preceding calendar month, including
18 receipts from charge and time sales, but less all
19 deductions allowed by law;
- 20 4. The amount of credit provided in Section 2d of
21 this Act;
- 22 5. The amount of tax due;
- 23 5-5. The signature of the taxpayer; and
- 24 6. Such other reasonable information as the
25 Department may require.

26 If a taxpayer fails to sign a return within 30 days after
27 the proper notice and demand for signature by the Department,
28 the return shall be considered valid and any amount shown to
29 be due on the return shall be deemed assessed.

30 Prior to October 1, 2003, a serviceman may accept a
31 Manufacturer's Purchase Credit certification from a purchaser
32 in satisfaction of Service Use Tax as provided in Section
33 3-70 of the Service Use Tax Act if the purchaser provides the
34 appropriate documentation as required by Section 3-70 of the

1 Service Use Tax Act. A Manufacturer's Purchase Credit
2 certification, accepted prior to October 1, 2003 by a
3 serviceman as provided in Section 3-70 of the Service Use Tax
4 Act, may be used by that serviceman to satisfy Service
5 Occupation Tax liability in the amount claimed in the
6 certification, not to exceed 6.25% of the receipts subject to
7 tax from a qualifying purchase. A Manufacturer's Purchase
8 Credit reported on any original or amended return filed under
9 this Act after October 20, 2003 shall be disallowed. No
10 Manufacturer's Purchase Credit may be used after September
11 30, 2003 to satisfy any tax liability imposed under this Act,
12 including any audit liability.

13 If the serviceman's average monthly tax liability to the
14 Department does not exceed \$200, the Department may authorize
15 his returns to be filed on a quarter annual basis, with the
16 return for January, February and March of a given year being
17 due by April 20 of such year; with the return for April, May
18 and June of a given year being due by July 20 of such year;
19 with the return for July, August and September of a given
20 year being due by October 20 of such year, and with the
21 return for October, November and December of a given year
22 being due by January 20 of the following year.

23 If the serviceman's average monthly tax liability to the
24 Department does not exceed \$50, the Department may authorize
25 his returns to be filed on an annual basis, with the return
26 for a given year being due by January 20 of the following
27 year.

28 Such quarter annual and annual returns, as to form and
29 substance, shall be subject to the same requirements as
30 monthly returns.

31 Notwithstanding any other provision in this Act
32 concerning the time within which a serviceman may file his
33 return, in the case of any serviceman who ceases to engage in
34 a kind of business which makes him responsible for filing

1 returns under this Act, such serviceman shall file a final
2 return under this Act with the Department not more than 1
3 month after discontinuing such business.

4 Beginning October 1, 1993, a taxpayer who has an average
5 monthly tax liability of \$150,000 or more shall make all
6 payments required by rules of the Department by electronic
7 funds transfer. Beginning October 1, 1994, a taxpayer who
8 has an average monthly tax liability of \$100,000 or more
9 shall make all payments required by rules of the Department
10 by electronic funds transfer. Beginning October 1, 1995, a
11 taxpayer who has an average monthly tax liability of \$50,000
12 or more shall make all payments required by rules of the
13 Department by electronic funds transfer. Beginning October
14 1, 2000, a taxpayer who has an annual tax liability of
15 \$200,000 or more shall make all payments required by rules of
16 the Department by electronic funds transfer. The term
17 "annual tax liability" shall be the sum of the taxpayer's
18 liabilities under this Act, and under all other State and
19 local occupation and use tax laws administered by the
20 Department, for the immediately preceding calendar year. The
21 term "average monthly tax liability" means the sum of the
22 taxpayer's liabilities under this Act, and under all other
23 State and local occupation and use tax laws administered by
24 the Department, for the immediately preceding calendar year
25 divided by 12. Beginning on October 1, 2002, a taxpayer who
26 has a tax liability in the amount set forth in subsection (b)
27 of Section 2505-210 of the Department of Revenue Law shall
28 make all payments required by rules of the Department by
29 electronic funds transfer.

30 Before August 1 of each year beginning in 1993, the
31 Department shall notify all taxpayers required to make
32 payments by electronic funds transfer. All taxpayers
33 required to make payments by electronic funds transfer shall
34 make those payments for a minimum of one year beginning on

1 October 1.

2 Any taxpayer not required to make payments by electronic
3 funds transfer may make payments by electronic funds transfer
4 with the permission of the Department.

5 All taxpayers required to make payment by electronic
6 funds transfer and any taxpayers authorized to voluntarily
7 make payments by electronic funds transfer shall make those
8 payments in the manner authorized by the Department.

9 The Department shall adopt such rules as are necessary to
10 effectuate a program of electronic funds transfer and the
11 requirements of this Section.

12 Where a serviceman collects the tax with respect to the
13 selling price of tangible personal property which he sells
14 and the purchaser thereafter returns such tangible personal
15 property and the serviceman refunds the selling price thereof
16 to the purchaser, such serviceman shall also refund, to the
17 purchaser, the tax so collected from the purchaser. When
18 filing his return for the period in which he refunds such tax
19 to the purchaser, the serviceman may deduct the amount of the
20 tax so refunded by him to the purchaser from any other
21 Service Occupation Tax, Service Use Tax, Retailers'
22 Occupation Tax or Use Tax which such serviceman may be
23 required to pay or remit to the Department, as shown by such
24 return, provided that the amount of the tax to be deducted
25 shall previously have been remitted to the Department by such
26 serviceman. If the serviceman shall not previously have
27 remitted the amount of such tax to the Department, he shall
28 be entitled to no deduction hereunder upon refunding such tax
29 to the purchaser.

30 If experience indicates such action to be practicable,
31 the Department may prescribe and furnish a combination or
32 joint return which will enable servicemen, who are required
33 to file returns hereunder and also under the Retailers'
34 Occupation Tax Act, the Use Tax Act or the Service Use Tax

1 Act, to furnish all the return information required by all
2 said Acts on the one form.

3 Where the serviceman has more than one business
4 registered with the Department under separate registrations
5 hereunder, such serviceman shall file separate returns for
6 each registered business.

7 Beginning January 1, 1990, each month the Department
8 shall pay into the Local Government Tax Fund the revenue
9 realized for the preceding month from the 1% tax on sales of
10 food for human consumption which is to be consumed off the
11 premises where it is sold (other than alcoholic beverages,
12 soft drinks and food which has been prepared for immediate
13 consumption) and prescription and nonprescription medicines,
14 drugs, medical appliances and insulin, urine testing
15 materials, syringes and needles used by diabetics.

16 Beginning January 1, 1990, each month the Department
17 shall pay into the County and Mass Transit District Fund 4%
18 of the revenue realized for the preceding month from the
19 6.25% general rate.

20 Beginning August 1, 2000, each month the Department shall
21 pay into the County and Mass Transit District Fund 20% of the
22 net revenue realized for the preceding month from the 1.25%
23 rate on the selling price of motor fuel and gasohol.

24 Beginning January 1, 1990, each month the Department
25 shall pay into the Local Government Tax Fund 16% of the
26 revenue realized for the preceding month from the 6.25%
27 general rate on transfers of tangible personal property.

28 Beginning August 1, 2000, each month the Department shall
29 pay into the Local Government Tax Fund 80% of the net revenue
30 realized for the preceding month from the 1.25% rate on the
31 selling price of motor fuel and gasohol.

