

1                                    AMENDMENT TO SENATE BILL 842

2            AMENDMENT NO. \_\_\_\_\_. Amend Senate Bill 842 by replacing  
3 everything after the enacting clause with the following:

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

1 3-55 of that Act dealing with the prevention of actual or  
 2 likely multistate taxation; or (iv) if the transfer is a gift  
 3 to a beneficiary in the administration of an estate and the  
 4 beneficiary is a surviving spouse. The rate of tax shall be  
 5 6.25% of the selling price for each purchase of aircraft that  
 6 qualifies under this Law. For purposes of calculating the tax  
 7 due under this Law when an aircraft is acquired by gift or  
 8 transfer, the tax shall be imposed on the fair market value  
 9 of the aircraft on the date the aircraft is acquired or the  
 10 date the aircraft is brought into the State, whichever is  
 11 later. Tax shall be imposed on the selling price of an  
 12 aircraft acquired through purchase. However, the selling  
 13 price shall not be less than the fair market value of the  
 14 aircraft on the date the aircraft is purchased or the date  
 15 the aircraft is brought into the State, whichever is later.

16 Section 10-20. Returns. The purchaser, transferee, or  
 17 donee shall file a return signed by the purchaser,  
 18 transferee, or donee with the Department of Revenue on a form  
 19 prescribed by the Department. The return shall contain  
 20 substantially the following paragraph and such other  
 21 information as the Department may reasonably require:

22 VERIFICATION

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

29 .....  
 30 Date Signature of purchaser,  
 31 transferee, or donee

32 The return and payment from the purchaser, transferee, or  
 33 donee shall be submitted to the Department within 30 days

1 after the date of purchase, donation, or other transfer or  
2 the date the aircraft is brought into the State, whichever is  
3 later. Payment of tax shall be a condition to securing  
4 registration of the aircraft from the Division of Aeronautics  
5 of the Department of Transportation.

6 When a purchaser, transferee, or donee pays the tax  
7 imposed by Section 10-15 of this Law, the Department (upon  
8 request therefor from the purchaser, transferee, or donee)  
9 shall issue an appropriate receipt to the purchaser,  
10 transferee, or donee showing that he or she has paid such tax  
11 to the Department. The receipt shall be sufficient to relieve  
12 the purchaser, transferee, or donee from further liability  
13 for the tax to which the receipt may refer.

14 Section 10-25. Filing false or incomplete return. Any  
15 person required to file a return under this Law who willfully  
16 files a false or incomplete return is guilty of a Class A  
17 misdemeanor.

18 Section 10-30. Determining selling price. For the purpose  
19 of assisting in determining the validity of the "selling  
20 price" reported on returns filed with the Department, the  
21 Department may furnish the following information to persons  
22 with whom the Department has contracted for service related  
23 to making that determination: the selling price stated on the  
24 return; the aircraft identification number; the year, the  
25 make, and the model name or number of the aircraft; the  
26 purchase date; and the hours of operation.

27 Section 10-35. Powers of Department. The Department shall  
28 have full power to administer and enforce this Law; to  
29 collect all taxes, penalties, and interest due hereunder; to  
30 dispose of taxes, penalties, and interest so collected in the  
31 manner hereinafter provided, and to determine all rights to

1 credit memoranda or refunds arising on account of the  
2 erroneous payment of tax, penalty, or interest hereunder. In  
3 the administration of, and compliance with, this Law, the  
4 Department and persons who are subject to this Law shall have  
5 the same rights, remedies, privileges, immunities, powers,  
6 and duties, and be subject to the same conditions,  
7 restrictions, limitations, penalties, and definitions of  
8 terms, and employ the same modes of procedure, as are  
9 prescribed in the Use Tax Act, as now or hereafter amended  
10 (except for the provisions of Section 3-70), which are not  
11 inconsistent with this Law, as fully as if the provisions of  
12 the Use Tax Act were set forth in this Law. In addition to  
13 any other penalties imposed under law, any person convicted  
14 of violating the provisions of this Law, shall be assessed a  
15 fine of \$1,000.

16 Section 10-40. Payments to Local Government Distributive  
17 Fund and General Revenue Fund. The Department of Revenue  
18 shall each month, upon collecting any taxes as provided in  
19 this Law, pay the money collected from the 1.25% portion of  
20 the 6.25% rate into the Local Government Distributive Fund, a  
21 special fund in the State treasury. The remainder shall be  
22 paid into the General Revenue Fund.

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

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

28 (35 ILCS 120/1c) (from Ch. 120, par. 440c)

29 Sec. 1c. A person who is engaged in the business of  
30 leasing or renting motor vehicles or, beginning July 1, 2003,

1 aircraft to others and who, in connection with such business  
2 sells any used motor vehicle or aircraft to a purchaser for  
3 his use and not for the purpose of resale, is a retailer  
4 engaged in the business of selling tangible personal property  
5 at retail under this Act to the extent of the value of the  
6 vehicle or aircraft sold. For the purpose of this Section  
7 "motor vehicle" has the meaning prescribed in Section 1-157  
8 of the Illinois Vehicle Code, as now or hereafter amended.  
9 For the purpose of this Section "aircraft" has the meaning  
10 prescribed in Section 3 of the Illinois Aeronautics Act.  
11 (Nothing provided herein shall affect liability incurred  
12 under this Act because of the sale at retail of such motor  
13 vehicles or aircraft to a lessor.)  
14 (Source: P.A. 80-598.)

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

17 (620 ILCS 5/42) (from Ch. 15 1/2, par. 22.42)  
18 Sec. 42. Regulation of aircraft, airmen, and airports.  
19 (a) The general public interest and safety, the safety  
20 of persons operating, using, or traveling in, aircraft, and  
21 of persons and property on the ground, and the interest of  
22 aeronautical progress require that aircraft operated within  
23 this State should be airworthy, that airmen should be  
24 properly qualified, and that air navigation facilities should  
25 be suitable for the purposes for which they are designed.  
26 The purposes of this Act require that the Department should  
27 be enabled to exercise the powers of regulation and  
28 supervision herein granted. The advantage of uniform  
29 regulation makes it desirable that aircraft operated within  
30 this State should conform with respect to design,  
31 construction, and airworthiness to the standards prescribed  
32 by the United States Government with respect to civil

1 aircraft subject to its jurisdiction and that persons  
2 engaging in aeronautics within this State should have the  
3 qualifications necessary for obtaining and holding  
4 appropriate airman certificates of the United States. It is  
5 desirable and right that all applicable fees and taxes shall  
6 be paid with respect to aircraft operated within this State.

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

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

29 (i) Except as to any aircraft vehicle  
30 purchased before March 8, 1963, the Department, in  
31 the case of the first registration of any aircraft  
32 vehicle for any given owner on or after March 8,  
33 1963, may not issue a certificate of registration  
34 with respect to any aircraft vehicle until after the

1 Department has been satisfied that no tax under the  
2 Use Tax Act, the Aircraft Use Tax Law, the Municipal  
3 Use Tax Act, or the Home Rule County Use Tax Law is  
4 owing by reason of the use of the vehicle in  
5 Illinois or that any tax so imposed has been paid. A  
6 receipt issued under those Acts by the Department of  
7 Revenue constitutes proof of payment of the tax. For  
8 the purpose of this paragraph, "aircraft vehicle"  
9 means a single aircraft.

10 (ii) If the proof of payment of the tax or of  
11 nonliability therefor is, after the issuance of the  
12 certificate of registration, found to be invalid,  
13 the Department shall revoke the certificate and  
14 require that the certificate be returned to the  
15 Department.

16 (2) To classify and approve airports and restricted  
17 landing areas and any alterations or extensions thereof.  
18 Certificates of approval issued pursuant to this  
19 paragraph, or pursuant to any prior law, shall be issued  
20 in the name of the applicant and shall be transferable  
21 upon a change of ownership or control of the airport or  
22 restricted landing area only after approval of the  
23 Department. No charge or fee shall be made or imposed for  
24 any kind of certificate of approval or a transfer  
25 thereof.

26 (3) To revoke, temporarily or permanently, any  
27 certificate of registration of an aircraft or airman  
28 issued by it, or to refuse to issue any such certificate  
29 of registration, when it shall reasonably determine that  
30 any aircraft is not airworthy, or that any airman:

31 (i) is not qualified;

32 (ii) has willfully violated the laws of this  
33 State pertaining to aeronautics or any rules,  
34 rulings, regulations, orders, or decisions issued

1 pursuant thereto, or any Federal law or any rule or  
2 regulation issued pursuant thereto;

3 (iii) is addicted to the use of narcotics or  
4 other habit forming drug, or to the excessive use of  
5 intoxicating liquor;

6 (iv) has made any false statement in any  
7 application for registration of a federal license,  
8 certificate or permit; or

9 (v) has been guilty of other conduct, acts, or  
10 practices dangerous to the public safety or the  
11 safety of those engaged in aeronautics.

12 (c) The Department may refuse to issue or may suspend  
13 the certificate of any person who fails to file a return, or  
14 to pay the tax, penalty or interest shown in a filed return,  
15 or to pay any final assessment of tax, penalty or interest,  
16 as required by any tax Act administered by the Illinois  
17 Department of Revenue, until such time as the requirements of  
18 any such tax Act are satisfied.

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

20 ARTICLE 50

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

23 (35 ILCS 105/2a) (from Ch. 120, par. 439.2a)

24 Sec. 2a. "Pollution control facilities" means any system,  
25 method, construction, device or appliance appurtenant thereto  
26 sold or used or intended for the primary purpose of  
27 eliminating, preventing, or reducing air and water pollution  
28 as the term "air pollution" or "water pollution" is defined  
29 in the "Environmental Protection Act", enacted by the 76th  
30 General Assembly, or for the primary purpose of treating,  
31 pretreating, modifying or disposing of any potential solid,  
32 liquid or gaseous pollutant which if released without such



1 treatment, pretreatment, modification or disposal might be  
2 harmful, detrimental or offensive to human, plant or animal  
3 life, or to property.

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

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

9 (35 ILCS 105/3-5) (from Ch. 120, par. 439.3-5)

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

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

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

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

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

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

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

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

31 (7) Farm chemicals.

32 (8) Legal tender, currency, medallions, or gold or  
33 silver coinage issued by the State of Illinois, the  
34 government of the United States of America, or the government

1 of any foreign country, and bullion.

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

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

16 (11) Farm machinery and equipment, both new and used,  
17 including that manufactured on special order, certified by  
18 the purchaser to be used primarily for production agriculture  
19 or State or federal agricultural programs, including  
20 individual replacement parts for the machinery and equipment,  
21 including machinery and equipment purchased for lease, and  
22 including implements of husbandry defined in Section 1-130 of  
23 the Illinois Vehicle Code, farm machinery and agricultural  
24 chemical and fertilizer spreaders, and nurse wagons required  
25 to be registered under Section 3-809 of the Illinois Vehicle  
26 Code, but excluding other motor vehicles required to be  
27 registered under the Illinois Vehicle Code. Horticultural  
28 polyhouses or hoop houses used for propagating, growing, or  
29 overwintering plants shall be considered farm machinery and  
30 equipment under this item (11). Agricultural chemical tender  
31 tanks and dry boxes shall include units sold separately from  
32 a motor vehicle required to be licensed and units sold  
33 mounted on a motor vehicle required to be licensed if the  
34 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 (11) is exempt  
16 from the provisions of Section 3-90.

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

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

32 (14) Until July 1, 2003, oil field exploration,  
33 drilling, and production equipment, including (i) rigs and  
34 parts of rigs, rotary rigs, cable tool rigs, and workover

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

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

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

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

26 (18) Manufacturing and assembling machinery and  
27 equipment used primarily in the process of manufacturing or  
28 assembling tangible personal property for wholesale or retail  
29 sale or lease, whether that sale or lease is made directly by  
30 the manufacturer or by some other person, whether the  
31 materials used in the process are owned by the manufacturer  
32 or some other person, or whether that sale or lease is made  
33 apart from or as an incident to the seller's engaging in the  
34 service occupation of producing machines, tools, dies, jigs,

1 patterns, gauges, or other similar items of no commercial  
2 value on special order for a particular purchaser.

3 (19) Personal property delivered to a purchaser or  
4 purchaser's donee inside Illinois when the purchase order for  
5 that personal property was received by a florist located  
6 outside Illinois who has a florist located inside Illinois  
7 deliver the personal property.

