



## 96TH GENERAL ASSEMBLY

### State of Illinois

2009 and 2010

HB5828

Introduced 2/10/2010, by Rep. Mike Bost

#### SYNOPSIS AS INTRODUCED:

35 ILCS 105/3-5

35 ILCS 120/2-5

625 ILCS 5/3-1001

from Ch. 95 1/2, par. 3-1001

Amends the Use Tax Act, the Retailers' Occupation Tax Act, and the motor vehicle privilege tax provisions of the Illinois Vehicle Code. Exempts from these taxes motor vehicles sold to an Illinois resident who is a service member on active duty or returning to Illinois from active duty and who applies for registration in Illinois while on active duty or within one year after leaving active duty.

LRB096 18023 HLH 33395 b

FISCAL NOTE ACT  
MAY APPLY

A BILL FOR

1 AN ACT concerning revenue.

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

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

6 (35 ILCS 105/3-5)

7 (Text of Section before amendment by P.A. 96-339)

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

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

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

20 (3) Personal property purchased by a not-for-profit arts or  
21 cultural organization that establishes, by proof required by  
22 the Department by rule, that it has received an exemption under  
23 Section 501(c)(3) of the Internal Revenue Code and that is

1 organized and operated primarily for the presentation or  
2 support of arts or cultural programming, activities, or  
3 services. These organizations include, but are not limited to,  
4 music and dramatic arts organizations such as symphony  
5 orchestras and theatrical groups, arts and cultural service  
6 organizations, local arts councils, visual arts organizations,  
7 and media arts organizations. On and after the effective date  
8 of this amendatory Act of the 92nd General Assembly, however,  
9 an entity otherwise eligible for this exemption shall not make  
10 tax-free purchases unless it has an active identification  
11 number issued by the Department.

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

26 (5) Until July 1, 2003, a passenger car that is a

1 replacement vehicle to the extent that the purchase price of  
2 the car is subject to the Replacement Vehicle Tax.

3 (6) Until July 1, 2003 and beginning again on September 1,  
4 2004 through August 30, 2014, graphic arts machinery and  
5 equipment, including repair and replacement parts, both new and  
6 used, and including that manufactured on special order,  
7 certified by the purchaser to be used primarily for graphic  
8 arts production, and including machinery and equipment  
9 purchased for lease. Equipment includes chemicals or chemicals  
10 acting as catalysts but only if the chemicals or chemicals  
11 acting as catalysts effect a direct and immediate change upon a  
12 graphic arts product.

13 (7) Farm chemicals.

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

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

21 (10) A motor vehicle of the first division, a motor vehicle  
22 of the second division that is a self-contained motor vehicle  
23 designed or permanently converted to provide living quarters  
24 for recreational, camping, or travel use, with direct walk  
25 through to the living quarters from the driver's seat, or a  
26 motor vehicle of the second division that is of the van

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

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

25 Farm machinery and equipment shall include precision  
26 farming equipment that is installed or purchased to be

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

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

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

22 (13) Proceeds of mandatory service charges separately  
23 stated on customers' bills for the purchase and consumption of  
24 food and beverages purchased at retail from a retailer, to the  
25 extent that the proceeds of the service charge are in fact  
26 turned over as tips or as a substitute for tips to the

1 employees who participate directly in preparing, serving,  
2 hosting or cleaning up the food or beverage function with  
3 respect to which the service charge is imposed.

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

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

18 (16) 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 (17) Until July 1, 2003, distillation machinery and  
25 equipment, sold as a unit or kit, assembled or installed by the  
26 retailer, certified by the user to be used only for the

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

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

15 (19) Personal property delivered to a purchaser or  
16 purchaser's donee inside Illinois when the purchase order for  
17 that personal property was received by a florist located  
18 outside Illinois who has a florist located inside Illinois  
19 deliver the personal property.

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

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



1 racing for prizes. This item (21) is exempt from the provisions  
2 of Section 3-90, and the exemption provided for under this item  
3 (21) applies for all periods beginning May 30, 1995, but no  
4 claim for credit or refund is allowed on or after January 1,  
5 2008 for such taxes paid during the period beginning May 30,  
6 2000 and ending on January 1, 2008.

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

1 If, however, that amount is not refunded to the lessee for any  
2 reason, the lessor is liable to pay that amount to the  
3 Department.

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

24 (24) 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 donated for

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

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

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

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

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

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

1 entity purchases the personal property sold at the events from  
2 another individual or entity that sold the property for the  
3 purpose of resale by the fundraising entity and that profits  
4 from the sale to the fundraising entity. This paragraph is  
5 exempt from the provisions of Section 3-90.