32 Of the remainder of the moneys received by the Department
33 pursuant to this Act, (a) 1.75% thereof shall be paid into
34 the Build Illinois Fund and (b) prior to July 1, 1989, 2.2%

1 and on and after July 1, 1989, 3.8% thereof shall be paid
2 into the Build Illinois Fund; provided, however, that if in
3 any fiscal year the sum of (1) the aggregate of 2.2% or 3.8%,
4 as the case may be, of the moneys received by the Department
5 and required to be paid into the Build Illinois Fund pursuant
6 to Section 3 of the Retailers' Occupation Tax Act, Section 9
7 of the Use Tax Act, Section 9 of the Service Use Tax Act, and
8 Section 9 of the Service Occupation Tax Act, such Acts being
9 hereinafter called the "Tax Acts" and such aggregate of 2.2%
10 or 3.8%, as the case may be, of moneys being hereinafter
11 called the "Tax Act Amount", and (2) the amount transferred
12 to the Build Illinois Fund from the State and Local Sales Tax
13 Reform Fund shall be less than the Annual Specified Amount
14 (as defined in Section 3 of the Retailers' Occupation Tax
15 Act), an amount equal to the difference shall be immediately
16 paid into the Build Illinois Fund from other moneys received
17 by the Department pursuant to the Tax Acts; and further
18 provided, that if on the last business day of any month the
19 sum of (1) the Tax Act Amount required to be deposited into
20 the Build Illinois Account in the Build Illinois Fund during
21 such month and (2) the amount transferred during such month
22 to the Build Illinois Fund from the State and Local Sales Tax
23 Reform Fund shall have been less than 1/12 of the Annual
24 Specified Amount, an amount equal to the difference shall be
25 immediately paid into the Build Illinois Fund from other
26 moneys received by the Department pursuant to the Tax Acts;
27 and, further provided, that in no event shall the payments
28 required under the preceding proviso result in aggregate
29 payments into the Build Illinois Fund pursuant to this clause
30 (b) for any fiscal year in excess of the greater of (i) the
31 Tax Act Amount or (ii) the Annual Specified Amount for such
32 fiscal year; and, further provided, that the amounts payable
33 into the Build Illinois Fund under this clause (b) shall be
34 payable only until such time as the aggregate amount on

1 deposit under each trust indenture securing Bonds issued and
2 outstanding pursuant to the Build Illinois Bond Act is
3 sufficient, taking into account any future investment income,
4 to fully provide, in accordance with such indenture, for the
5 defeasance of or the payment of the principal of, premium, if
6 any, and interest on the Bonds secured by such indenture and
7 on any Bonds expected to be issued thereafter and all fees
8 and costs payable with respect thereto, all as certified by
9 the Director of the Bureau of the Budget. If on the last
10 business day of any month in which Bonds are outstanding
11 pursuant to the Build Illinois Bond Act, the aggregate of the
12 moneys deposited in the Build Illinois Bond Account in the
13 Build Illinois Fund in such month shall be less than the
14 amount required to be transferred in such month from the
15 Build Illinois Bond Account to the Build Illinois Bond
16 Retirement and Interest Fund pursuant to Section 13 of the
17 Build Illinois Bond Act, an amount equal to such deficiency
18 shall be immediately paid from other moneys received by the
19 Department pursuant to the Tax Acts to the Build Illinois
20 Fund; provided, however, that any amounts paid to the Build
21 Illinois Fund in any fiscal year pursuant to this sentence
22 shall be deemed to constitute payments pursuant to clause (b)
23 of the preceding sentence and shall reduce the amount
24 otherwise payable for such fiscal year pursuant to clause (b)
25 of the preceding sentence. The moneys received by the
26 Department pursuant to this Act and required to be deposited
27 into the Build Illinois Fund are subject to the pledge, claim
28 and charge set forth in Section 12 of the Build Illinois Bond
29 Act.

30 Subject to payment of amounts into the Build Illinois
31 Fund as provided in the preceding paragraph or in any
32 amendment thereto hereafter enacted, the following specified
33 monthly installment of the amount requested in the
34 certificate of the Chairman of the Metropolitan Pier and

1 Exposition Authority provided under Section 8.25f of the
 2 State Finance Act, but not in excess of the sums designated
 3 as "Total Deposit", shall be deposited in the aggregate from
 4 collections under Section 9 of the Use Tax Act, Section 9 of
 5 the Service Use Tax Act, Section 9 of the Service Occupation
 6 Tax Act, and Section 3 of the Retailers' Occupation Tax Act
 7 into the McCormick Place Expansion Project Fund in the
 8 specified fiscal years.

9	Fiscal Year	Total Deposit
10	1993	\$0
11	1994	53,000,000
12	1995	58,000,000
13	1996	61,000,000
14	1997	64,000,000
15	1998	68,000,000
16	1999	71,000,000
17	2000	75,000,000
18	2001	80,000,000
19	2002	93,000,000
20	2003	99,000,000
21	2004	103,000,000
22	2005	108,000,000
23	2006	113,000,000
24	2007	119,000,000
25	2008	126,000,000
26	2009	132,000,000
27	2010	139,000,000
28	2011	146,000,000
29	2012	153,000,000
30	2013	161,000,000
31	2014	170,000,000
32	2015	179,000,000
33	2016	189,000,000
34	2017	199,000,000

1	2018	210,000,000
2	2019	221,000,000
3	2020	233,000,000
4	2021	246,000,000
5	2022	260,000,000
6	2023 and	275,000,000

7 each fiscal year
8 thereafter that bonds
9 are outstanding under
10 Section 13.2 of the
11 Metropolitan Pier and
12 Exposition Authority
13 Act, but not after fiscal year 2042.

14 Beginning July 20, 1993 and in each month of each fiscal
15 year thereafter, one-eighth of the amount requested in the
16 certificate of the Chairman of the Metropolitan Pier and
17 Exposition Authority for that fiscal year, less the amount
18 deposited into the McCormick Place Expansion Project Fund by
19 the State Treasurer in the respective month under subsection
20 (g) of Section 13 of the Metropolitan Pier and Exposition
21 Authority Act, plus cumulative deficiencies in the deposits
22 required under this Section for previous months and years,
23 shall be deposited into the McCormick Place Expansion Project
24 Fund, until the full amount requested for the fiscal year,
25 but not in excess of the amount specified above as "Total
26 Deposit", has been deposited.

27 Subject to payment of amounts into the Build Illinois
28 Fund and the McCormick Place Expansion Project Fund pursuant
29 to the preceding paragraphs or in any amendments thereto
30 hereafter enacted, beginning July 1, 1993, the Department
31 shall each month pay into the Illinois Tax Increment Fund
32 0.27% of 80% of the net revenue realized for the preceding
33 month from the 6.25% general rate on the selling price of
34 tangible personal property.

1 Subject to payment of amounts into the Build Illinois
2 Fund and the McCormick Place Expansion Project Fund pursuant
3 to the preceding paragraphs or in any amendments thereto
4 hereafter enacted, beginning with the receipt of the first
5 report of taxes paid by an eligible business and continuing
6 for a 25-year period, the Department shall each month pay
7 into the Energy Infrastructure Fund 80% of the net revenue
8 realized from the 6.25% general rate on the selling price of
9 Illinois-mined coal that was sold to an eligible business.
10 For purposes of this paragraph, the term "eligible business"
11 means a new electric generating facility certified pursuant
12 to Section 605-332 of the Department of Commerce and
13 Community Affairs Law of the Civil Administrative Code of
14 Illinois.

15 Remaining moneys received by the Department pursuant to
16 this Act shall be paid into the General Revenue Fund of the
17 State Treasury.

18 The Department may, upon separate written notice to a
19 taxpayer, require the taxpayer to prepare and file with the
20 Department on a form prescribed by the Department within not
21 less than 60 days after receipt of the notice an annual
22 information return for the tax year specified in the notice.
23 Such annual return to the Department shall include a
24 statement of gross receipts as shown by the taxpayer's last
25 Federal income tax return. If the total receipts of the
26 business as reported in the Federal income tax return do not
27 agree with the gross receipts reported to the Department of
28 Revenue for the same period, the taxpayer shall attach to his
29 annual return a schedule showing a reconciliation of the 2
30 amounts and the reasons for the difference. The taxpayer's
31 annual return to the Department shall also disclose the cost
32 of goods sold by the taxpayer during the year covered by such
33 return, opening and closing inventories of such goods for
34 such year, cost of goods used from stock or taken from stock

1 and given away by the taxpayer during such year, pay roll
2 information of the taxpayer's business during such year and
3 any additional reasonable information which the Department
4 deems would be helpful in determining the accuracy of the
5 monthly, quarterly or annual returns filed by such taxpayer
6 as hereinbefore provided for in this Section.

7 If the annual information return required by this Section
8 is not filed when and as required, the taxpayer shall be
9 liable as follows:

10 (i) Until January 1, 1994, the taxpayer shall be
11 liable for a penalty equal to 1/6 of 1% of the tax due
12 from such taxpayer under this Act during the period to be
13 covered by the annual return for each month or fraction
14 of a month until such return is filed as required, the
15 penalty to be assessed and collected in the same manner
16 as any other penalty provided for in this Act.