8 (20) Semen used for artificial insemination of livestock  
9 for direct agricultural production.

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

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

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

5 (23) Personal property purchased by a lessor who leases  
6 the property, under a lease of one year or longer executed  
7 or in effect at the time the lessor would otherwise be  
8 subject to the tax imposed by this Act, to a governmental  
9 body that has been issued an active sales tax exemption  
10 identification number by the Department under Section 1g of  
11 the Retailers' Occupation Tax Act. If the property is leased  
12 in a manner that does not qualify for this exemption or used  
13 in any other non-exempt manner, the lessor shall be liable  
14 for the tax imposed under this Act or the Service Use Tax  
15 Act, as the case may be, based on the fair market value of  
16 the 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 Service Use Tax Act, as the  
20 case may be, if the tax has not been paid by the lessor. If  
21 a lessor improperly collects any such amount from the lessee,  
22 the 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 (24) Beginning with taxable years ending on or after  
27 December 31, 1995 and ending with taxable years ending on or  
28 before December 31, 2004, personal property that is donated  
29 for disaster relief to be used in a State or federally  
30 declared disaster area in Illinois or bordering Illinois by a  
31 manufacturer or retailer that is registered in this State to  
32 a corporation, society, association, foundation, or  
33 institution that has been issued a sales tax exemption  
34 identification number by the Department that assists victims

1 of the disaster who reside within the declared disaster area.

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

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

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



1 organized and operated exclusively to provide a course of  
2 study of not less than 6 weeks duration and designed to  
3 prepare individuals to follow a trade or to pursue a manual,  
4 technical, mechanical, industrial, business, or commercial  
5 occupation.

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

20 (29) Beginning January 1, 2000 and through December 31,  
21 2001, new or used automatic vending machines that prepare and  
22 serve hot food and beverages, including coffee, soup, and  
23 other items, and replacement parts for these machines.  
24 Beginning January 1, 2002 and through June 30, 2003, machines  
25 and parts for machines used in commercial, coin-operated  
26 amusement and vending business if a use or occupation tax is  
27 paid on the gross receipts derived from the use of the  
28 commercial, coin-operated amusement and vending machines.  
29 This paragraph is exempt from the provisions of Section 3-90.

30 (30) Food for human consumption that is to be consumed  
31 off the premises where it is sold (other than alcoholic  
32 beverages, soft drinks, and food that has been prepared for  
33 immediate consumption) and prescription and nonprescription  
34 medicines, drugs, medical appliances, and insulin, urine

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

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

32 (32) Beginning on the effective date of this amendatory  
33 Act of the 92nd General Assembly, personal property purchased  
34 by a lessor who leases the property, under a lease of one

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

21 (Source: P.A. 91-51, eff. 6-30-99; 91-200, eff. 7-20-99;  
22 91-439, eff. 8-6-99; 91-637, eff. 8-20-99; 91-644, eff.  
23 8-20-99; 91-901, eff. 1-1-01; 92-35, eff. 7-1-01; 92-227,  
24 eff. 8-2-01; 92-337, eff. 8-10-01; 92-484, eff. 8-23-01;  
25 92-651, eff. 7-11-02.)

26 (35 ILCS 105/3-7)

27 Sec. 3-7. Aggregate manufacturing exemption. Through  
28 June 30, 2003 ~~December 31, 2007~~, the use of aggregate  
29 exploration, mining, offhighway hauling, processing,  
30 maintenance, and reclamation equipment, including replacement  
31 parts and equipment, and including equipment purchased for  
32 lease, but excluding motor vehicles required to be registered  
33 under the Illinois Vehicle Code, is exempt from the tax

1 imposed by this Act.

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

3 (35 ILCS 105/3-85)

4 Sec. 3-85. Manufacturer's Purchase Credit. For purchases  
5 of machinery and equipment made on and after January 1, 1995  
6 and through June 30, 2003, a purchaser of manufacturing  
7 machinery and equipment that qualifies for the exemption  
8 provided by paragraph (18) of Section 3-5 of this Act earns a  
9 credit in an amount equal to a fixed percentage of the tax  
10 which would have been incurred under this Act on those  
11 purchases. For purchases of graphic arts machinery and  
12 equipment made on or after July 1, 1996 and through June 30,  
13 2003, a purchaser of graphic arts machinery and equipment  
14 that qualifies for the exemption provided by paragraph (6) of  
15 Section 3-5 of this Act earns a credit in an amount equal to  
16 a fixed percentage of the tax that would have been incurred  
17 under this Act on those purchases. The credit earned for  
18 purchases of manufacturing machinery and equipment or graphic  
19 arts machinery and equipment shall be referred to as the  
20 Manufacturer's Purchase Credit. A graphic arts producer is a  
21 person engaged in graphic arts production as defined in  
22 Section 2-30 of the Retailers' Occupation Tax Act. Beginning  
23 July 1, 1996, all references in this Section to manufacturers  
24 or manufacturing shall also be deemed to refer to graphic  
25 arts producers or graphic arts production.

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

32 (1) 15% for purchases made on or before June 30,  
33 1995.

1           (2) 25% for purchases made after June 30, 1995, and  
2           on or before June 30, 1996.

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

5           (4) 50% for purchases made on or after July 1,  
6           1997.

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

1 non-transferable credit. A manufacturer or graphic arts  
2 producer that enters into a contract involving the  
3 installation of tangible personal property into real estate  
4 within a manufacturing or graphic arts production facility  
5 may, prior to October 1, 2003, authorize a construction  
6 contractor to utilize credit accumulated by the manufacturer  
7 or graphic arts producer to purchase the tangible personal  
8 property. A manufacturer or graphic arts producer intending  
9 to use accumulated credit to purchase such tangible personal  
10 property shall execute a written contract authorizing the  
11 contractor to utilize a specified dollar amount of credit.  
12 The contractor shall furnish, prior to October 1, 2003, the  
13 supplier with the manufacturer's or graphic arts producer's  
14 name, registration or resale number, and a statement that a  
15 specific amount of the Use Tax or Service Use Tax liability,  
16 not to exceed 6.25% of the selling price, is being satisfied  
17 with the credit. The manufacturer or graphic arts producer  
18 shall remain liable to timely report all information required  
19 by the annual Report of Manufacturer's Purchase Credit Used  
20 for all credit utilized by a construction contractor.

21 The Manufacturer's Purchase Credit may be used to satisfy  
22 liability under the Use Tax Act or the Service Use Tax Act  
23 due on the purchase of production related tangible personal  
24 property (including purchases by a manufacturer, by a graphic  
25 arts producer, or by a lessor who rents or leases the use of  
26 the property to a manufacturer or graphic arts producer) that  
27 does not otherwise qualify for the manufacturing machinery  
28 and equipment exemption or the graphic arts machinery and  
29 equipment exemption. "Production related tangible personal  
30 property" means (i) all tangible personal property used or  
31 consumed by the purchaser in a manufacturing facility in  
32 which a manufacturing process described in Section 2-45 of  
33 the Retailers' Occupation Tax Act takes place, including  
34 tangible personal property purchased for incorporation into

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

1 pay the tax when due. A purchaser of production related  
2 tangible personal property who is required to pay Illinois  
3 Use Tax or Service Use Tax on the purchase directly to the  
4 Department may, prior to October 1, 2003, utilize the  
5 Manufacturer's Purchase Credit in satisfaction of the tax  
6 arising from that purchase, but not in satisfaction of  
7 penalty and interest. A purchaser who uses the Manufacturer's  
8 Purchase Credit to purchase property which is later  
9 determined not to be production related tangible personal  
10 property may be liable for tax, penalty, and interest on the  
11 purchase of that property as of the date of purchase but  
12 shall be entitled to use the disallowed Manufacturer's  
13 Purchase Credit, so long as it has not expired and is used  
14 prior to October 1, 2003, on qualifying purchases of  
15 production related tangible personal property not previously  
16 subject to credit usage. The Manufacturer's Purchase Credit  
17 earned by a manufacturer or graphic arts producer expires the  
18 last day of the second calendar year following the calendar  
19 year in which the credit arose. No Manufacturer's Purchase  
20 Credit may be used after September 30, 2003 regardless of  
21 when that credit was earned.

22 A purchaser earning Manufacturer's Purchase Credit shall  
23 sign and file an annual Report of Manufacturer's Purchase  
24 Credit Earned for each calendar year no later than the last  
25 day of the sixth month following the calendar year in which a  
26 Manufacturer's Purchase Credit is earned. A Report of  
27 Manufacturer's Purchase Credit Earned shall be filed on forms  
28 as prescribed or approved by the Department and shall state,  
29 for each month of the calendar year: (i) the total purchase  
30 price of all purchases of exempt manufacturing or graphic  
31 arts machinery on which the credit was earned; (ii) the total  
32 State Use Tax or Service Use Tax which would have been due on  
33 those items; (iii) the percentage used to calculate the  
34 amount of credit earned; (iv) the amount of credit earned;



1 and (v) such other information as the Department may  
2 reasonably require. A purchaser earning Manufacturer's  
3 Purchase Credit shall maintain records which identify, as to  
4 each purchase of manufacturing or graphic arts machinery and  
5 equipment on which the purchaser earned Manufacturer's  
6 Purchase Credit, the vendor (including, if applicable, either  
7 the vendor's registration number or Federal Employer  
8 Identification Number), the purchase price, and the amount of  
9 Manufacturer's Purchase Credit earned on each purchase.

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

32 No annual report shall be filed before May 1, 1996 or  
33 after June 30, 2004. A purchaser that fails to file an annual  
34 Report of Manufacturer's Purchase Credit Earned or an annual

1 Report of Manufacturer's Purchase Credit Used by the last day  
2 of the sixth month following the end of the calendar year  
3 shall forfeit all Manufacturer's Purchase Credit for that  
4 calendar year unless it establishes that its failure to file  
5 was due to reasonable cause. Manufacturer's Purchase Credit  
6 reports may be amended to report and claim credit on  
7 qualifying purchases not previously reported at any time  
8 before the credit would have expired, unless both the  
9 Department and the purchaser have agreed to an extension of  
10 the statute of limitations for the issuance of a notice of  
11 tax liability as provided in Section 4 of the Retailers'  
12 Occupation Tax Act. If the time for assessment or refund has  
13 been extended, then amended reports for a calendar year may  
14 be filed at any time prior to the date to which the statute  
15 of limitations for the calendar year or portion thereof has  
16 been extended. No Manufacturer's Purchase Credit report filed  
17 with the Department for periods prior to January 1, 1995  
18 shall be approved. Manufacturer's Purchase Credit claimed on  
19 an amended report may be used, until October 1, 2003, to  
20 satisfy tax liability under the Use Tax Act or the Service  
21 Use Tax Act (i) on qualifying purchases of production related  
22 tangible personal property made after the date the amended  
23 report is filed or (ii) assessed by the Department on  
24 qualifying purchases of production related tangible personal  
25 property made in the case of manufacturers on or after  
26 January 1, 1995, or in the case of graphic arts producers on  
27 or after July 1, 1996.

28 If the purchaser is not the manufacturer or a graphic  
29 arts producer, but rents or leases the use of the property to  
30 a manufacturer or graphic arts producer, the purchaser may  
31 earn, report, and use Manufacturer's Purchase Credit in the  
32 same manner as a manufacturer or graphic arts producer.

33 A purchaser shall not be entitled to any Manufacturer's  
34 Purchase Credit for a purchase that is required to be

1 reported and is not timely reported as provided in this  
2 Section. A purchaser remains liable for (i) any tax that was  
3 satisfied by use of a Manufacturer's Purchase Credit, as of  
4 the date of purchase, if that use is not timely reported as  
5 required in this Section and (ii) for any applicable  
6 penalties and interest for failing to pay the tax when due.  
7 No Manufacturer's Purchase Credit may be used after September  
8 30, 2003 to satisfy any tax liability imposed under this Act,  
9 including any audit liability.

10 (Source: P.A. 88-547, eff. 6-30-94; 89-89, eff. 6-30-95;  
11 89-235, eff. 8-4-95; 89-531, eff. 7-19-96.)

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

14 (35 ILCS 110/2) (from Ch. 120, par. 439.32)

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

29 "Purchased from a serviceman" means the acquisition of  
30 the ownership of, or title to, tangible personal property  
31 through a sale of service.

32 "Purchaser" means any person who, through a sale of

1 service, acquires the ownership of, or title to, any tangible  
2 personal property.

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

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

27 "Department" means the Department of Revenue.