17 (ii) On and after January 1, 1994, the taxpayer
18 shall be liable for a penalty as described in Section 3-4
19 of the Uniform Penalty and Interest Act.

20 The chief executive officer, proprietor, owner or highest
21 ranking manager shall sign the annual return to certify the
22 accuracy of the information contained therein. Any person
23 who willfully signs the annual return containing false or
24 inaccurate information shall be guilty of perjury and
25 punished accordingly. The annual return form prescribed by
26 the Department shall include a warning that the person
27 signing the return may be liable for perjury.

28 The foregoing portion of this Section concerning the
29 filing of an annual information return shall not apply to a
30 serviceman who is not required to file an income tax return
31 with the United States Government.

32 As soon as possible after the first day of each month,
33 upon certification of the Department of Revenue, the
34 Comptroller shall order transferred and the Treasurer shall

1 transfer from the General Revenue Fund to the Motor Fuel Tax
2 Fund an amount equal to 1.7% of 80% of the net revenue
3 realized under this Act for the second preceding month.
4 Beginning April 1, 2000, this transfer is no longer required
5 and shall not be made.

6 Net revenue realized for a month shall be the revenue
7 collected by the State pursuant to this Act, less the amount
8 paid out during that month as refunds to taxpayers for
9 overpayment of liability.

10 For greater simplicity of administration, it shall be
11 permissible for manufacturers, importers and wholesalers
12 whose products are sold by numerous servicemen in Illinois,
13 and who wish to do so, to assume the responsibility for
14 accounting and paying to the Department all tax accruing
15 under this Act with respect to such sales, if the servicemen
16 who are affected do not make written objection to the
17 Department to this arrangement.

18 (Source: P.A. 91-37, eff. 7-1-99; 91-51, eff. 6-30-99;
19 91-101, eff. 7-12-99; 91-541, eff. 8-13-99; 91-872, eff.
20 7-1-00; 92-12, eff. 7-1-01; 92-208, eff. 8-2-01; 92-492, eff.
21 1-1-02; 92-600, eff. 6-28-02; 92-651, eff. 7-11-02.)

22 Section 50-25. The Retailers' Occupation Tax Act is
23 amended by changing Sections 1a, 2-5, 2-7, and 3 as follows:

24 (35 ILCS 120/1a) (from Ch. 120, par. 440a)

25 Sec. 1a. "Pollution control facilities" means any system,
26 method, construction, device or appliance appurtenant thereto
27 sold or used or intended for the primary purpose of
28 eliminating, preventing, or reducing air and water pollution
29 as the term "air pollution" or "water pollution" is defined
30 in the "Environmental Protection Act", enacted by the 76th
31 General Assembly, or for the primary purpose of treating,
32 pretreating, modifying or disposing of any potential solid,

1 liquid or gaseous pollutant which if released without such
2 treatment, pretreatment, modification or disposal might be
3 harmful, detrimental or offensive to human, plant or animal
4 life, or to property.

5 Until July 1, 2003, the purchase, employment and transfer
6 of such tangible personal property as pollution control
7 facilities is not a purchase, use or sale of tangible
8 personal property.

9 (Source: P.A. 76-2450.)

10 (35 ILCS 120/2-5) (from Ch. 120, par. 441-5)

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

14 (1) Farm chemicals.

15 (2) Farm machinery and equipment, both new and used,
16 including that manufactured on special order, certified by
17 the purchaser to be used primarily for production 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 (2). 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.

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

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

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

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

31 (5) A motor vehicle of the first division, a motor
32 vehicle of the second division that is a self-contained motor
33 vehicle designed or permanently converted to provide living
34 quarters for recreational, camping, or travel use, with

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

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

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

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

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

32 (10) 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
2 benefit of persons 65 years of age or older if the personal
3 property was not purchased by the enterprise for the purpose
4 of resale by the enterprise.

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

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

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

1 commerce.

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

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

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

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

33 (18) Legal tender, currency, medallions, or gold or
34 silver coinage issued by the State of Illinois, the

1 government of the United States of America, or the government
2 of any foreign country, and bullion.

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

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

19 (21) Until July 1, 2003, coal exploration, mining,
20 offhighway hauling, processing, maintenance, and reclamation
21 equipment, including replacement parts and equipment, and
22 including equipment purchased for lease, but excluding motor
23 vehicles required to be registered under the Illinois Vehicle
24 Code.

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

32 (23) A transaction in which the purchase order is
33 received by a florist who is located outside Illinois, but
34 who has a florist located in Illinois deliver the property to

1 the purchaser or the purchaser's donee in Illinois.

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

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

19 (26) Semen used for artificial insemination of livestock
20 for direct agricultural production.

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

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

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

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

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

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

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

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

34 (35) Beginning January 1, 2000 and through December 31,

1 2001, new or used automatic vending machines that prepare and
2 serve hot food and beverages, including coffee, soup, and
3 other items, and replacement parts for these machines.
4 Beginning January 1, 2002 and through June 30, 2003, machines
5 and parts for machines used in commercial, coin-operated
6 amusement and vending business if a use or occupation tax is
7 paid on the gross receipts derived from the use of the
8 commercial, coin-operated amusement and vending machines.
9 This paragraph is exempt from the provisions of Section 2-70.

10 (35-5) ~~(36)~~ Food for human consumption that is to be
11 consumed off the premises where it is sold (other than
12 alcoholic beverages, soft drinks, and food that has been
13 prepared for immediate consumption) and prescription and
14 nonprescription medicines, drugs, medical appliances, and
15 insulin, urine testing materials, syringes, and needles used
16 by diabetics, for human use, when purchased for use by a
17 person receiving medical assistance under Article 5 of the
18 Illinois Public Aid Code who resides in a licensed long-term
19 care facility, as defined in the Nursing Home Care Act.

20 (36) Beginning August 2, 2001 ~~on-the-effective--date--of~~
21 ~~this--amendatory--Act-of-the-92nd-General-Assembly~~, computers
22 and communications equipment utilized for any hospital
23 purpose and equipment used in the diagnosis, analysis, or
24 treatment of hospital patients sold to a lessor who leases
25 the equipment, under a lease of one year or longer executed
26 or in effect at the time of the purchase, to a hospital that
27 has been issued an active tax exemption identification number
28 by the Department under Section 1g of this Act. This
29 paragraph is exempt from the provisions of Section 2-70.

30 (37) Beginning August 2, 2001 ~~on-the-effective--date--of~~
31 ~~this--amendatory--Act--of-the-92nd-General-Assembly~~, personal
32 property sold to a lessor who leases the property, under a
33 lease of one year or longer executed or in effect at the time
34 of the purchase, to a governmental body that has been issued

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

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

27 (Source: P.A. 91-51, eff. 6-30-99; 91-200, eff. 7-20-99;
28 91-439, eff. 8-6-99; 91-533, eff. 8-13-99; 91-637, eff.
29 8-20-99; 91-644, eff. 8-20-99; 92-16, eff. 6-28-01; 92-35,
30 eff. 7-1-01; 92-227, eff. 8-2-01; 92-337, eff. 8-10-01;
31 92-484, eff. 8-23-01; 92-488, eff. 8-23-01; 92-651, eff.
32 7-11-02; 92-680, eff. 7-16-02; revised 1-26-03.)

33 (35 ILCS 120/2-7)

1 Sec. 2-7. Aggregate manufacturing exemption. Through
2 June 30, 2003 ~~December-31,--2007~~, gross receipts from proceeds
3 from the sale of aggregate exploration, mining, offhighway
4 hauling, processing, maintenance, and reclamation equipment,
5 including replacement parts and equipment, and including
6 equipment purchased for lease, but excluding motor vehicles
7 required to be registered under the Illinois Vehicle Code,
8 are exempt from the tax imposed by this Act.

9 (Source: P.A. 92-603, eff. 6-28-02.)