28 "Person" means any natural individual, firm, partnership,  
29 association, joint stock company, joint venture, public or  
30 private corporation, limited liability company, and any  
31 receiver, executor, trustee, guardian or other representative  
32 appointed by order of any court.

33 "Sale of service" means any transaction except:

34 (1) a retail sale of tangible personal property

1 taxable under the Retailers' Occupation Tax Act or under  
2 the Use Tax Act.

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

6 (3) except as hereinafter provided, a sale or  
7 transfer of tangible personal property as an incident to  
8 the rendering of service for or by any governmental body,  
9 or for or by any corporation, society, association,  
10 foundation or institution organized and operated  
11 exclusively for charitable, religious or educational  
12 purposes or any not-for-profit corporation, society,  
13 association, foundation, institution or organization  
14 which has no compensated officers or employees and which  
15 is organized and operated primarily for the recreation of  
16 persons 55 years of age or older. A limited liability  
17 company may qualify for the exemption under this  
18 paragraph only if the limited liability company is  
19 organized and operated exclusively for educational  
20 purposes.

21 (4) a sale or transfer of tangible personal  
22 property as an incident to the rendering of service for  
23 interstate carriers for hire for use as rolling stock  
24 moving in interstate commerce or by lessors under a lease  
25 of one year or longer, executed or in effect at the time  
26 of purchase of personal property, to interstate carriers  
27 for hire for use as rolling stock moving in interstate  
28 commerce so long as so used by such interstate carriers  
29 for hire, and equipment operated by a telecommunications  
30 provider, licensed as a common carrier by the Federal  
31 Communications Commission, which is permanently installed  
32 in or affixed to aircraft moving in interstate commerce.

33 (4a) a sale or transfer of tangible personal  
34 property as an incident to the rendering of service for

1 owners, lessors, or shippers of tangible personal  
2 property which is utilized by interstate carriers for  
3 hire for use as rolling stock moving in interstate  
4 commerce so long as so used by interstate carriers for  
5 hire, and equipment operated by a telecommunications  
6 provider, licensed as a common carrier by the Federal  
7 Communications Commission, which is permanently installed  
8 in or affixed to aircraft moving in interstate commerce.

9 (5) a sale or transfer of machinery and equipment  
10 used primarily in the process of the manufacturing or  
11 assembling, either in an existing, an expanded or a new  
12 manufacturing facility, of tangible personal property for  
13 wholesale or retail sale or lease, whether such sale or  
14 lease is made directly by the manufacturer or by some  
15 other person, whether the materials used in the process  
16 are owned by the manufacturer or some other person, or  
17 whether such sale or lease is made apart from or as an  
18 incident to the seller's engaging in a service occupation  
19 and the applicable tax is a Service Use Tax or Service  
20 Occupation Tax, rather than Use Tax or Retailers'  
21 Occupation Tax.

22 (5a) the repairing, reconditioning or remodeling,  
23 for a common carrier by rail, of tangible personal  
24 property which belongs to such carrier for hire, and as  
25 to which such carrier receives the physical possession of  
26 the repaired, reconditioned or remodeled item of tangible  
27 personal property in Illinois, and which such carrier  
28 transports, or shares with another common carrier in the  
29 transportation of such property, out of Illinois on a  
30 standard uniform bill of lading showing the person who  
31 repaired, reconditioned or remodeled the property to a  
32 destination outside Illinois, for use outside Illinois.

33 (5b) a sale or transfer of tangible personal  
34 property which is produced by the seller thereof on

1 special order in such a way as to have made the  
2 applicable tax the Service Occupation Tax or the Service  
3 Use Tax, rather than the Retailers' Occupation Tax or the  
4 Use Tax, for an interstate carrier by rail which receives  
5 the physical possession of such property in Illinois, and  
6 which transports such property, or shares with another  
7 common carrier in the transportation of such property,  
8 out of Illinois on a standard uniform bill of lading  
9 showing the seller of the property as the shipper or  
10 consignor of such property to a destination outside  
11 Illinois, for use outside Illinois.

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

20 (7) at the election of any serviceman not required  
21 to be otherwise registered as a retailer under Section 2a  
22 of the Retailers' Occupation Tax Act, made for each  
23 fiscal year sales of service in which the aggregate  
24 annual cost price of tangible personal property  
25 transferred as an incident to the sales of service is  
26 less than 35%, or 75% in the case of servicemen  
27 transferring prescription drugs or servicemen engaged in  
28 graphic arts production, of the aggregate annual total  
29 gross receipts from all sales of service. The purchase of  
30 such tangible personal property by the serviceman shall  
31 be subject to tax under the Retailers' Occupation Tax Act  
32 and the Use Tax Act. However, if a primary serviceman who  
33 has made the election described in this paragraph  
34 subcontracts service work to a secondary serviceman who

1 has also made the election described in this paragraph,  
2 the primary serviceman does not incur a Use Tax liability  
3 if the secondary serviceman (i) has paid or will pay Use  
4 Tax on his or her cost price of any tangible personal  
5 property transferred to the primary serviceman and (ii)  
6 certifies that fact in writing to the primary serviceman.

7 Tangible personal property transferred incident to the  
8 completion of a maintenance agreement is exempt from the tax  
9 imposed pursuant to this Act.

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



1 finished product or an article for use in the process of  
2 manufacturing or assembling a different article of tangible  
3 personal property, by the combination of existing materials  
4 in a manner commonly regarded as assembling which results in  
5 a material of a different form, use or name; (3) "machinery"  
6 shall mean major mechanical machines or major components of  
7 such machines contributing to a manufacturing or assembling  
8 process; and (4) "equipment" shall include any independent  
9 device or tool separate from any machinery but essential to  
10 an integrated manufacturing or assembly process; including  
11 computers used primarily in a manufacturer's computer  
12 assisted design, computer assisted manufacturing (CAD/CAM)  
13 system; or any subunit or assembly comprising a component of  
14 any machinery or auxiliary, adjunct or attachment parts of  
15 machinery, such as tools, dies, jigs, fixtures, patterns and  
16 molds; or any parts which require periodic replacement in the  
17 course of normal operation; but shall not include hand tools.  
18 Equipment includes chemicals or chemicals acting as catalysts  
19 but only if the chemicals or chemicals acting as catalysts  
20 effect a direct and immediate change upon a product being  
21 manufactured or assembled for wholesale or retail sale or  
22 lease. The purchaser of such machinery and equipment who has  
23 an active resale registration number shall furnish such  
24 number to the seller at the time of purchase. The user of  
25 such machinery and equipment and tools without an active  
26 resale registration number shall prepare a certificate of  
27 exemption for each transaction stating facts establishing the  
28 exemption for that transaction, which certificate shall be  
29 available to the Department for inspection or audit. The  
30 Department shall prescribe the form of the certificate.

31 Any informal rulings, opinions or letters issued by the  
32 Department in response to an inquiry or request for any  
33 opinion from any person regarding the coverage and  
34 applicability of exemption (5) to specific devices shall be

1 published, maintained as a public record, and made available  
2 for public inspection and copying. If the informal ruling,  
3 opinion or letter contains trade secrets or other  
4 confidential information, where possible the Department shall  
5 delete such information prior to publication. Whenever such  
6 informal rulings, opinions, or letters contain any policy of  
7 general applicability, the Department shall formulate and  
8 adopt such policy as a rule in accordance with the provisions  
9 of the Illinois Administrative Procedure Act.

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

14 The purchase, employment and transfer of such tangible  
15 personal property as newsprint and ink for the primary  
16 purpose of conveying news (with or without other information)  
17 is not a purchase, use or sale of service or of tangible  
18 personal property within the meaning of this Act.

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

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

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

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

- 28 1. having or maintaining within this State,  
29 directly or by a subsidiary, an office, distribution  
30 house, sales house, warehouse or other place of business,  
31 or any agent or other representative operating within  
32 this State under the authority of the serviceman or its  
33 subsidiary, irrespective of whether such place of  
34 business or agent or other representative is located here

1 permanently or temporarily, or whether such serviceman or  
2 subsidiary is licensed to do business in this State;

3 2. soliciting orders for tangible personal property  
4 by means of a telecommunication or television shopping  
5 system (which utilizes toll free numbers) which is  
6 intended by the retailer to be broadcast by cable  
7 television or other means of broadcasting, to consumers  
8 located in this State;

9 3. pursuant to a contract with a broadcaster or  
10 publisher located in this State, soliciting orders for  
11 tangible personal property by means of advertising which  
12 is disseminated primarily to consumers located in this  
13 State and only secondarily to bordering jurisdictions;

14 4. soliciting orders for tangible personal property  
15 by mail if the solicitations are substantial and  
16 recurring and if the retailer benefits from any banking,  
17 financing, debt collection, telecommunication, or  
18 marketing activities occurring in this State or benefits  
19 from the location in this State of authorized  
20 installation, servicing, or repair facilities;

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

24 6. having a franchisee or licensee operating under  
25 its trade name if the franchisee or licensee is required  
26 to collect the tax under this Section;

27 7. pursuant to a contract with a cable television  
28 operator located in this State, soliciting orders for  
29 tangible personal property by means of advertising which  
30 is transmitted or distributed over a cable television  
31 system in this State; or

32 8. engaging in activities in Illinois, which  
33 activities in the state in which the supply business  
34 engaging in such activities is located would constitute

1 maintaining a place of business in that state.  
2 (Source: P.A. 91-51, eff. 6-30-99; 92-484, eff. 8-23-01.)

3 (35 ILCS 110/2a) (from Ch. 120, par. 439.32a)  
4 Sec. 2a. "Pollution control facilities" means any system,  
5 method, construction, device or appliance appurtenant thereto  
6 used in this State acquired as an incident to the purchase of  
7 a service from a serviceman for the primary purpose of  
8 eliminating, preventing, or reducing air and water pollution  
9 as the term "air pollution" or "water pollution" is defined  
10 in the "Environmental Protection Act", enacted by the 76th  
11 General Assembly, or for the primary purpose of treating,  
12 pretreating, modifying or disposing of any potential solid,  
13 liquid or gaseous pollutant which if released without such  
14 treatment, pretreatment, modification or disposal might be  
15 harmful, detrimental or offensive to human, plant or animal  
16 life, or to property.

17 Until July 1, 2003, the purchase, employment or transfer  
18 of such tangible personal property as pollution control  
19 facilities is not a purchase, use or sale of service or of  
20 tangible personal property within the meaning of this Act.  
21 (Source: P.A. 76-2248.)

22 (35 ILCS 110/3-5) (from Ch. 120, par. 439.33-5)  
23 Sec. 3-5. Exemptions. Use of the following tangible  
24 personal property is exempt from the tax imposed by this Act:  
25 (1) Personal property purchased from a corporation,  
26 society, association, foundation, institution, or  
27 organization, other than a limited liability company, that is  
28 organized and operated as a not-for-profit service enterprise  
29 for the benefit of persons 65 years of age or older if the  
30 personal property was not purchased by the enterprise for the  
31 purpose of resale by the enterprise.  
32 (2) Personal property purchased by a non-profit Illinois

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

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

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

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

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

33 (7) Farm machinery and equipment, both new and used,  
34 including that manufactured on special order, certified by

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

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

26 Farm machinery and equipment also includes computers,  
27 sensors, software, and related equipment used primarily in  
28 the computer-assisted operation of production agriculture  
29 facilities, equipment, and activities such as, but not  
30 limited to, the collection, monitoring, and correlation of  
31 animal and crop data for the purpose of formulating animal  
32 diets and agricultural chemicals. This item (7) is exempt  
33 from the provisions of Section 3-75.

34 (8) Fuel and petroleum products sold to or used by an

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

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

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

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

32 (12) Until July 1, 2003, coal exploration, mining,  
33 offhighway hauling, processing, maintenance, and reclamation  
34 equipment, including replacement parts and equipment, and

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

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

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

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



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

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

32           (18) Beginning with taxable years ending on or after  
33 December 31, 1995 and ending with taxable years ending on or  
34 before December 31, 2004, personal property that is used in

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

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

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

1 occupation.

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

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

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

1 defined in the Nursing Home Care Act.

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

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

17 (Source: P.A. 91-51, eff. 6-30-99; 91-200, eff. 7-20-99;  
 18 91-439, eff. 8-6-99; 91-637, eff. 8-20-99; 91-644, eff.  
 19 8-20-99; 92-16, eff. 6-28-01; 92-35, eff. 7-1-01; 92-227,  
 20 eff. 8-2-01; 92-337, eff. 8-10-01; 92-484, eff. 8-23-01;  
 21 92-651, eff. 7-11-02.)