10 (35 ILCS 120/3) (from Ch. 120, par. 442)

11 Sec. 3. Except as provided in this Section, on or before
12 the twentieth day of each calendar month, every person
13 engaged in the business of selling tangible personal property
14 at retail in this State during the preceding calendar month
15 shall file a return with the Department, stating:

16 1. The name of the seller;

17 2. His residence address and the address of his
18 principal place of business and the address of the
19 principal place of business (if that is a different
20 address) from which he engages in the business of selling
21 tangible personal property at retail in this State;

22 3. Total amount of receipts received by him during
23 the preceding calendar month or quarter, as the case may
24 be, from sales of tangible personal property, and from
25 services furnished, by him during such preceding calendar
26 month or quarter;

27 4. Total amount received by him during the
28 preceding calendar month or quarter on charge and time
29 sales of tangible personal property, and from services
30 furnished, by him prior to the month or quarter for which
31 the return is filed;

32 5. Deductions allowed by law;

33 6. Gross receipts which were received by him during

1 the preceding calendar month or quarter and upon the
2 basis of which the tax is imposed;

3 7. The amount of credit provided in Section 2d of
4 this Act;

5 8. The amount of tax due;

6 9. The signature of the taxpayer; and

7 10. Such other reasonable information as the
8 Department may require.

9 If a taxpayer fails to sign a return within 30 days after
10 the proper notice and demand for signature by the Department,
11 the return shall be considered valid and any amount shown to
12 be due on the return shall be deemed assessed.

13 Each return shall be accompanied by the statement of
14 prepaid tax issued pursuant to Section 2e for which credit is
15 claimed.

16 Prior to October 1, 2003, a retailer may accept a
17 Manufacturer's Purchase Credit certification from a purchaser
18 in satisfaction of Use Tax as provided in Section 3-85 of the
19 Use Tax Act if the purchaser provides the appropriate
20 documentation as required by Section 3-85 of the Use Tax Act.
21 A Manufacturer's Purchase Credit certification, accepted by a
22 retailer prior to October 1, 2003 as provided in Section 3-85
23 of the Use Tax Act, may be used by that retailer to satisfy
24 Retailers' Occupation Tax liability in the amount claimed in
25 the certification, not to exceed 6.25% of the receipts
26 subject to tax from a qualifying purchase. A Manufacturer's
27 Purchase Credit reported on any original or amended return
28 filed under this Act after October 20, 2003 shall be
29 disallowed. No Manufacturer's Purchase Credit may be used
30 after September 30, 2003 to satisfy any tax liability imposed
31 under this Act, including any audit liability.

32 The Department may require returns to be filed on a
33 quarterly basis. If so required, a return for each calendar
34 quarter shall be filed on or before the twentieth day of the

1 calendar month following the end of such calendar quarter.
2 The taxpayer shall also file a return with the Department for
3 each of the first two months of each calendar quarter, on or
4 before the twentieth day of the following calendar month,
5 stating:

6 1. The name of the seller;

7 2. The address of the principal place of business
8 from which he engages in the business of selling tangible
9 personal property at retail in this State;

10 3. The total amount of taxable receipts received by
11 him during the preceding calendar month from sales of
12 tangible personal property by him during such preceding
13 calendar month, including receipts from charge and time
14 sales, but less all deductions allowed by law;

15 4. The amount of credit provided in Section 2d of
16 this Act;

17 5. The amount of tax due; and

18 6. Such other reasonable information as the
19 Department may require.

20 If a total amount of less than \$1 is payable, refundable
21 or creditable, such amount shall be disregarded if it is less
22 than 50 cents and shall be increased to \$1 if it is 50 cents
23 or more.

24 Beginning October 1, 1993, a taxpayer who has an average
25 monthly tax liability of \$150,000 or more shall make all
26 payments required by rules of the Department by electronic
27 funds transfer. Beginning October 1, 1994, a taxpayer who
28 has an average monthly tax liability of \$100,000 or more
29 shall make all payments required by rules of the Department
30 by electronic funds transfer. Beginning October 1, 1995, a
31 taxpayer who has an average monthly tax liability of \$50,000
32 or more shall make all payments required by rules of the
33 Department by electronic funds transfer. Beginning October
34 1, 2000, a taxpayer who has an annual tax liability of

1 \$200,000 or more shall make all payments required by rules of
2 the Department by electronic funds transfer. The term
3 "annual tax liability" shall be the sum of the taxpayer's
4 liabilities under this Act, and under all other State and
5 local occupation and use tax laws administered by the
6 Department, for the immediately preceding calendar year. The
7 term "average monthly tax liability" shall be the sum of the
8 taxpayer's liabilities under this Act, and under all other
9 State and local occupation and use tax laws administered by
10 the Department, for the immediately preceding calendar year
11 divided by 12. Beginning on October 1, 2002, a taxpayer who
12 has a tax liability in the amount set forth in subsection (b)
13 of Section 2505-210 of the Department of Revenue Law shall
14 make all payments required by rules of the Department by
15 electronic funds transfer.

16 Before August 1 of each year beginning in 1993, the
17 Department shall notify all taxpayers required to make
18 payments by electronic funds transfer. All taxpayers
19 required to make payments by electronic funds transfer shall
20 make those payments for a minimum of one year beginning on
21 October 1.

22 Any taxpayer not required to make payments by electronic
23 funds transfer may make payments by electronic funds transfer
24 with the permission of the Department.

25 All taxpayers required to make payment by electronic
26 funds transfer and any taxpayers authorized to voluntarily
27 make payments by electronic funds transfer shall make those
28 payments in the manner authorized by the Department.

29 The Department shall adopt such rules as are necessary to
30 effectuate a program of electronic funds transfer and the
31 requirements of this Section.

32 Any amount which is required to be shown or reported on
33 any return or other document under this Act shall, if such
34 amount is not a whole-dollar amount, be increased to the

1 nearest whole-dollar amount in any case where the fractional
2 part of a dollar is 50 cents or more, and decreased to the
3 nearest whole-dollar amount where the fractional part of a
4 dollar is less than 50 cents.

5 If the retailer is otherwise required to file a monthly
6 return and if the retailer's average monthly tax liability to
7 the Department does not exceed \$200, the Department may
8 authorize his returns to be filed on a quarter annual basis,
9 with the return for January, February and March of a given
10 year being due by April 20 of such year; with the return for
11 April, May and June of a given year being due by July 20 of
12 such year; with the return for July, August and September of
13 a given year being due by October 20 of such year, and with
14 the return for October, November and December of a given year
15 being due by January 20 of the following year.

16 If the retailer is otherwise required to file a monthly
17 or quarterly return and if the retailer's average monthly tax
18 liability with the Department does not exceed \$50, the
19 Department may authorize his returns to be filed on an annual
20 basis, with the return for a given year being due by January
21 20 of the following year.

22 Such quarter annual and annual returns, as to form and
23 substance, shall be subject to the same requirements as
24 monthly returns.

25 Notwithstanding any other provision in this Act
26 concerning the time within which a retailer may file his
27 return, in the case of any retailer who ceases to engage in a
28 kind of business which makes him responsible for filing
29 returns under this Act, such retailer shall file a final
30 return under this Act with the Department not more than one
31 month after discontinuing such business.

32 Where the same person has more than one business
33 registered with the Department under separate registrations
34 under this Act, such person may not file each return that is

1 due as a single return covering all such registered
2 businesses, but shall file separate returns for each such
3 registered business.

4 In addition, with respect to motor vehicles, watercraft,
5 aircraft, and trailers that are required to be registered
6 with an agency of this State, every retailer selling this
7 kind of tangible personal property shall file, with the
8 Department, upon a form to be prescribed and supplied by the
9 Department, a separate return for each such item of tangible
10 personal property which the retailer sells, except that if,
11 in the same transaction, (i) a retailer of aircraft,
12 watercraft, motor vehicles or trailers transfers more than
13 one aircraft, watercraft, motor vehicle or trailer to another
14 aircraft, watercraft, motor vehicle retailer or trailer
15 retailer for the purpose of resale or (ii) a retailer of
16 aircraft, watercraft, motor vehicles, or trailers transfers
17 more than one aircraft, watercraft, motor vehicle, or trailer
18 to a purchaser for use as a qualifying rolling stock as
19 provided in Section 2-5 of this Act, then that seller may
20 report the transfer of all aircraft, watercraft, motor
21 vehicles or trailers involved in that transaction to the
22 Department on the same uniform invoice-transaction reporting
23 return form. For purposes of this Section, "watercraft"
24 means a Class 2, Class 3, or Class 4 watercraft as defined in
25 Section 3-2 of the Boat Registration and Safety Act, a
26 personal watercraft, or any boat equipped with an inboard
27 motor.