22 (35 ILCS 110/3-7)

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

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

32 (35 ILCS 110/3-70)

1           Sec. 3-70. Manufacturer's Purchase Credit. For purchases  
2 of machinery and equipment made on and after January 1, 1995  
3 and through June 30, 2003, a purchaser of manufacturing  
4 machinery and equipment that qualifies for the exemption  
5 provided by Section 2 of this Act earns a credit in an amount  
6 equal to a fixed percentage of the tax which would have been  
7 incurred under this Act on those purchases. For purchases of  
8 graphic arts machinery and equipment made on or after July 1,  
9 1996 and through June 30, 2003, a purchase of graphic arts  
10 machinery and equipment that qualifies for the exemption  
11 provided by paragraph (5) of Section 3-5 of this Act earns a  
12 credit in an amount equal to a fixed percentage of the tax  
13 that would have been incurred under this Act on those  
14 purchases. The credit earned for the purchase of  
15 manufacturing machinery and equipment and graphic arts  
16 machinery and equipment shall be referred to as the  
17 Manufacturer's Purchase Credit. A graphic arts producer is a  
18 person engaged in graphic arts production as defined in  
19 Section 3-30 of the Service Occupation Tax Act. Beginning  
20 July 1, 1996, all references in this Section to manufacturers  
21 or manufacturing shall also refer to graphic arts producers  
22 or graphic arts production.

23           The amount of credit shall be a percentage of the tax  
24 that would have been incurred on the purchase of the  
25 manufacturing machinery and equipment or graphic arts  
26 machinery and equipment if the exemptions provided by Section  
27 2 or paragraph (5) of Section 3-5 of this Act had not been  
28 applicable.

29           All purchases prior to October 1, 2003 of manufacturing  
30 machinery and equipment and graphic arts machinery and  
31 equipment that qualify for the exemptions provided by  
32 paragraph (5) of Section 2 or paragraph (5) of Section 3-5 of  
33 this Act qualify for the credit without regard to whether the  
34 serviceman elected, or could have elected, under paragraph

1 (7) of Section 2 of this Act to exclude the transaction from  
2 this Act. If the serviceman's billing to the service  
3 customer separately states a selling price for the exempt  
4 manufacturing machinery or equipment or the exempt graphic  
5 arts machinery and equipment, the credit shall be calculated,  
6 as otherwise provided herein, based on that selling price.  
7 If the serviceman's billing does not separately state a  
8 selling price for the exempt manufacturing machinery and  
9 equipment or the exempt graphic arts machinery and equipment,  
10 the credit shall be calculated, as otherwise provided herein,  
11 based on 50% of the entire billing. If the serviceman  
12 contracts to design, develop, and produce special order  
13 manufacturing machinery and equipment or special order  
14 graphic arts machinery and equipment, and the billing does  
15 not separately state a selling price for such special order  
16 machinery and equipment, the credit shall be calculated, as  
17 otherwise provided herein, based on 50% of the entire  
18 billing. The provisions of this paragraph are effective for  
19 purchases made on or after January 1, 1995.

20 The percentage shall be as follows:

- 21 (1) 15% for purchases made on or before June 30,  
22 1995.
- 23 (2) 25% for purchases made after June 30, 1995, and  
24 on or before June 30, 1996.
- 25 (3) 40% for purchases made after June 30, 1996, and  
26 on or before June 30, 1997.
- 27 (4) 50% for purchases made on or after July 1,  
28 1997.

29 A purchaser of production related tangible personal  
30 property desiring to use the Manufacturer's Purchase Credit  
31 shall certify to the seller prior to October 1, 2003 that the  
32 purchaser is satisfying all or part of the liability under  
33 the Use Tax Act or the Service Use Tax Act that is due on the  
34 purchase of the production related tangible personal property

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



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

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

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

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

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

33 A purchaser using Manufacturer's Purchase Credit shall  
34 sign and file an annual Report of Manufacturer's Purchase

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

21 No annual report shall be filed before May 1, 1996 or  
22 after June 30, 2004. A purchaser that fails to file an annual  
23 Report of Manufacturer's Purchase Credit Earned or an annual  
24 Report of Manufacturer's Purchase Credit Used by the last day  
25 of the sixth month following the end of the calendar year  
26 shall forfeit all Manufacturer's Purchase Credit for that  
27 calendar year unless it establishes that its failure to file  
28 was due to reasonable cause. Manufacturer's Purchase Credit  
29 reports may be amended to report and claim credit on  
30 qualifying purchases not previously reported at any time  
31 before the credit would have expired, unless both the  
32 Department and the purchaser have agreed to an extension of  
33 the statute of limitations for the issuance of a notice of  
34 tax liability as provided in Section 4 of the Retailers'

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

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

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

33 (Source: P.A. 89-89, eff. 6-30-95; 89-235, eff. 8-4-95;  
34 89-531, eff. 7-19-96; 90-166, eff. 7-23-97.)

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

3 (35 ILCS 115/2) (from Ch. 120, par. 439.102)

4 Sec. 2. "Transfer" means any transfer of the title to  
5 property or of the ownership of property whether or not the  
6 transferor retains title as security for the payment of  
7 amounts due him from the transferee.

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

21 "Department" means the Department of Revenue.

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

27 "Sale of Service" means any transaction except:

28 (a) A retail sale of tangible personal property taxable  
29 under the Retailers' Occupation Tax Act or under the Use Tax  
30 Act.

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

1 (c) Except as hereinafter provided, a sale or transfer  
2 of tangible personal property as an incident to the rendering  
3 of service for or by any governmental body or for or by any  
4 corporation, society, association, foundation or institution  
5 organized and operated exclusively for charitable, religious  
6 or educational purposes or any not-for-profit corporation,  
7 society, association, foundation, institution or organization  
8 which has no compensated officers or employees and which is  
9 organized and operated primarily for the recreation of  
10 persons 55 years of age or older. A limited liability company  
11 may qualify for the exemption under this paragraph only if  
12 the limited liability company is organized and operated  
13 exclusively for educational purposes.

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

25 (d-1) A sale or transfer of tangible personal property  
26 as an incident to the rendering of service for owners,  
27 lessors or shippers of tangible personal property which is  
28 utilized by interstate carriers for hire for use as rolling  
29 stock moving in interstate commerce, and equipment operated  
30 by a telecommunications provider, licensed as a common  
31 carrier by the Federal Communications Commission, which is  
32 permanently installed in or affixed to aircraft moving in  
33 interstate commerce.

34 (d-2) The repairing, reconditioning or remodeling, for a

1 common carrier by rail, of tangible personal property which  
2 belongs to such carrier for hire, and as to which such  
3 carrier receives the physical possession of the repaired,  
4 reconditioned or remodeled item of tangible personal property  
5 in Illinois, and which such carrier transports, or shares  
6 with another common carrier in the transportation of such  
7 property, out of Illinois on a standard uniform bill of  
8 lading showing the person who repaired, reconditioned or  
9 remodeled the property as the shipper or consignor of such  
10 property to a destination outside Illinois, for use outside  
11 Illinois.

12 (d-3) A sale or transfer of tangible personal property  
13 which is produced by the seller thereof on special order in  
14 such a way as to have made the applicable tax the Service  
15 Occupation Tax or the Service Use Tax, rather than the  
16 Retailers' Occupation Tax or the Use Tax, for an interstate  
17 carrier by rail which receives the physical possession of  
18 such property in Illinois, and which transports such  
19 property, 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 seller of the  
22 property as the shipper or consignor of such property to a  
23 destination outside Illinois, for use outside Illinois.

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

31 (e) A sale or transfer of machinery and equipment used  
32 primarily in the process of the manufacturing or assembling,  
33 either in an existing, an expanded or a new manufacturing  
34 facility, of tangible personal property for wholesale or



1 retail sale or lease, whether such sale or lease is made  
2 directly by the manufacturer or by some other person, whether  
3 the materials used in the process are owned by the  
4 manufacturer or some other person, or whether such sale or  
5 lease is made apart from or as an incident to the seller's  
6 engaging in a service occupation and the applicable tax is a  
7 Service Occupation Tax or Service Use Tax, rather than  
8 Retailers' Occupation Tax or Use Tax.

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

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

1 the primary serviceman and (ii) certifies that fact in  
2 writing to the primary serviceman.

3 Tangible personal property transferred incident to the  
4 completion of a maintenance agreement is exempt from the tax  
5 imposed pursuant to this Act.

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

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

27 The rolling stock exemption applies to rolling stock used  
28 by an interstate carrier for hire, even just between points  
29 in Illinois, if such rolling stock transports, for hire,  
30 persons whose journeys or property whose shipments originate  
31 or terminate outside Illinois.

32 Any informal rulings, opinions or letters issued by the  
33 Department in response to an inquiry or request for any  
34 opinion from any person regarding the coverage and

1 applicability of exemption (e) to specific devices shall be  
2 published, maintained as a public record, and made available  
3 for public inspection and copying. If the informal ruling,  
4 opinion or letter contains trade secrets or other  
5 confidential information, where possible the Department shall  
6 delete such information prior to publication. Whenever such  
7 informal rulings, opinions, or letters contain any policy of  
8 general applicability, the Department shall formulate and  
9 adopt such policy as a rule in accordance with the provisions  
10 of the Illinois Administrative Procedure Act.

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

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

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

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

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

24 (35 ILCS 115/2a) (from Ch. 120, par. 439.102a)

25 Sec. 2a. "Pollution control facilities" means any system,  
26 method, construction, device or appliance appurtenant thereto  
27 transferred by a serviceman 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,  
33 liquid or gaseous pollutant which if released without such

1 treatment, pretreatment, modification or disposal might be  
2 harmful, detrimental or offensive to human, plant or animal  
3 life, or to property.

4 Until July 1, 2003, the purchase, employment and transfer  
5 of such tangible personal property as pollution control  
6 facilities shall not be deemed to be a purchase, use or sale  
7 of service or of tangible personal property, but shall be  
8 deemed to be intangible personal property.

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

10 (35 ILCS 115/3-5) (from Ch. 120, par. 439.103-5)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 imposed.

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

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

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

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

34 (14) Semen used for artificial insemination of livestock



1 for direct agricultural production.

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

8 (16) Computers and communications equipment utilized for  
9 any hospital purpose and equipment used in the diagnosis,  
10 analysis, or treatment of hospital patients sold to a lessor  
11 who leases the equipment, under a lease of one year or longer  
12 executed or in effect at the time of the purchase, 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.

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

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

32 (19) Beginning with taxable years ending on or after  
33 December 31, 1995 and ending with taxable years ending on or  
34 before December 31, 2004, personal property that is used in

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

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

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

1 occupation.

2 (22) Beginning January 1, 2000, personal property,  
3 including food, purchased through fundraising events for the  
4 benefit of a public or private elementary or secondary  
5 school, a group of those schools, or one or more school  
6 districts if the events are sponsored by an entity recognized  
7 by the school district that consists primarily of volunteers  
8 and includes parents and teachers of the school children.  
9 This paragraph does not apply to fundraising events (i) for  
10 the benefit of private home instruction or (ii) for which the  
11 fundraising entity purchases the personal property sold at  
12 the events from another individual or entity that sold the  
13 property for the purpose of resale by the fundraising entity  
14 and that profits from the sale to the fundraising entity.  
15 This paragraph is exempt from the provisions of Section 3-55.

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

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

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

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

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

34 (Source: P.A. 91-51, eff. 6-30-99; 91-200, eff. 7-20-99;

1 91-439, eff. 8-6-99; 91-533, eff. 8-13-99; 91-637, eff.  
 2 8-20-99; 91-644, eff. 8-20-99; 92-16, eff. 6-28-01; 92-35,  
 3 eff. 7-1-01; 92-227, eff. 8-2-01; 92-337, eff. 8-10-01;  
 4 92-484, eff. 8-23-01; 92-488, eff. 8-23-01; 92-651, eff.  
 5 7-11-02.)

6 (35 ILCS 115/3-7)

7 Sec. 3-7. Aggregate manufacturing exemption. Through  
 8 June 30, 2003 ~~December 31, 2007~~, aggregate exploration,  
 9 mining, offhighway hauling, processing, maintenance, and  
 10 reclamation equipment, including replacement parts and  
 11 equipment, and including equipment purchased for lease, but  
 12 excluding motor vehicles required to be registered under the  
 13 Illinois Vehicle Code, is exempt from the tax imposed by this  
 14 Act.