28 Any retailer who sells only motor vehicles, watercraft,
29 aircraft, or trailers that are required to be registered with
30 an agency of this State, so that all retailers' occupation
31 tax liability is required to be reported, and is reported, on
32 such transaction reporting returns and who is not otherwise
33 required to file monthly or quarterly returns, need not file
34 monthly or quarterly returns. However, those retailers shall

1 be required to file returns on an annual basis.

2 The transaction reporting return, in the case of motor
3 vehicles or trailers that are required to be registered with
4 an agency of this State, shall be the same document as the
5 Uniform Invoice referred to in Section 5-402 of The Illinois
6 Vehicle Code and must show the name and address of the
7 seller; the name and address of the purchaser; the amount of
8 the selling price including the amount allowed by the
9 retailer for traded-in property, if any; the amount allowed
10 by the retailer for the traded-in tangible personal property,
11 if any, to the extent to which Section 1 of this Act allows
12 an exemption for the value of traded-in property; the balance
13 payable after deducting such trade-in allowance from the
14 total selling price; the amount of tax due from the retailer
15 with respect to such transaction; the amount of tax collected
16 from the purchaser by the retailer on such transaction (or
17 satisfactory evidence that such tax is not due in that
18 particular instance, if that is claimed to be the fact); the
19 place and date of the sale; a sufficient identification of
20 the property sold; such other information as is required in
21 Section 5-402 of The Illinois Vehicle Code, and such other
22 information as the Department may reasonably require.

23 The transaction reporting return in the case of
24 watercraft or aircraft must show the name and address of the
25 seller; the name and address of the purchaser; the amount of
26 the selling price including the amount allowed by the
27 retailer for traded-in property, if any; the amount allowed
28 by the retailer for the traded-in tangible personal property,
29 if any, to the extent to which Section 1 of this Act allows
30 an exemption for the value of traded-in property; the balance
31 payable after deducting such trade-in allowance from the
32 total selling price; the amount of tax due from the retailer
33 with respect to such transaction; the amount of tax collected
34 from the purchaser by the retailer on such transaction (or

1 satisfactory evidence that such tax is not due in that
2 particular instance, if that is claimed to be the fact); the
3 place and date of the sale, a sufficient identification of
4 the property sold, and such other information as the
5 Department may reasonably require.

6 Such transaction reporting return shall be filed not
7 later than 20 days after the day of delivery of the item that
8 is being sold, but may be filed by the retailer at any time
9 sooner than that if he chooses to do so. The transaction
10 reporting return and tax remittance or proof of exemption
11 from the Illinois use tax may be transmitted to the
12 Department by way of the State agency with which, or State
13 officer with whom the tangible personal property must be
14 titled or registered (if titling or registration is required)
15 if the Department and such agency or State officer determine
16 that this procedure will expedite the processing of
17 applications for title or registration.

18 With each such transaction reporting return, the retailer
19 shall remit the proper amount of tax due (or shall submit
20 satisfactory evidence that the sale is not taxable if that is
21 the case), to the Department or its agents, whereupon the
22 Department shall issue, in the purchaser's name, a use tax
23 receipt (or a certificate of exemption if the Department is
24 satisfied that the particular sale is tax exempt) which such
25 purchaser may submit to the agency with which, or State
26 officer with whom, he must title or register the tangible
27 personal property that is involved (if titling or
28 registration is required) in support of such purchaser's
29 application for an Illinois certificate or other evidence of
30 title or registration to such tangible personal property.

31 No retailer's failure or refusal to remit tax under this
32 Act precludes a user, who has paid the proper tax to the
33 retailer, from obtaining his certificate of title or other
34 evidence of title or registration (if titling or registration

1 is required) upon satisfying the Department that such user
2 has paid the proper tax (if tax is due) to the retailer. The
3 Department shall adopt appropriate rules to carry out the
4 mandate of this paragraph.

5 If the user who would otherwise pay tax to the retailer
6 wants the transaction reporting return filed and the payment
7 of the tax or proof of exemption made to the Department
8 before the retailer is willing to take these actions and such
9 user has not paid the tax to the retailer, such user may
10 certify to the fact of such delay by the retailer and may
11 (upon the Department being satisfied of the truth of such
12 certification) transmit the information required by the
13 transaction reporting return and the remittance for tax or
14 proof of exemption directly to the Department and obtain his
15 tax receipt or exemption determination, in which event the
16 transaction reporting return and tax remittance (if a tax
17 payment was required) shall be credited by the Department to
18 the proper retailer's account with the Department, but
19 without the 2.1% or 1.75% discount provided for in this
20 Section being allowed. When the user pays the tax directly
21 to the Department, he shall pay the tax in the same amount
22 and in the same form in which it would be remitted if the tax
23 had been remitted to the Department by the retailer.

24 Refunds made by the seller during the preceding return
25 period to purchasers, on account of tangible personal
26 property returned to the seller, shall be allowed as a
27 deduction under subdivision 5 of his monthly or quarterly
28 return, as the case may be, in case the seller had
29 theretofore included the receipts from the sale of such
30 tangible personal property in a return filed by him and had
31 paid the tax imposed by this Act with respect to such
32 receipts.

33 Where the seller is a corporation, the return filed on
34 behalf of such corporation shall be signed by the president,

1 vice-president, secretary or treasurer or by the properly
2 accredited agent of such corporation.

3 Where the seller is a limited liability company, the
4 return filed on behalf of the limited liability company shall
5 be signed by a manager, member, or properly accredited agent
6 of the limited liability company.

7 Except as provided in this Section, the retailer filing
8 the return under this Section shall, at the time of filing
9 such return, pay to the Department the amount of tax imposed
10 by this Act less a discount of 2.1% prior to January 1, 1990
11 and 1.75% on and after January 1, 1990, or \$5 per calendar
12 year, whichever is greater, which is allowed to reimburse the
13 retailer for the expenses incurred in keeping records,
14 preparing and filing returns, remitting the tax and supplying
15 data to the Department on request. Any prepayment made
16 pursuant to Section 2d of this Act shall be included in the
17 amount on which such 2.1% or 1.75% discount is computed. In
18 the case of retailers who report and pay the tax on a
19 transaction by transaction basis, as provided in this
20 Section, such discount shall be taken with each such tax
21 remittance instead of when such retailer files his periodic
22 return.

23 Before October 1, 2000, if the taxpayer's average monthly
24 tax liability to the Department under this Act, the Use Tax
25 Act, the Service Occupation Tax Act, and the Service Use Tax
26 Act, excluding any liability for prepaid sales tax to be
27 remitted in accordance with Section 2d of this Act, was
28 \$10,000 or more during the preceding 4 complete calendar
29 quarters, he shall file a return with the Department each
30 month by the 20th day of the month next following the month
31 during which such tax liability is incurred and shall make
32 payments to the Department on or before the 7th, 15th, 22nd
33 and last day of the month during which such liability is
34 incurred. On and after October 1, 2000, if the taxpayer's

1 average monthly tax liability to the Department under this
2 Act, the Use Tax Act, the Service Occupation Tax Act, and the
3 Service Use Tax Act, excluding any liability for prepaid
4 sales tax to be remitted in accordance with Section 2d of
5 this Act, was \$20,000 or more during the preceding 4 complete
6 calendar quarters, he shall file a return with the Department
7 each month by the 20th day of the month next following the
8 month during which such tax liability is incurred and shall
9 make payment to the Department on or before the 7th, 15th,
10 22nd and last day of the month during which such liability is
11 incurred. If the month during which such tax liability is
12 incurred began prior to January 1, 1985, each payment shall
13 be in an amount equal to 1/4 of the taxpayer's actual
14 liability for the month or an amount set by the Department
15 not to exceed 1/4 of the average monthly liability of the
16 taxpayer to the Department for the preceding 4 complete
17 calendar quarters (excluding the month of highest liability
18 and the month of lowest liability in such 4 quarter period).
19 If the month during which such tax liability is incurred
20 begins on or after January 1, 1985 and prior to January 1,
21 1987, each payment shall be in an amount equal to 22.5% of
22 the taxpayer's actual liability for the month or 27.5% of the
23 taxpayer's liability for the same calendar month of the
24 preceding year. If the month during which such tax liability
25 is incurred begins on or after January 1, 1987 and prior to
26 January 1, 1988, each payment shall be in an amount equal to
27 22.5% of the taxpayer's actual liability for the month or
28 26.25% of the taxpayer's liability for the same calendar
29 month of the preceding year. If the month during which such
30 tax liability is incurred begins on or after January 1, 1988,
31 and prior to January 1, 1989, or begins on or after January
32 1, 1996, each payment shall be in an amount equal to 22.5% of
33 the taxpayer's actual liability for the month or 25% of the
34 taxpayer's liability for the same calendar month of the