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

16 (35 ILCS 115/9) (from Ch. 120, par. 439.109)

17 Sec. 9. Each serviceman required or authorized to  
 18 collect the tax herein imposed shall pay to the Department  
 19 the amount of such tax at the time when he is required to  
 20 file his return for the period during which such tax was  
 21 collectible, less a discount of 2.1% prior to January 1,  
 22 1990, and 1.75% on and after January 1, 1990, or \$5 per  
 23 calendar year, whichever is greater, which is allowed to  
 24 reimburse the serviceman for expenses incurred in collecting  
 25 the tax, keeping records, preparing and filing returns,  
 26 remitting the tax and supplying data to the Department on  
 27 request.

28 Where such tangible personal property is sold under a  
 29 conditional sales contract, or under any other form of sale  
 30 wherein the payment of the principal sum, or a part thereof,  
 31 is extended beyond the close of the period for which the  
 32 return is filed, the serviceman, in collecting the tax may

1 collect, for each tax return period, only the tax applicable  
2 to the part of the selling price actually received during  
3 such tax return period.

4 Except as provided hereinafter in this Section, on or  
5 before the twentieth day of each calendar month, such  
6 serviceman shall file a return for the preceding calendar  
7 month in accordance with reasonable rules and regulations to  
8 be promulgated by the Department of Revenue. Such return  
9 shall be filed on a form prescribed by the Department and  
10 shall contain such information as the Department may  
11 reasonably require.

12 The Department may require returns to be filed on a  
13 quarterly basis. If so required, a return for each calendar  
14 quarter shall be filed on or before the twentieth day of the  
15 calendar month following the end of such calendar quarter.  
16 The taxpayer shall also file a return with the Department for  
17 each of the first two months of each calendar quarter, on or  
18 before the twentieth day of the following calendar month,  
19 stating:

- 20 1. The name of the seller;
- 21 2. The address of the principal place of business  
22 from which he engages in business as a serviceman in this  
23 State;
- 24 3. The total amount of taxable receipts received by  
25 him during the preceding calendar month, including  
26 receipts from charge and time sales, but less all  
27 deductions allowed by law;
- 28 4. The amount of credit provided in Section 2d of  
29 this Act;
- 30 5. The amount of tax due;
- 31 5-5. The signature of the taxpayer; and
- 32 6. Such other reasonable information as the  
33 Department may require.

34 If a taxpayer fails to sign a return within 30 days after

1 the proper notice and demand for signature by the Department,  
2 the return shall be considered valid and any amount shown to  
3 be due on the return shall be deemed assessed.

4 Prior to October 1, 2003, a serviceman may accept a  
5 Manufacturer's Purchase Credit certification from a purchaser  
6 in satisfaction of Service Use Tax as provided in Section  
7 3-70 of the Service Use Tax Act if the purchaser provides the  
8 appropriate documentation as required by Section 3-70 of the  
9 Service Use Tax Act. A Manufacturer's Purchase Credit  
10 certification, accepted prior to October 1, 2003 by a  
11 serviceman as provided in Section 3-70 of the Service Use Tax  
12 Act, may be used by that serviceman to satisfy Service  
13 Occupation Tax liability in the amount claimed in the  
14 certification, not to exceed 6.25% of the receipts subject to  
15 tax from a qualifying purchase. A Manufacturer's Purchase  
16 Credit reported on any original or amended return filed under  
17 this Act after October 20, 2003 shall be disallowed. No  
18 Manufacturer's Purchase Credit may be used after September  
19 30, 2003 to satisfy any tax liability imposed under this Act,  
20 including any audit liability.

21 If the serviceman's average monthly tax liability to the  
22 Department does not exceed \$200, the Department may authorize  
23 his returns to be filed on a quarter annual basis, with the  
24 return for January, February and March of a given year being  
25 due by April 20 of such year; with the return for April, May  
26 and June of a given year being due by July 20 of such year;  
27 with the return for July, August and September of a given  
28 year being due by October 20 of such year, and with the  
29 return for October, November and December of a given year  
30 being due by January 20 of the following year.

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

1 year.

2 Such quarter annual and annual returns, as to form and  
3 substance, shall be subject to the same requirements as  
4 monthly returns.

5 Notwithstanding any other provision in this Act  
6 concerning the time within which a serviceman may file his  
7 return, in the case of any serviceman who ceases to engage in  
8 a kind of business which makes him responsible for filing  
9 returns under this Act, such serviceman shall file a final  
10 return under this Act with the Department not more than 1  
11 month after discontinuing such business.

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



1 of Section 2505-210 of the Department of Revenue Law shall  
2 make all payments required by rules of the Department by  
3 electronic funds transfer.

4 Before August 1 of each year beginning in 1993, the  
5 Department shall notify all taxpayers required to make  
6 payments by electronic funds transfer. All taxpayers  
7 required to make payments by electronic funds transfer shall  
8 make those payments for a minimum of one year beginning on  
9 October 1.

10 Any taxpayer not required to make payments by electronic  
11 funds transfer may make payments by electronic funds transfer  
12 with the permission of the Department.

13 All taxpayers required to make payment by electronic  
14 funds transfer and any taxpayers authorized to voluntarily  
15 make payments by electronic funds transfer shall make those  
16 payments in the manner authorized by the Department.

17 The Department shall adopt such rules as are necessary to  
18 effectuate a program of electronic funds transfer and the  
19 requirements of this Section.

20 Where a serviceman collects the tax with respect to the  
21 selling price of tangible personal property which he sells  
22 and the purchaser thereafter returns such tangible personal  
23 property and the serviceman refunds the selling price thereof  
24 to the purchaser, such serviceman shall also refund, to the  
25 purchaser, the tax so collected from the purchaser. When  
26 filing his return for the period in which he refunds such tax  
27 to the purchaser, the serviceman may deduct the amount of the  
28 tax so refunded by him to the purchaser from any other  
29 Service Occupation Tax, Service Use Tax, Retailers'  
30 Occupation Tax or Use Tax which such serviceman may be  
31 required to pay or remit to the Department, as shown by such  
32 return, provided that the amount of the tax to be deducted  
33 shall previously have been remitted to the Department by such  
34 serviceman. If the serviceman shall not previously have

1 remitted the amount of such tax to the Department, he shall  
2 be entitled to no deduction hereunder upon refunding such tax  
3 to the purchaser.

4 If experience indicates such action to be practicable,  
5 the Department may prescribe and furnish a combination or  
6 joint return which will enable servicemen, who are required  
7 to file returns hereunder and also under the Retailers'  
8 Occupation Tax Act, the Use Tax Act or the Service Use Tax  
9 Act, to furnish all the return information required by all  
10 said Acts on the one form.

11 Where the serviceman has more than one business  
12 registered with the Department under separate registrations  
13 hereunder, such serviceman shall file separate returns for  
14 each registered business.

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

24 Beginning January 1, 1990, each month the Department  
25 shall pay into the County and Mass Transit District Fund 4%  
26 of the revenue realized for the preceding month from the  
27 6.25% general rate.

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

32 Beginning January 1, 1990, each month the Department  
33 shall pay into the Local Government Tax Fund 16% of the  
34 revenue realized for the preceding month from the 6.25%

1 general rate on transfers of tangible personal property.

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

6 Of the remainder of the moneys received by the Department  
7 pursuant to this Act, (a) 1.75% thereof shall be paid into  
8 the Build Illinois Fund and (b) prior to July 1, 1989, 2.2%  
9 and on and after July 1, 1989, 3.8% thereof shall be paid  
10 into the Build Illinois Fund; provided, however, that if in  
11 any fiscal year the sum of (1) the aggregate of 2.2% or 3.8%,  
12 as the case may be, of the moneys received by the Department  
13 and required to be paid into the Build Illinois Fund pursuant  
14 to Section 3 of the Retailers' Occupation Tax Act, Section 9  
15 of the Use Tax Act, Section 9 of the Service Use Tax Act, and  
16 Section 9 of the Service Occupation Tax Act, such Acts being  
17 hereinafter called the "Tax Acts" and such aggregate of 2.2%  
18 or 3.8%, as the case may be, of moneys being hereinafter  
19 called the "Tax Act Amount", and (2) the amount transferred  
20 to the Build Illinois Fund from the State and Local Sales Tax  
21 Reform Fund shall be less than the Annual Specified Amount  
22 (as defined in Section 3 of the Retailers' Occupation Tax  
23 Act), an amount equal to the difference shall be immediately  
24 paid into the Build Illinois Fund from other moneys received  
25 by the Department pursuant to the Tax Acts; and further  
26 provided, that if on the last business day of any month the  
27 sum of (1) the Tax Act Amount required to be deposited into  
28 the Build Illinois Account in the Build Illinois Fund during  
29 such month and (2) the amount transferred during such month  
30 to the Build Illinois Fund from the State and Local Sales Tax  
31 Reform Fund shall have been less than 1/12 of the Annual  
32 Specified Amount, an amount equal to the difference shall be  
33 immediately paid into the Build Illinois Fund from other  
34 moneys received by the Department pursuant to the Tax Acts;

1 and, further provided, that in no event shall the payments  
2 required under the preceding proviso result in aggregate  
3 payments into the Build Illinois Fund pursuant to this clause  
4 (b) for any fiscal year in excess of the greater of (i) the  
5 Tax Act Amount or (ii) the Annual Specified Amount for such  
6 fiscal year; and, further provided, that the amounts payable  
7 into the Build Illinois Fund under this clause (b) shall be  
8 payable only until such time as the aggregate amount on  
9 deposit under each trust indenture securing Bonds issued and  
10 outstanding pursuant to the Build Illinois Bond Act is  
11 sufficient, taking into account any future investment income,  
12 to fully provide, in accordance with such indenture, for the  
13 defeasance of or the payment of the principal of, premium, if  
14 any, and interest on the Bonds secured by such indenture and  
15 on any Bonds expected to be issued thereafter and all fees  
16 and costs payable with respect thereto, all as certified by  
17 the Director of the Bureau of the Budget. If on the last  
18 business day of any month in which Bonds are outstanding  
19 pursuant to the Build Illinois Bond Act, the aggregate of the  
20 moneys deposited in the Build Illinois Bond Account in the  
21 Build Illinois Fund in such month shall be less than the  
22 amount required to be transferred in such month from the  
23 Build Illinois Bond Account to the Build Illinois Bond  
24 Retirement and Interest Fund pursuant to Section 13 of the  
25 Build Illinois Bond Act, an amount equal to such deficiency  
26 shall be immediately paid from other moneys received by the  
27 Department pursuant to the Tax Acts to the Build Illinois  
28 Fund; provided, however, that any amounts paid to the Build  
29 Illinois Fund in any fiscal year pursuant to this sentence  
30 shall be deemed to constitute payments pursuant to clause (b)  
31 of the preceding sentence and shall reduce the amount  
32 otherwise payable for such fiscal year pursuant to clause (b)  
33 of the preceding sentence. The moneys received by the  
34 Department pursuant to this Act and required to be deposited

1 into the Build Illinois Fund are subject to the pledge, claim  
 2 and charge set forth in Section 12 of the Build Illinois Bond  
 3 Act.

4 Subject to payment of amounts into the Build Illinois  
 5 Fund as provided in the preceding paragraph or in any  
 6 amendment thereto hereafter enacted, the following specified  
 7 monthly installment of the amount requested in the  
 8 certificate of the Chairman of the Metropolitan Pier and  
 9 Exposition Authority provided under Section 8.25f of the  
 10 State Finance Act, but not in excess of the sums designated  
 11 as "Total Deposit", shall be deposited in the aggregate from  
 12 collections under Section 9 of the Use Tax Act, Section 9 of  
 13 the Service Use Tax Act, Section 9 of the Service Occupation  
 14 Tax Act, and Section 3 of the Retailers' Occupation Tax Act  
 15 into the McCormick Place Expansion Project Fund in the  
 16 specified fiscal years.