1 preceding year. If the month during which such tax liability
2 is incurred begins on or after January 1, 1989, and prior to
3 January 1, 1996, each payment shall be in an amount equal to
4 22.5% of the taxpayer's actual liability for the month or 25%
5 of the taxpayer's liability for the same calendar month of
6 the preceding year or 100% of the taxpayer's actual liability
7 for the quarter monthly reporting period. The amount of such
8 quarter monthly payments shall be credited against the final
9 tax liability of the taxpayer's return for that month.
10 Before October 1, 2000, once applicable, the requirement of
11 the making of quarter monthly payments to the Department by
12 taxpayers having an average monthly tax liability of \$10,000
13 or more as determined in the manner provided above shall
14 continue until such taxpayer's average monthly liability to
15 the Department during the preceding 4 complete calendar
16 quarters (excluding the month of highest liability and the
17 month of lowest liability) is less than \$9,000, or until such
18 taxpayer's average monthly liability to the Department as
19 computed for each calendar quarter of the 4 preceding
20 complete calendar quarter period is less than \$10,000.
21 However, if a taxpayer can show the Department that a
22 substantial change in the taxpayer's business has occurred
23 which causes the taxpayer to anticipate that his average
24 monthly tax liability for the reasonably foreseeable future
25 will fall below the \$10,000 threshold stated above, then such
26 taxpayer may petition the Department for a change in such
27 taxpayer's reporting status. On and after October 1, 2000,
28 once applicable, the requirement of the making of quarter
29 monthly payments to the Department by taxpayers having an
30 average monthly tax liability of \$20,000 or more as
31 determined in the manner provided above shall continue until
32 such taxpayer's average monthly liability to the Department
33 during the preceding 4 complete calendar quarters (excluding
34 the month of highest liability and the month of lowest

1 liability) is less than \$19,000 or until such taxpayer's
2 average monthly liability to the Department as computed for
3 each calendar quarter of the 4 preceding complete calendar
4 quarter period is less than \$20,000. However, if a taxpayer
5 can show the Department that a substantial change in the
6 taxpayer's business has occurred which causes the taxpayer to
7 anticipate that his average monthly tax liability for the
8 reasonably foreseeable future will fall below the \$20,000
9 threshold stated above, then such taxpayer may petition the
10 Department for a change in such taxpayer's reporting status.
11 The Department shall change such taxpayer's reporting status
12 unless it finds that such change is seasonal in nature and
13 not likely to be long term. If any such quarter monthly
14 payment is not paid at the time or in the amount required by
15 this Section, then the taxpayer shall be liable for penalties
16 and interest on the difference between the minimum amount due
17 as a payment and the amount of such quarter monthly payment
18 actually and timely paid, except insofar as the taxpayer has
19 previously made payments for that month to the Department in
20 excess of the minimum payments previously due as provided in
21 this Section. The Department shall make reasonable rules and
22 regulations to govern the quarter monthly payment amount and
23 quarter monthly payment dates for taxpayers who file on other
24 than a calendar monthly basis.

25 The provisions of this paragraph apply before October 1,
26 2001. Without regard to whether a taxpayer is required to
27 make quarter monthly payments as specified above, any
28 taxpayer who is required by Section 2d of this Act to collect
29 and remit prepaid taxes and has collected prepaid taxes which
30 average in excess of \$25,000 per month during the preceding 2
31 complete calendar quarters, shall file a return with the
32 Department as required by Section 2f and shall make payments
33 to the Department on or before the 7th, 15th, 22nd and last
34 day of the month during which such liability is incurred. If

1 the month during which such tax liability is incurred began
2 prior to the effective date of this amendatory Act of 1985,
3 each payment shall be in an amount not less than 22.5% of the
4 taxpayer's actual liability under Section 2d. If the month
5 during which such tax liability is incurred begins on or
6 after January 1, 1986, each payment shall be in an amount
7 equal to 22.5% of the taxpayer's actual liability for the
8 month or 27.5% of the taxpayer's liability for the same
9 calendar month of the preceding calendar year. If the month
10 during which such tax liability is incurred begins on or
11 after January 1, 1987, each payment shall be in an amount
12 equal to 22.5% of the taxpayer's actual liability for the
13 month or 26.25% of the taxpayer's liability for the same
14 calendar month of the preceding year. The amount of such
15 quarter monthly payments shall be credited against the final
16 tax liability of the taxpayer's return for that month filed
17 under this Section or Section 2f, as the case may be. Once
18 applicable, the requirement of the making of quarter monthly
19 payments to the Department pursuant to this paragraph shall
20 continue until such taxpayer's average monthly prepaid tax
21 collections during the preceding 2 complete calendar quarters
22 is \$25,000 or less. If any such quarter monthly payment is
23 not paid at the time or in the amount required, the taxpayer
24 shall be liable for penalties and interest on such
25 difference, except insofar as the taxpayer has previously
26 made payments for that month in excess of the minimum
27 payments previously due.

28 The provisions of this paragraph apply on and after
29 October 1, 2001. Without regard to whether a taxpayer is
30 required to make quarter monthly payments as specified above,
31 any taxpayer who is required by Section 2d of this Act to
32 collect and remit prepaid taxes and has collected prepaid
33 taxes that average in excess of \$20,000 per month during the
34 preceding 4 complete calendar quarters shall file a return

1 with the Department as required by Section 2f and shall make
2 payments to the Department on or before the 7th, 15th, 22nd
3 and last day of the month during which the liability is
4 incurred. Each payment shall be in an amount equal to 22.5%
5 of the taxpayer's actual liability for the month or 25% of
6 the taxpayer's liability for the same calendar month of the
7 preceding year. The amount of the quarter monthly payments
8 shall be credited against the final tax liability of the
9 taxpayer's return for that month filed under this Section or
10 Section 2f, as the case may be. Once applicable, the
11 requirement of the making of quarter monthly payments to the
12 Department pursuant to this paragraph shall continue until
13 the taxpayer's average monthly prepaid tax collections during
14 the preceding 4 complete calendar quarters (excluding the
15 month of highest liability and the month of lowest liability)
16 is less than \$19,000 or until such taxpayer's average monthly
17 liability to the Department as computed for each calendar
18 quarter of the 4 preceding complete calendar quarters is less
19 than \$20,000. If any such quarter monthly payment is not
20 paid at the time or in the amount required, the taxpayer
21 shall be liable for penalties and interest on such
22 difference, except insofar as the taxpayer has previously
23 made payments for that month in excess of the minimum
24 payments previously due.

25 If any payment provided for in this Section exceeds the
26 taxpayer's liabilities under this Act, the Use Tax Act, the
27 Service Occupation Tax Act and the Service Use Tax Act, as
28 shown on an original monthly return, the Department shall, if
29 requested by the taxpayer, issue to the taxpayer a credit
30 memorandum no later than 30 days after the date of payment.
31 The credit evidenced by such credit memorandum may be
32 assigned by the taxpayer to a similar taxpayer under this
33 Act, the Use Tax Act, the Service Occupation Tax Act or the
34 Service Use Tax Act, in accordance with reasonable rules and

1 regulations to be prescribed by the Department. If no such
2 request is made, the taxpayer may credit such excess payment
3 against tax liability subsequently to be remitted to the
4 Department under this Act, the Use Tax Act, the Service
5 Occupation Tax Act or the Service Use Tax Act, in accordance
6 with reasonable rules and regulations prescribed by the
7 Department. If the Department subsequently determined that
8 all or any part of the credit taken was not actually due to
9 the taxpayer, the taxpayer's 2.1% and 1.75% vendor's discount
10 shall be reduced by 2.1% or 1.75% of the difference between
11 the credit taken and that actually due, and that taxpayer
12 shall be liable for penalties and interest on such
13 difference.