17	Fiscal Year	Total Deposit
18	1993	\$0
19	1994	53,000,000
20	1995	58,000,000
21	1996	61,000,000
22	1997	64,000,000
23	1998	68,000,000
24	1999	71,000,000
25	2000	75,000,000
26	2001	80,000,000
27	2002	93,000,000
28	2003	99,000,000
29	2004	103,000,000
30	2005	108,000,000
31	2006	113,000,000
32	2007	119,000,000
33	2008	126,000,000
34	2009	132,000,000

1	2010	139,000,000
2	2011	146,000,000
3	2012	153,000,000
4	2013	161,000,000
5	2014	170,000,000
6	2015	179,000,000
7	2016	189,000,000
8	2017	199,000,000
9	2018	210,000,000
10	2019	221,000,000
11	2020	233,000,000
12	2021	246,000,000
13	2022	260,000,000
14	2023 and	275,000,000

15 each fiscal year  
16 thereafter that bonds  
17 are outstanding under  
18 Section 13.2 of the  
19 Metropolitan Pier and  
20 Exposition Authority  
21 Act, but not after fiscal year 2042.

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

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 July 1, 1993, the Department  
5 shall each month pay into the Illinois Tax Increment Fund  
6 0.27% of 80% of the net revenue realized for the preceding  
7 month from the 6.25% general rate on the selling price of  
8 tangible personal property.

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

23           Remaining moneys received by the Department pursuant to  
24 this Act shall be paid into the General Revenue Fund of the  
25 State Treasury.

26           The Department may, upon separate written notice to a  
27 taxpayer, require the taxpayer to prepare and file with the  
28 Department on a form prescribed by the Department within not  
29 less than 60 days after receipt of the notice an annual  
30 information return for the tax year specified in the notice.  
31 Such annual return to the Department shall include a  
32 statement of gross receipts as shown by the taxpayer's last  
33 Federal income tax return. If the total receipts of the  
34 business as reported in the Federal income tax return do not

1 agree with the gross receipts reported to the Department of  
2 Revenue for the same period, the taxpayer shall attach to his  
3 annual return a schedule showing a reconciliation of the 2  
4 amounts and the reasons for the difference. The taxpayer's  
5 annual return to the Department shall also disclose the cost  
6 of goods sold by the taxpayer during the year covered by such  
7 return, opening and closing inventories of such goods for  
8 such year, cost of goods used from stock or taken from stock  
9 and given away by the taxpayer during such year, pay roll  
10 information of the taxpayer's business during such year and  
11 any additional reasonable information which the Department  
12 deems would be helpful in determining the accuracy of the  
13 monthly, quarterly or annual returns filed by such taxpayer  
14 as hereinbefore provided for in this Section.

15 If the annual information return required by this Section  
16 is not filed when and as required, the taxpayer shall be  
17 liable as follows:

18 (i) Until January 1, 1994, the taxpayer shall be  
19 liable for a penalty equal to 1/6 of 1% of the tax due  
20 from such taxpayer under this Act during the period to be  
21 covered by the annual return for each month or fraction  
22 of a month until such return is filed as required, the  
23 penalty to be assessed and collected in the same manner  
24 as any other penalty provided for in this Act.

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

28 The chief executive officer, proprietor, owner or highest  
29 ranking manager shall sign the annual return to certify the  
30 accuracy of the information contained therein. Any person  
31 who willfully signs the annual return containing false or  
32 inaccurate information shall be guilty of perjury and  
33 punished accordingly. The annual return form prescribed by  
34 the Department shall include a warning that the person



1 signing the return may be liable for perjury.

2 The foregoing portion of this Section concerning the  
3 filing of an annual information return shall not apply to a  
4 serviceman who is not required to file an income tax return  
5 with the United States Government.

6 As soon as possible after the first day of each month,  
7 upon certification of the Department of Revenue, the  
8 Comptroller shall order transferred and the Treasurer shall  
9 transfer from the General Revenue Fund to the Motor Fuel Tax  
10 Fund an amount equal to 1.7% of 80% of the net revenue  
11 realized under this Act for the second preceding month.  
12 Beginning April 1, 2000, this transfer is no longer required  
13 and shall not be made.

14 Net revenue realized for a month shall be the revenue  
15 collected by the State pursuant to this Act, less the amount  
16 paid out during that month as refunds to taxpayers for  
17 overpayment of liability.

18 For greater simplicity of administration, it shall be  
19 permissible for manufacturers, importers and wholesalers  
20 whose products are sold by numerous servicemen in Illinois,  
21 and who wish to do so, to assume the responsibility for  
22 accounting and paying to the Department all tax accruing  
23 under this Act with respect to such sales, if the servicemen  
24 who are affected do not make written objection to the  
25 Department to this arrangement.

26 (Source: P.A. 91-37, eff. 7-1-99; 91-51, eff. 6-30-99;  
27 91-101, eff. 7-12-99; 91-541, eff. 8-13-99; 91-872, eff.  
28 7-1-00; 92-12, eff. 7-1-01; 92-208, eff. 8-2-01; 92-492, eff.  
29 1-1-02; 92-600, eff. 6-28-02; 92-651, eff. 7-11-02.)

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

32 (35 ILCS 120/1a) (from Ch. 120, par. 440a)

1           Sec. 1a. "Pollution control facilities" means any system,  
2 method, construction, device or appliance appurtenant thereto  
3 sold or used or intended for the primary purpose of  
4 eliminating, preventing, or reducing air and water pollution  
5 as the term "air pollution" or "water pollution" is defined  
6 in the "Environmental Protection Act", enacted by the 76th  
7 General Assembly, or for the primary purpose of treating,  
8 pretreating, modifying or disposing of any potential solid,  
9 liquid or gaseous pollutant which if released without such  
10 treatment, pretreatment, modification or disposal might be  
11 harmful, detrimental or offensive to human, plant or animal  
12 life, or to property.

13           Until July 1, 2003, the purchase, employment and transfer  
14 of such tangible personal property as pollution control  
15 facilities is not a purchase, use or sale of tangible  
16 personal property.

17           (Source: P.A. 76-2450.)

18           (35 ILCS 120/2-5) (from Ch. 120, par. 441-5)

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

22           (1) Farm chemicals.

23           (2) Farm machinery and equipment, both new and used,  
24 including that manufactured on special order, certified by  
25 the purchaser to be used primarily for production agriculture  
26 or State or federal agricultural programs, including  
27 individual replacement parts for the machinery and equipment,  
28 including machinery and equipment purchased for lease, and  
29 including implements of husbandry defined in Section 1-130 of  
30 the Illinois Vehicle Code, farm machinery and agricultural  
31 chemical and fertilizer spreaders, and nurse wagons required  
32 to be registered under Section 3-809 of the Illinois Vehicle  
33 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 (2). 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 2-70.

25 (3) Until July 1, 2003, distillation machinery and  
26 equipment, sold as a unit or kit, assembled or installed by  
27 the retailer, certified by the user to be used only for the  
28 production of ethyl alcohol that will be used for consumption  
29 as motor fuel or as a component of motor fuel for the  
30 personal use of the user, and not subject to sale or resale.

31 (4) Until July 1, 2003, graphic arts machinery and  
32 equipment, including repair and replacement parts, both new  
33 and used, and including that manufactured on special order or  
34 purchased for lease, certified by the purchaser to be used

1 primarily for graphic arts production. Equipment includes  
2 chemicals or chemicals acting as catalysts but only if the  
3 chemicals or chemicals acting as catalysts effect a direct  
4 and immediate change upon a graphic arts product.

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

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

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

22 (8) Personal property sold to an Illinois county fair  
23 association for use in conducting, operating, or promoting  
24 the county fair.

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

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

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

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

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

1 aircraft moving in interstate commerce.

2 (13) Proceeds from sales to owners, lessors, or shippers  
3 of tangible personal property that is utilized by interstate  
4 carriers for hire for use as rolling stock moving in  
5 interstate commerce and equipment operated by a  
6 telecommunications provider, licensed as a common carrier by  
7 the Federal Communications Commission, which is permanently  
8 installed in or affixed to aircraft moving in interstate  
9 commerce.

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

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

30 (16) Petroleum products sold to a purchaser if the  
31 seller is prohibited by federal law from charging tax to the  
32 purchaser.

33 (17) Tangible personal property sold to a common carrier  
34 by rail or motor that receives the physical possession of the

1 property in Illinois and that transports the property, or  
2 shares with another common carrier in the transportation of  
3 the property, out of Illinois on a standard uniform bill of  
4 lading showing the seller of the property as the shipper or  
5 consignor of the property to a destination outside Illinois,  
6 for use outside Illinois.

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

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

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

27 (21) Until July 1, 2003, coal exploration, mining,  
28 offhighway hauling, processing, maintenance, and reclamation  
29 equipment, including replacement parts and equipment, and  
30 including equipment purchased for lease, but excluding motor  
31 vehicles required to be registered under the Illinois Vehicle  
32 Code.

33 (22) Fuel and petroleum products sold to or used by an  
34 air carrier, certified by the carrier to be used for

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

6 (23) A transaction in which the purchase order is  
7 received by a florist who is located outside Illinois, but  
8 who has a florist located in Illinois deliver the property to  
9 the purchaser or the purchaser's donee in Illinois.

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

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

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

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



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

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

14           (30) 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           (31) 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 (32) 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 2-70.

9 (33) 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 (34) 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 2-70.

8 (35) 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 2-70.

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

28 (36) Beginning August 2, 2001 ~~on-the-effective-date-of~~  
29 ~~this-amendatory-Act-of-the-92nd-General--Assembly~~, computers  
30 and communications equipment utilized for any hospital  
31 purpose and equipment used in the diagnosis, analysis, or  
32 treatment of hospital patients sold to a lessor who leases  
33 the equipment, under a lease of one year or longer executed  
34 or in effect at the time of the purchase, to a hospital that

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

4 (37) Beginning August 2, 2001 ~~on the effective date of~~  
5 ~~this amendatory Act of the 92nd General Assembly~~, personal  
6 property sold to a lessor who leases the property, under a  
7 lease of one year or longer executed or in effect at the time  
8 of the purchase, to a governmental body that has been issued  
9 an active tax exemption identification number by the  
10 Department under Section 1g of this Act. This paragraph is  
11 exempt from the provisions of Section 2-70.

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

1 (Source: P.A. 91-51, eff. 6-30-99; 91-200, eff. 7-20-99;  
 2 91-439, eff. 8-6-99; 91-533, eff. 8-13-99; 91-637, eff.  
 3 8-20-99; 91-644, eff. 8-20-99; 92-16, eff. 6-28-01; 92-35,  
 4 eff. 7-1-01; 92-227, eff. 8-2-01; 92-337, eff. 8-10-01;  
 5 92-484, eff. 8-23-01; 92-488, eff. 8-23-01; 92-651, eff.  
 6 7-11-02; 92-680, eff. 7-16-02; revised 1-26-03.)

7 (35 ILCS 120/2-7)

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

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

17 (35 ILCS 120/3) (from Ch. 120, par. 442)

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

- 23 1. The name of the seller;
- 24 2. His residence address and the address of his  
 25 principal place of business and the address of the  
 26 principal place of business (if that is a different  
 27 address) from which he engages in the business of selling  
 28 tangible personal property at retail in this State;
- 29 3. Total amount of receipts received by him during  
 30 the preceding calendar month or quarter, as the case may  
 31 be, from sales of tangible personal property, and from  
 32 services furnished, by him during such preceding calendar

1 month or quarter;

2 4. Total amount received by him during the  
3 preceding calendar month or quarter on charge and time  
4 sales of tangible personal property, and from services  
5 furnished, by him prior to the month or quarter for which  
6 the return is filed;

7 5. Deductions allowed by law;

8 6. Gross receipts which were received by him during  
9 the preceding calendar month or quarter and upon the  
10 basis of which the tax is imposed;

11 7. The amount of credit provided in Section 2d of  
12 this Act;

13 8. The amount of tax due;

14 9. The signature of the taxpayer; and

15 10. Such other reasonable information as the  
16 Department may require.

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

21 Each return shall be accompanied by the statement of  
22 prepaid tax issued pursuant to Section 2e for which credit is  
23 claimed.

24 Prior to October 1, 2003, a retailer may accept a  
25 Manufacturer's Purchase Credit certification from a purchaser  
26 in satisfaction of Use Tax as provided in Section 3-85 of the  
27 Use Tax Act if the purchaser provides the appropriate  
28 documentation as required by Section 3-85 of the Use Tax Act.  
29 A Manufacturer's Purchase Credit certification, accepted by a  
30 retailer prior to October 1, 2003 as provided in Section 3-85  
31 of the Use Tax Act, may be used by that retailer to satisfy  
32 Retailers' Occupation Tax liability in the amount claimed in  
33 the certification, not to exceed 6.25% of the receipts  
34 subject to tax from a qualifying purchase. A Manufacturer's

1 Purchase Credit reported on any original or amended return  
2 filed under this Act after October 20, 2003 shall be  
3 disallowed. No Manufacturer's Purchase Credit may be used  
4 after September 30, 2003 to satisfy any tax liability imposed  
5 under this Act, including any audit liability.

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

14 1. The name of the seller;

15 2. The address of the principal place of business  
16 from which he engages in the business of selling tangible  
17 personal property at retail in this State;

18 3. The total amount of taxable receipts received by  
19 him during the preceding calendar month from sales of  
20 tangible personal property by him during such preceding  
21 calendar month, including receipts from charge and time  
22 sales, but less all deductions allowed by law;

23 4. The amount of credit provided in Section 2d of  
24 this Act;

25 5. The amount of tax due; and

26 6. Such other reasonable information as the  
27 Department may require.

28 If a total amount of less than \$1 is payable, refundable  
29 or creditable, such amount shall be disregarded if it is less  
30 than 50 cents and shall be increased to \$1 if it is 50 cents  
31 or more.

32 Beginning October 1, 1993, a taxpayer who has an average  
33 monthly tax liability of \$150,000 or more shall make all  
34 payments required by rules of the Department by electronic

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

24 Before August 1 of each year beginning in 1993, the  
25 Department shall notify all taxpayers required to make  
26 payments by electronic funds transfer. All taxpayers  
27 required to make payments by electronic funds transfer shall  
28 make those payments for a minimum of one year beginning on  
29 October 1.

30 Any taxpayer not required to make payments by electronic  
31 funds transfer may make payments by electronic funds transfer  
32 with the permission of the Department.

33 All taxpayers required to make payment by electronic  
34 funds transfer and any taxpayers authorized to voluntarily



1 make payments by electronic funds transfer shall make those  
2 payments in the manner authorized by the Department.

3 The Department shall adopt such rules as are necessary to  
4 effectuate a program of electronic funds transfer and the  
5 requirements of this Section.

6 Any amount which is required to be shown or reported on  
7 any return or other document under this Act shall, if such  
8 amount is not a whole-dollar amount, be increased to the  
9 nearest whole-dollar amount in any case where the fractional  
10 part of a dollar is 50 cents or more, and decreased to the  
11 nearest whole-dollar amount where the fractional part of a  
12 dollar is less than 50 cents.

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

24 If the retailer is otherwise required to file a monthly  
25 or quarterly return and if the retailer's average monthly tax  
26 liability with the Department does not exceed \$50, the  
27 Department may authorize his returns to be filed on an annual  
28 basis, with the return for a given year being due by January  
29 20 of the following year.

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

33 Notwithstanding any other provision in this Act  
34 concerning the time within which a retailer may file his

1 return, in the case of any retailer who ceases to engage in a  
2 kind of business which makes him responsible for filing  
3 returns under this Act, such retailer shall file a final  
4 return under this Act with the Department not more than one  
5 month after discontinuing such business.

6 Where the same person has more than one business  
7 registered with the Department under separate registrations  
8 under this Act, such person may not file each return that is  
9 due as a single return covering all such registered  
10 businesses, but shall file separate returns for each such  
11 registered business.

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

1 motor.

2 Any retailer who sells only motor vehicles, watercraft,  
3 aircraft, or trailers that are required to be registered with  
4 an agency of this State, so that all retailers' occupation  
5 tax liability is required to be reported, and is reported, on  
6 such transaction reporting returns and who is not otherwise  
7 required to file monthly or quarterly returns, need not file  
8 monthly or quarterly returns. However, those retailers shall  
9 be required to file returns on an annual basis.

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

31 The transaction reporting return in the case of  
32 watercraft or aircraft must show the name and address of the  
33 seller; the name and address of the purchaser; the amount of  
34 the selling price including the amount allowed by the

1 retailer for traded-in property, if any; the amount allowed  
2 by the retailer for the traded-in tangible personal property,  
3 if any, to the extent to which Section 1 of this Act allows  
4 an exemption for the value of traded-in property; the balance  
5 payable after deducting such trade-in allowance from the  
6 total selling price; the amount of tax due from the retailer  
7 with respect to such transaction; the amount of tax collected  
8 from the purchaser by the retailer on such transaction (or  
9 satisfactory evidence that such tax is not due in that  
10 particular instance, if that is claimed to be the fact); the  
11 place and date of the sale, a sufficient identification of  
12 the property sold, and such other information as the  
13 Department may reasonably require.

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

26 With each such transaction reporting return, the retailer  
27 shall remit the proper amount of tax due (or shall submit  
28 satisfactory evidence that the sale is not taxable if that is  
29 the case), to the Department or its agents, whereupon the  
30 Department shall issue, in the purchaser's name, a use tax  
31 receipt (or a certificate of exemption if the Department is  
32 satisfied that the particular sale is tax exempt) which such  
33 purchaser may submit to the agency with which, or State  
34 officer with whom, he must title or register the tangible

1 personal property that is involved (if titling or  
2 registration is required) in support of such purchaser's  
3 application for an Illinois certificate or other evidence of  
4 title or registration to such tangible personal property.

5 No retailer's failure or refusal to remit tax under this  
6 Act precludes a user, who has paid the proper tax to the  
7 retailer, from obtaining his certificate of title or other  
8 evidence of title or registration (if titling or registration  
9 is required) upon satisfying the Department that such user  
10 has paid the proper tax (if tax is due) to the retailer. The  
11 Department shall adopt appropriate rules to carry out the  
12 mandate of this paragraph.

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

32 Refunds made by the seller during the preceding return  
33 period to purchasers, on account of tangible personal  
34 property returned to the seller, shall be allowed as a

1 deduction under subdivision 5 of his monthly or quarterly  
2 return, as the case may be, in case the seller had  
3 theretofore included the receipts from the sale of such  
4 tangible personal property in a return filed by him and had  
5 paid the tax imposed by this Act with respect to such  
6 receipts.

7 Where the seller is a corporation, the return filed on  
8 behalf of such corporation shall be signed by the president,  
9 vice-president, secretary or treasurer or by the properly  
10 accredited agent of such corporation.

11 Where the seller is a limited liability company, the  
12 return filed on behalf of the limited liability company shall  
13 be signed by a manager, member, or properly accredited agent  
14 of the limited liability company.

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

31 Before October 1, 2000, if the taxpayer's average monthly  
32 tax liability to the Department under this Act, the Use Tax  
33 Act, the Service Occupation Tax Act, and the Service Use Tax  
34 Act, excluding any liability for prepaid sales tax to be

1 remitted in accordance with Section 2d of this Act, was  
2 \$10,000 or more during the preceding 4 complete calendar  
3 quarters, he shall file a return with the Department each  
4 month by the 20th day of the month next following the month  
5 during which such tax liability is incurred and shall make  
6 payments to the Department on or before the 7th, 15th, 22nd  
7 and last day of the month during which such liability is  
8 incurred. On and after October 1, 2000, if the taxpayer's  
9 average monthly tax liability to the Department under this  
10 Act, the Use Tax Act, the Service Occupation Tax Act, and the  
11 Service Use Tax Act, excluding any liability for prepaid  
12 sales tax to be remitted in accordance with Section 2d of  
13 this Act, was \$20,000 or more during the preceding 4 complete  
14 calendar quarters, he shall file a return with the Department  
15 each month by the 20th day of the month next following the  
16 month during which such tax liability is incurred and shall  
17 make payment to the Department on or before the 7th, 15th,  
18 22nd and last day of the month during which such liability is  
19 incurred. If the month during which such tax liability is  
20 incurred began prior to January 1, 1985, each payment shall  
21 be in an amount equal to 1/4 of the taxpayer's actual  
22 liability for the month or an amount set by the Department  
23 not to exceed 1/4 of the average monthly liability of the  
24 taxpayer to the Department for the preceding 4 complete  
25 calendar quarters (excluding the month of highest liability  
26 and the month of lowest liability in such 4 quarter period).  
27 If the month during which such tax liability is incurred  
28 begins on or after January 1, 1985 and prior to January 1,  
29 1987, each payment shall be in an amount equal to 22.5% of  
30 the taxpayer's actual liability for the month or 27.5% of the  
31 taxpayer's liability for the same calendar month of the  
32 preceding year. If the month during which such tax liability  
33 is incurred begins on or after January 1, 1987 and prior to  
34 January 1, 1988, each payment shall be in an amount equal to

1 22.5% of the taxpayer's actual liability for the month or  
2 26.25% of the taxpayer's liability for the same calendar  
3 month of the preceding year. If the month during which such  
4 tax liability is incurred begins on or after January 1, 1988,  
5 and prior to January 1, 1989, or begins on or after January  
6 1, 1996, each payment shall be in an amount equal to 22.5% of  
7 the taxpayer's actual liability for the month or 25% of the  
8 taxpayer's liability for the same calendar month of the  
9 preceding year. If the month during which such tax liability  
10 is incurred begins on or after January 1, 1989, and prior to  
11 January 1, 1996, each payment shall be in an amount equal to  
12 22.5% of the taxpayer's actual liability for the month or 25%  
13 of the taxpayer's liability for the same calendar month of  
14 the preceding year or 100% of the taxpayer's actual liability  
15 for the quarter monthly reporting period. The amount of such  
16 quarter monthly payments shall be credited against the final  
17 tax liability of the taxpayer's return for that month.  
18 Before October 1, 2000, once applicable, the requirement of  
19 the making of quarter monthly payments to the Department by  
20 taxpayers having an average monthly tax liability of \$10,000  
21 or more as determined in the manner provided above shall  
22 continue until such taxpayer's average monthly liability to  
23 the Department during the preceding 4 complete calendar  
24 quarters (excluding the month of highest liability and the  
25 month of lowest liability) is less than \$9,000, or until such  
26 taxpayer's average monthly liability to the Department as  
27 computed for each calendar quarter of the 4 preceding  
28 complete calendar quarter period is less than \$10,000.  
29 However, if a taxpayer can show the Department that a  
30 substantial change in the taxpayer's business has occurred  
31 which causes the taxpayer to anticipate that his average  
32 monthly tax liability for the reasonably foreseeable future  
33 will fall below the \$10,000 threshold stated above, then such  
34 taxpayer may petition the Department for a change in such



1 taxpayer's reporting status. On and after October 1, 2000,  
2 once applicable, the requirement of the making of quarter  
3 monthly payments to the Department by taxpayers having an  
4 average monthly tax liability of \$20,000 or more as  
5 determined in the manner provided above shall continue until  
6 such taxpayer's average monthly liability to the Department  
7 during the preceding 4 complete calendar quarters (excluding  
8 the month of highest liability and the month of lowest  
9 liability) is less than \$19,000 or until such taxpayer's  
10 average monthly liability to the Department as computed for  
11 each calendar quarter of the 4 preceding complete calendar  
12 quarter period is less than \$20,000. However, if a taxpayer  
13 can show the Department that a substantial change in the  
14 taxpayer's business has occurred which causes the taxpayer to  
15 anticipate that his average monthly tax liability for the  
16 reasonably foreseeable future will fall below the \$20,000  
17 threshold stated above, then such taxpayer may petition the  
18 Department for a change in such taxpayer's reporting status.  
19 The Department shall change such taxpayer's reporting status  
20 unless it finds that such change is seasonal in nature and  
21 not likely to be long term. If any such quarter monthly  
22 payment is not paid at the time or in the amount required by  
23 this Section, then the taxpayer shall be liable for penalties  
24 and interest on the difference between the minimum amount due  
25 as a payment and the amount of such quarter monthly payment  
26 actually and timely paid, except insofar as the taxpayer has  
27 previously made payments for that month to the Department in  
28 excess of the minimum payments previously due as provided in  
29 this Section. The Department shall make reasonable rules and  
30 regulations to govern the quarter monthly payment amount and  
31 quarter monthly payment dates for taxpayers who file on other  
32 than a calendar monthly basis.

33 The provisions of this paragraph apply before October 1,  
34 2001. Without regard to whether a taxpayer is required to

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

1 payments previously due.