14 If a retailer of motor fuel is entitled to a credit under
15 Section 2d of this Act which exceeds the taxpayer's liability
16 to the Department under this Act for the month which the
17 taxpayer is filing a return, the Department shall issue the
18 taxpayer a credit memorandum for the excess.

19 Beginning January 1, 1990, each month the Department
20 shall pay into the Local Government Tax Fund, a special fund
21 in the State treasury which is hereby created, the net
22 revenue realized for the preceding month from the 1% tax on
23 sales of food for human consumption which is to be consumed
24 off the premises where it is sold (other than alcoholic
25 beverages, soft drinks and food which has been prepared for
26 immediate consumption) and prescription and nonprescription
27 medicines, drugs, medical appliances and insulin, urine
28 testing materials, syringes and needles used by diabetics.

29 Beginning January 1, 1990, each month the Department
30 shall pay into the County and Mass Transit District Fund, a
31 special fund in the State treasury which is hereby created,
32 4% of the net revenue realized for the preceding month from
33 the 6.25% general rate.

34 Beginning August 1, 2000, each month the Department shall

1 pay into the County and Mass Transit District Fund 20% of the
2 net revenue realized for the preceding month from the 1.25%
3 rate on the selling price of motor fuel and gasohol.

4 Beginning January 1, 1990, each month the Department
5 shall pay into the Local Government Tax Fund 16% of the net
6 revenue realized for the preceding month from the 6.25%
7 general rate on the selling price of tangible personal
8 property.

9 Beginning August 1, 2000, each month the Department shall
10 pay into the Local Government Tax Fund 80% of the net revenue
11 realized for the preceding month from the 1.25% rate on the
12 selling price of motor fuel and gasohol.

13 Of the remainder of the moneys received by the Department
14 pursuant to this Act, (a) 1.75% thereof shall be paid into
15 the Build Illinois Fund and (b) prior to July 1, 1989, 2.2%
16 and on and after July 1, 1989, 3.8% thereof shall be paid
17 into the Build Illinois Fund; provided, however, that if in
18 any fiscal year the sum of (1) the aggregate of 2.2% or 3.8%,
19 as the case may be, of the moneys received by the Department
20 and required to be paid into the Build Illinois Fund pursuant
21 to this Act, Section 9 of the Use Tax Act, Section 9 of the
22 Service Use Tax Act, and Section 9 of the Service Occupation
23 Tax Act, such Acts being hereinafter called the "Tax Acts"
24 and such aggregate of 2.2% or 3.8%, as the case may be, of
25 moneys being hereinafter called the "Tax Act Amount", and (2)
26 the amount transferred to the Build Illinois Fund from the
27 State and Local Sales Tax Reform Fund shall be less than the
28 Annual Specified Amount (as hereinafter defined), an amount
29 equal to the difference shall be immediately paid into the
30 Build Illinois Fund from other moneys received by the
31 Department pursuant to the Tax Acts; the "Annual Specified
32 Amount" means the amounts specified below for fiscal years
33 1986 through 1993:

34 Fiscal Year Annual Specified Amount

1	1986	\$54,800,000
2	1987	\$76,650,000
3	1988	\$80,480,000
4	1989	\$88,510,000
5	1990	\$115,330,000
6	1991	\$145,470,000
7	1992	\$182,730,000
8	1993	\$206,520,000;

9 and means the Certified Annual Debt Service Requirement (as
10 defined in Section 13 of the Build Illinois Bond Act) or the
11 Tax Act Amount, whichever is greater, for fiscal year 1994
12 and each fiscal year thereafter; and further provided, that
13 if on the last business day of any month the sum of (1) the
14 Tax Act Amount required to be deposited into the Build
15 Illinois Bond Account in the Build Illinois Fund during such
16 month and (2) the amount transferred to the Build Illinois
17 Fund from the State and Local Sales Tax Reform Fund shall
18 have been less than 1/12 of the Annual Specified Amount, an
19 amount equal to the difference shall be immediately paid into
20 the Build Illinois Fund from other moneys received by the
21 Department pursuant to the Tax Acts; and, further provided,
22 that in no event shall the payments required under the
23 preceding proviso result in aggregate payments into the Build
24 Illinois Fund pursuant to this clause (b) for any fiscal year
25 in excess of the greater of (i) the Tax Act Amount or (ii)
26 the Annual Specified Amount for such fiscal year. The
27 amounts payable into the Build Illinois Fund under clause (b)
28 of the first sentence in this paragraph shall be payable only
29 until such time as the aggregate amount on deposit under each
30 trust indenture securing Bonds issued and outstanding
31 pursuant to the Build Illinois Bond Act is sufficient, taking
32 into account any future investment income, to fully provide,
33 in accordance with such indenture, for the defeasance of or
34 the payment of the principal of, premium, if any, and

1 interest on the Bonds secured by such indenture and on any
2 Bonds expected to be issued thereafter and all fees and costs
3 payable with respect thereto, all as certified by the
4 Director of the Bureau of the Budget. If on the last
5 business day of any month in which Bonds are outstanding
6 pursuant to the Build Illinois Bond Act, the aggregate of
7 moneys deposited in the Build Illinois Bond Account in the
8 Build Illinois Fund in such month shall be less than the
9 amount required to be transferred in such month from the
10 Build Illinois Bond Account to the Build Illinois Bond
11 Retirement and Interest Fund pursuant to Section 13 of the
12 Build Illinois Bond Act, an amount equal to such deficiency
13 shall be immediately paid from other moneys received by the
14 Department pursuant to the Tax Acts to the Build Illinois
15 Fund; provided, however, that any amounts paid to the Build
16 Illinois Fund in any fiscal year pursuant to this sentence
17 shall be deemed to constitute payments pursuant to clause (b)
18 of the first sentence of this paragraph and shall reduce the
19 amount otherwise payable for such fiscal year pursuant to
20 that clause (b). The moneys received by the Department
21 pursuant to this Act and required to be deposited into the
22 Build Illinois Fund are subject to the pledge, claim and
23 charge set forth in Section 12 of the Build Illinois Bond
24 Act.

25 Subject to payment of amounts into the Build Illinois
26 Fund as provided in the preceding paragraph or in any
27 amendment thereto hereafter enacted, the following specified
28 monthly installment of the amount requested in the
29 certificate of the Chairman of the Metropolitan Pier and
30 Exposition Authority provided under Section 8.25f of the
31 State Finance Act, but not in excess of sums designated as
32 "Total Deposit", shall be deposited in the aggregate from
33 collections under Section 9 of the Use Tax Act, Section 9 of
34 the Service Use Tax Act, Section 9 of the Service Occupation

1 Tax Act, and Section 3 of the Retailers' Occupation Tax Act
2 into the McCormick Place Expansion Project Fund in the
3 specified fiscal years.

4	Fiscal Year	Total Deposit
5	1993	\$0
6	1994	53,000,000
7	1995	58,000,000
8	1996	61,000,000
9	1997	64,000,000
10	1998	68,000,000
11	1999	71,000,000
12	2000	75,000,000
13	2001	80,000,000
14	2002	93,000,000
15	2003	99,000,000
16	2004	103,000,000
17	2005	108,000,000
18	2006	113,000,000
19	2007	119,000,000
20	2008	126,000,000
21	2009	132,000,000
22	2010	139,000,000
23	2011	146,000,000
24	2012	153,000,000
25	2013	161,000,000
26	2014	170,000,000
27	2015	179,000,000
28	2016	189,000,000
29	2017	199,000,000
30	2018	210,000,000
31	2019	221,000,000
32	2020	233,000,000
33	2021	246,000,000
34	2022	260,000,000

1 2023 and 275,000,000
 2 each fiscal year
 3 thereafter that bonds
 4 are outstanding under
 5 Section 13.2 of the
 6 Metropolitan Pier and
 7 Exposition Authority
 8 Act, but not after fiscal year 2042.

9 Beginning July 20, 1993 and in each month of each fiscal
 10 year thereafter, one-eighth of the amount requested in the
 11 certificate of the Chairman of the Metropolitan Pier and
 12 Exposition Authority for that fiscal year, less the amount
 13 deposited into the McCormick Place Expansion Project Fund by
 14 the State Treasurer in the respective month under subsection
 15 (g) of Section 13 of the Metropolitan Pier and Exposition
 16 Authority Act, plus cumulative deficiencies in the deposits
 17 required under this Section for previous months and years,
 18 shall be deposited into the McCormick Place Expansion Project
 19 Fund, until the full amount requested for the fiscal year,
 20 but not in excess of the amount specified above as "Total
 21 Deposit", has been deposited.