2 The provisions of this paragraph apply on and after  
3 October 1, 2001. Without regard to whether a taxpayer is  
4 required to make quarter monthly payments as specified above,  
5 any taxpayer who is required by Section 2d of this Act to  
6 collect and remit prepaid taxes and has collected prepaid  
7 taxes that average in excess of \$20,000 per month during the  
8 preceding 4 complete calendar quarters shall file a return  
9 with the Department as required by Section 2f and shall make  
10 payments to the Department on or before the 7th, 15th, 22nd  
11 and last day of the month during which the liability is  
12 incurred. Each payment shall be in an amount equal to 22.5%  
13 of the taxpayer's actual liability for the month or 25% of  
14 the taxpayer's liability for the same calendar month of the  
15 preceding year. The amount of the quarter monthly payments  
16 shall be credited against the final tax liability of the  
17 taxpayer's return for that month filed under this Section or  
18 Section 2f, as the case may be. Once applicable, the  
19 requirement of the making of quarter monthly payments to the  
20 Department pursuant to this paragraph shall continue until  
21 the taxpayer's average monthly prepaid tax collections during  
22 the preceding 4 complete calendar quarters (excluding the  
23 month of highest liability and the month of lowest liability)  
24 is less than \$19,000 or until such taxpayer's average monthly  
25 liability to the Department as computed for each calendar  
26 quarter of the 4 preceding complete calendar quarters is less  
27 than \$20,000. If any such quarter monthly payment is not  
28 paid at the time or in the amount required, the taxpayer  
29 shall be liable for penalties and interest on such  
30 difference, except insofar as the taxpayer has previously  
31 made payments for that month in excess of the minimum  
32 payments previously due.

33 If any payment provided for in this Section exceeds the  
34 taxpayer's liabilities under this Act, the Use Tax Act, the

1 Service Occupation Tax Act and the Service Use Tax Act, as  
2 shown on an original monthly return, the Department shall, if  
3 requested by the taxpayer, issue to the taxpayer a credit  
4 memorandum no later than 30 days after the date of payment.  
5 The credit evidenced by such credit memorandum may be  
6 assigned by the taxpayer to a similar taxpayer under this  
7 Act, the Use Tax Act, the Service Occupation Tax Act or the  
8 Service Use Tax Act, in accordance with reasonable rules and  
9 regulations to be prescribed by the Department. If no such  
10 request is made, the taxpayer may credit such excess payment  
11 against tax liability subsequently to be remitted to the  
12 Department under this Act, the Use Tax Act, the Service  
13 Occupation Tax Act or the Service Use Tax Act, in accordance  
14 with reasonable rules and regulations prescribed by the  
15 Department. If the Department subsequently determined that  
16 all or any part of the credit taken was not actually due to  
17 the taxpayer, the taxpayer's 2.1% and 1.75% vendor's discount  
18 shall be reduced by 2.1% or 1.75% of the difference between  
19 the credit taken and that actually due, and that taxpayer  
20 shall be liable for penalties and interest on such  
21 difference.

22 If a retailer of motor fuel is entitled to a credit under  
23 Section 2d of this Act which exceeds the taxpayer's liability  
24 to the Department under this Act for the month which the  
25 taxpayer is filing a return, the Department shall issue the  
26 taxpayer a credit memorandum for the excess.

27 Beginning January 1, 1990, each month the Department  
28 shall pay into the Local Government Tax Fund, a special fund  
29 in the State treasury which is hereby created, the net  
30 revenue realized for the preceding month from the 1% tax on  
31 sales of food for human consumption which is to be consumed  
32 off the premises where it is sold (other than alcoholic  
33 beverages, soft drinks and food which has been prepared for  
34 immediate consumption) and prescription and nonprescription

1 medicines, drugs, medical appliances and insulin, urine  
2 testing materials, syringes and needles used by diabetics.

3 Beginning January 1, 1990, each month the Department  
4 shall pay into the County and Mass Transit District Fund, a  
5 special fund in the State treasury which is hereby created,  
6 4% of the net revenue realized for the preceding month from  
7 the 6.25% general rate.

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

12 Beginning January 1, 1990, each month the Department  
13 shall pay into the Local Government Tax Fund 16% of the net  
14 revenue realized for the preceding month from the 6.25%  
15 general rate on the selling price of tangible personal  
16 property.

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

21 Of the remainder of the moneys received by the Department  
22 pursuant to this Act, (a) 1.75% thereof shall be paid into  
23 the Build Illinois Fund and (b) prior to July 1, 1989, 2.2%  
24 and on and after July 1, 1989, 3.8% thereof shall be paid  
25 into the Build Illinois Fund; provided, however, that if in  
26 any fiscal year the sum of (1) the aggregate of 2.2% or 3.8%,  
27 as the case may be, of the moneys received by the Department  
28 and required to be paid into the Build Illinois Fund pursuant  
29 to this Act, Section 9 of the Use Tax Act, Section 9 of the  
30 Service Use Tax Act, and Section 9 of the Service Occupation  
31 Tax Act, such Acts being hereinafter called the "Tax Acts"  
32 and such aggregate of 2.2% or 3.8%, as the case may be, of  
33 moneys being hereinafter called the "Tax Act Amount", and (2)  
34 the amount transferred to the Build Illinois Fund from the

1 State and Local Sales Tax Reform Fund shall be less than the  
2 Annual Specified Amount (as hereinafter defined), an amount  
3 equal to the difference shall be immediately paid into the  
4 Build Illinois Fund from other moneys received by the  
5 Department pursuant to the Tax Acts; the "Annual Specified  
6 Amount" means the amounts specified below for fiscal years  
7 1986 through 1993:

8	Fiscal Year	Annual Specified Amount
9	1986	\$54,800,000
10	1987	\$76,650,000
11	1988	\$80,480,000
12	1989	\$88,510,000
13	1990	\$115,330,000
14	1991	\$145,470,000
15	1992	\$182,730,000
16	1993	\$206,520,000;

17 and means the Certified Annual Debt Service Requirement (as  
18 defined in Section 13 of the Build Illinois Bond Act) or the  
19 Tax Act Amount, whichever is greater, for fiscal year 1994  
20 and each fiscal year thereafter; and further provided, that  
21 if on the last business day of any month the sum of (1) the  
22 Tax Act Amount required to be deposited into the Build  
23 Illinois Bond Account in the Build Illinois Fund during such  
24 month and (2) the amount transferred to the Build Illinois  
25 Fund from the State and Local Sales Tax Reform Fund shall  
26 have been less than 1/12 of the Annual Specified Amount, an  
27 amount equal to the difference shall be immediately paid into  
28 the Build Illinois Fund from other moneys received by the  
29 Department pursuant to the Tax Acts; and, further provided,  
30 that in no event shall the payments required under the  
31 preceding proviso result in aggregate payments into the Build  
32 Illinois Fund pursuant to this clause (b) for any fiscal year  
33 in excess of the greater of (i) the Tax Act Amount or (ii)  
34 the Annual Specified Amount for such fiscal year. The

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

33 Subject to payment of amounts into the Build Illinois  
34 Fund as provided in the preceding paragraph or in any

1 amendment thereto hereafter enacted, the following specified  
2 monthly installment of the amount requested in the  
3 certificate of the Chairman of the Metropolitan Pier and  
4 Exposition Authority provided under Section 8.25f of the  
5 State Finance Act, but not in excess of sums designated as  
6 "Total Deposit", shall be deposited in the aggregate from  
7 collections under Section 9 of the Use Tax Act, Section 9 of  
8 the Service Use Tax Act, Section 9 of the Service Occupation  
9 Tax Act, and Section 3 of the Retailers' Occupation Tax Act  
10 into the McCormick Place Expansion Project Fund in the  
11 specified fiscal years.

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



1	2015	179,000,000
2	2016	189,000,000
3	2017	199,000,000
4	2018	210,000,000
5	2019	221,000,000
6	2020	233,000,000
7	2021	246,000,000
8	2022	260,000,000
9	2023 and	275,000,000

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

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

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 July 1, 1993, the Department  
34 shall each month pay into the Illinois Tax Increment Fund

1 0.27% of 80% of the net revenue realized for the preceding  
2 month from the 6.25% general rate on the selling price of  
3 tangible personal property.

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

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

24 The Department may, upon separate written notice to a  
25 taxpayer, require the taxpayer to prepare and file with the  
26 Department on a form prescribed by the Department within not  
27 less than 60 days after receipt of the notice an annual  
28 information return for the tax year specified in the notice.  
29 Such annual return to the Department shall include a  
30 statement of gross receipts as shown by the retailer's last  
31 Federal income tax return. If the total receipts of the  
32 business as reported in the Federal income tax return do not  
33 agree with the gross receipts reported to the Department of  
34 Revenue for the same period, the retailer shall attach to his

1 annual return a schedule showing a reconciliation of the 2  
2 amounts and the reasons for the difference. The retailer's  
3 annual return to the Department shall also disclose the cost  
4 of goods sold by the retailer during the year covered by such  
5 return, opening and closing inventories of such goods for  
6 such year, costs of goods used from stock or taken from stock  
7 and given away by the retailer during such year, payroll  
8 information of the retailer's business during such year and  
9 any additional reasonable information which the Department  
10 deems would be helpful in determining the accuracy of the  
11 monthly, quarterly or annual returns filed by such retailer  
12 as provided for in this Section.

13 If the annual information return required by this Section  
14 is not filed when and as required, the taxpayer shall be  
15 liable as follows:

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

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

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

34 The provisions of this Section concerning the filing of

1 an annual information return do not apply to a retailer who  
2 is not required to file an income tax return with the United  
3 States Government.

4 As soon as possible after the first day of each month,  
5 upon certification of the Department of Revenue, the  
6 Comptroller shall order transferred and the Treasurer shall  
7 transfer from the General Revenue Fund to the Motor Fuel Tax  
8 Fund an amount equal to 1.7% of 80% of the net revenue  
9 realized under this Act for the second preceding month.  
10 Beginning April 1, 2000, this transfer is no longer required  
11 and shall not be made.

12 Net revenue realized for a month shall be the revenue  
13 collected by the State pursuant to this Act, less the amount  
14 paid out during that month as refunds to taxpayers for  
15 overpayment of liability.

16 For greater simplicity of administration, manufacturers,  
17 importers and wholesalers whose products are sold at retail  
18 in Illinois by numerous retailers, and who wish to do so, may  
19 assume the responsibility for accounting and paying to the  
20 Department all tax accruing under this Act with respect to  
21 such sales, if the retailers who are affected do not make  
22 written objection to the Department to this arrangement.

23 Any person who promotes, organizes, provides retail  
24 selling space for concessionaires or other types of sellers  
25 at the Illinois State Fair, DuQuoin State Fair, county fairs,  
26 local fairs, art shows, flea markets and similar exhibitions  
27 or events, including any transient merchant as defined by  
28 Section 2 of the Transient Merchant Act of 1987, is required  
29 to file a report with the Department providing the name of  
30 the merchant's business, the name of the person or persons  
31 engaged in merchant's business, the permanent address and  
32 Illinois Retailers Occupation Tax Registration Number of the  
33 merchant, the dates and location of the event and other  
34 reasonable information that the Department may require. The

1 report must be filed not later than the 20th day of the month  
2 next following the month during which the event with retail  
3 sales was held. Any person who fails to file a report  
4 required by this Section commits a business offense and is  
5 subject to a fine not to exceed \$250.

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

27 (Source: P.A. 91-37, eff. 7-1-99; 91-51, eff. 6-30-99;  
28 91-101, eff. 7-12-99; 91-541, eff. 8-13-99; 91-872, eff.  
29 7-1-00; 91-901, eff. 1-1-01; 92-12, eff. 7-1-01; 92-16, eff.  
30 6-28-01; 92-208, eff. 8-2-01; 92-484, eff. 8-23-01; 92-492,  
31 eff. 1-1-02; 92-600, eff. 6-28-02; 92-651, eff. 7-11-02.)

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

1 (625 ILCS 5/3-2001) (from Ch. 95 1/2, par. 3-2001)  
2 Sec. 3-2001. Until July 1, 2003, a tax of \$200 is hereby  
3 imposed on the purchase of any passenger car as defined in  
4 Section 1-157 of this Code, purchased in Illinois by or on  
5 behalf of an insurance company to replace a passenger car of  
6 an insured person in settlement of a total loss claim. The  
7 tax imposed by this Section shall apply only to that portion  
8 of the purchase price of the replacement vehicle paid by the  
9 insurance company in settlement of the total loss claim, but  
10 not including any portion of such insurance payment which  
11 exceeds the market value of the total loss vehicle.  
12 (Source: P.A. 83-1353.)

13 ARTICLE 99

14 Section 99-99. Effective date. This Act takes effect  
15 upon becoming law."