22 Subject to payment of amounts into the Build Illinois
 23 Fund and the McCormick Place Expansion Project Fund pursuant
 24 to the preceding paragraphs or in any amendments thereto
 25 hereafter enacted, beginning July 1, 1993, the Department
 26 shall each month pay into the Illinois Tax Increment Fund
 27 0.27% of 80% of the net revenue realized for the preceding
 28 month from the 6.25% general rate on the selling price of
 29 tangible personal property.

30 Subject to payment of amounts into the Build Illinois
 31 Fund and the McCormick Place Expansion Project Fund pursuant
 32 to the preceding paragraphs or in any amendments thereto
 33 hereafter enacted, beginning with the receipt of the first
 34 report of taxes paid by an eligible business and continuing

1 for a 25-year period, the Department shall each month pay
2 into the Energy Infrastructure Fund 80% of the net revenue
3 realized from the 6.25% general rate on the selling price of
4 Illinois-mined coal that was sold to an eligible business.
5 For purposes of this paragraph, the term "eligible business"
6 means a new electric generating facility certified pursuant
7 to Section 605-332 of the Department of Commerce and
8 Community Affairs Law of the Civil Administrative Code of
9 Illinois.

10 Of the remainder of the moneys received by the Department
11 pursuant to this Act, 75% thereof shall be paid into the
12 State Treasury and 25% shall be reserved in a special account
13 and used only for the transfer to the Common School Fund as
14 part of the monthly transfer from the General Revenue Fund in
15 accordance with Section 8a of the State Finance Act.

16 The Department may, upon separate written notice to a
17 taxpayer, require the taxpayer to prepare and file with the
18 Department on a form prescribed by the Department within not
19 less than 60 days after receipt of the notice an annual
20 information return for the tax year specified in the notice.
21 Such annual return to the Department shall include a
22 statement of gross receipts as shown by the retailer's last
23 Federal income tax return. If the total receipts of the
24 business as reported in the Federal income tax return do not
25 agree with the gross receipts reported to the Department of
26 Revenue for the same period, the retailer shall attach to his
27 annual return a schedule showing a reconciliation of the 2
28 amounts and the reasons for the difference. The retailer's
29 annual return to the Department shall also disclose the cost
30 of goods sold by the retailer during the year covered by such
31 return, opening and closing inventories of such goods for
32 such year, costs of goods used from stock or taken from stock
33 and given away by the retailer during such year, payroll
34 information of the retailer's business during such year and

1 any additional reasonable information which the Department
2 deems would be helpful in determining the accuracy of the
3 monthly, quarterly or annual returns filed by such retailer
4 as provided for in this Section.

5 If the annual information return required by this Section
6 is not filed when and as required, the taxpayer shall be
7 liable as follows:

8 (i) Until January 1, 1994, the taxpayer shall be
9 liable for a penalty equal to 1/6 of 1% of the tax due
10 from such taxpayer under this Act during the period to be
11 covered by the annual return for each month or fraction
12 of a month until such return is filed as required, the
13 penalty to be assessed and collected in the same manner
14 as any other penalty provided for in this Act.

15 (ii) On and after January 1, 1994, the taxpayer
16 shall be liable for a penalty as described in Section 3-4
17 of the Uniform Penalty and Interest Act.

18 The chief executive officer, proprietor, owner or highest
19 ranking manager shall sign the annual return to certify the
20 accuracy of the information contained therein. Any person
21 who willfully signs the annual return containing false or
22 inaccurate information shall be guilty of perjury and
23 punished accordingly. The annual return form prescribed by
24 the Department shall include a warning that the person
25 signing the return may be liable for perjury.

26 The provisions of this Section concerning the filing of
27 an annual information return do not apply to a retailer who
28 is not required to file an income tax return with the United
29 States Government.

30 As soon as possible after the first day of each month,
31 upon certification of the Department of Revenue, the
32 Comptroller shall order transferred and the Treasurer shall
33 transfer from the General Revenue Fund to the Motor Fuel Tax
34 Fund an amount equal to 1.7% of 80% of the net revenue

1 realized under this Act for the second preceding month.
2 Beginning April 1, 2000, this transfer is no longer required
3 and shall not be made.

4 Net revenue realized for a month shall be the revenue
5 collected by the State pursuant to this Act, less the amount
6 paid out during that month as refunds to taxpayers for
7 overpayment of liability.

8 For greater simplicity of administration, manufacturers,
9 importers and wholesalers whose products are sold at retail
10 in Illinois by numerous retailers, and who wish to do so, may
11 assume the responsibility for accounting and paying to the
12 Department all tax accruing under this Act with respect to
13 such sales, if the retailers who are affected do not make
14 written objection to the Department to this arrangement.

15 Any person who promotes, organizes, provides retail
16 selling space for concessionaires or other types of sellers
17 at the Illinois State Fair, DuQuoin State Fair, county fairs,
18 local fairs, art shows, flea markets and similar exhibitions
19 or events, including any transient merchant as defined by
20 Section 2 of the Transient Merchant Act of 1987, is required
21 to file a report with the Department providing the name of
22 the merchant's business, the name of the person or persons
23 engaged in merchant's business, the permanent address and
24 Illinois Retailers Occupation Tax Registration Number of the
25 merchant, the dates and location of the event and other
26 reasonable information that the Department may require. The
27 report must be filed not later than the 20th day of the month
28 next following the month during which the event with retail
29 sales was held. Any person who fails to file a report
30 required by this Section commits a business offense and is
31 subject to a fine not to exceed \$250.

32 Any person engaged in the business of selling tangible
33 personal property at retail as a concessionaire or other type
34 of seller at the Illinois State Fair, county fairs, art

1 shows, flea markets and similar exhibitions or events, or any
2 transient merchants, as defined by Section 2 of the Transient
3 Merchant Act of 1987, may be required to make a daily report
4 of the amount of such sales to the Department and to make a
5 daily payment of the full amount of tax due. The Department
6 shall impose this requirement when it finds that there is a
7 significant risk of loss of revenue to the State at such an
8 exhibition or event. Such a finding shall be based on
9 evidence that a substantial number of concessionaires or
10 other sellers who are not residents of Illinois will be
11 engaging in the business of selling tangible personal
12 property at retail at the exhibition or event, or other
13 evidence of a significant risk of loss of revenue to the
14 State. The Department shall notify concessionaires and other
15 sellers affected by the imposition of this requirement. In
16 the absence of notification by the Department, the
17 concessionaires and other sellers shall file their returns as
18 otherwise required in this Section.

19 (Source: P.A. 91-37, eff. 7-1-99; 91-51, eff. 6-30-99;
20 91-101, eff. 7-12-99; 91-541, eff. 8-13-99; 91-872, eff.
21 7-1-00; 91-901, eff. 1-1-01; 92-12, eff. 7-1-01; 92-16, eff.
22 6-28-01; 92-208, eff. 8-2-01; 92-484, eff. 8-23-01; 92-492,
23 eff. 1-1-02; 92-600, eff. 6-28-02; 92-651, eff. 7-11-02.)

24 Section 50-30. The Illinois Vehicle Code is amended by
25 changing Section 3-2001 as follows:

26 (625 ILCS 5/3-2001) (from Ch. 95 1/2, par. 3-2001)

27 Sec. 3-2001. Until July 1, 2003, a tax of \$200 is hereby
28 imposed on the purchase of any passenger car as defined in
29 Section 1-157 of this Code, purchased in Illinois by or on
30 behalf of an insurance company to replace a passenger car of
31 an insured person in settlement of a total loss claim. The
32 tax imposed by this Section shall apply only to that portion

1 of the purchase price of the replacement vehicle paid by the
2 insurance company in settlement of the total loss claim, but
3 not including any portion of such insurance payment which
4 exceeds the market value of the total loss vehicle.

5 (Source: P.A. 83-1353.)

6 ARTICLE 99

7 Section 99-99. Effective date. This Act takes effect
8 upon becoming law.