6 (29) Beginning January 1, 2000 and through December 31,  
7 2001, new or used automatic vending machines that prepare and  
8 serve hot food and beverages, including coffee, soup, and other  
9 items, and replacement parts for these machines. Beginning  
10 January 1, 2002 and through June 30, 2003, machines and parts  
11 for machines used in commercial, coin-operated amusement and  
12 vending business if a use or occupation tax is paid on the  
13 gross receipts derived from the use of the commercial,  
14 coin-operated amusement and vending machines. This paragraph  
15 is exempt from the provisions of Section 3-90.

16 (30) Beginning January 1, 2001 and through June 30, 2011,  
17 food for human consumption that is to be consumed off the  
18 premises where it is sold (other than alcoholic beverages, soft  
19 drinks, and food that has been prepared for immediate  
20 consumption) and prescription and nonprescription medicines,  
21 drugs, medical appliances, and insulin, urine testing  
22 materials, syringes, and needles used by diabetics, for human  
23 use, when purchased for use by a person receiving medical  
24 assistance under Article 5 of the Illinois Public Aid Code who  
25 resides in a licensed long-term care facility, as defined in  
26 the Nursing Home Care Act.

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

26           (32) Beginning on the effective date of this amendatory Act

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

23 (33) On and after July 1, 2003 and through June 30, 2004,  
24 the use in this State of motor vehicles of the second division  
25 with a gross vehicle weight in excess of 8,000 pounds and that  
26 are subject to the commercial distribution fee imposed under

1 Section 3-815.1 of the Illinois Vehicle Code. Beginning on July  
2 1, 2004 and through June 30, 2005, the use in this State of  
3 motor vehicles of the second division: (i) with a gross vehicle  
4 weight rating in excess of 8,000 pounds; (ii) that are subject  
5 to the commercial distribution fee imposed under Section  
6 3-815.1 of the Illinois Vehicle Code; and (iii) that are  
7 primarily used for commercial purposes. Through June 30, 2005,  
8 this exemption applies to repair and replacement parts added  
9 after the initial purchase of such a motor vehicle if that  
10 motor vehicle is used in a manner that would qualify for the  
11 rolling stock exemption otherwise provided for in this Act. For  
12 purposes of this paragraph, the term "used for commercial  
13 purposes" means the transportation of persons or property in  
14 furtherance of any commercial or industrial enterprise,  
15 whether for-hire or not.

16 (34) Beginning January 1, 2008, tangible personal property  
17 used in the construction or maintenance of a community water  
18 supply, as defined under Section 3.145 of the Environmental  
19 Protection Act, that is operated by a not-for-profit  
20 corporation that holds a valid water supply permit issued under  
21 Title IV of the Environmental Protection Act. This paragraph is  
22 exempt from the provisions of Section 3-90.

23 (35) Beginning January 1, 2010, materials, parts,  
24 equipment, components, and furnishings incorporated into or  
25 upon an aircraft as part of the modification, refurbishment,  
26 completion, replacement, repair, or maintenance of the



1 aircraft. This exemption includes consumable supplies used in  
2 the modification, refurbishment, completion, replacement,  
3 repair, and maintenance of aircraft, but excludes any  
4 materials, parts, equipment, components, and consumable  
5 supplies used in the modification, replacement, repair, and  
6 maintenance of aircraft engines or power plants, whether such  
7 engines or power plants are installed or uninstalled upon any  
8 such aircraft. "Consumable supplies" include, but are not  
9 limited to, adhesive, tape, sandpaper, general purpose  
10 lubricants, cleaning solution, latex gloves, and protective  
11 films. This exemption applies only to those organizations that  
12 (i) hold an Air Agency Certificate and are empowered to operate  
13 an approved repair station by the Federal Aviation  
14 Administration, (ii) have a Class IV Rating, and (iii) conduct  
15 operations in accordance with Part 145 of the Federal Aviation  
16 Regulations. The exemption does not include aircraft operated  
17 by a commercial air carrier providing scheduled passenger air  
18 service pursuant to authority issued under Part 121 or Part 129  
19 of the Federal Aviation Regulations.

20 (36) ~~(35)~~ Tangible personal property purchased by a  
21 public-facilities corporation, as described in Section  
22 11-65-10 of the Illinois Municipal Code, for purposes of  
23 constructing or furnishing a municipal convention hall, but  
24 only if the legal title to the municipal convention hall is  
25 transferred to the municipality without any further  
26 consideration by or on behalf of the municipality at the time

1 of the completion of the municipal convention hall or upon the  
2 retirement or redemption of any bonds or other debt instruments  
3 issued by the public-facilities corporation in connection with  
4 the development of the municipal convention hall. This  
5 exemption includes existing public-facilities corporations as  
6 provided in Section 11-65-25 of the Illinois Municipal Code.  
7 This paragraph is exempt from the provisions of Section 3-90.

8 (37) A motor vehicle sold to an Illinois resident who is a  
9 service member on active duty or returning to Illinois from  
10 active duty and who applies for registration of the motor  
11 vehicle in Illinois while on active duty or within one year  
12 after leaving active duty. For purposes of this exemption:  
13 "active duty" means active duty pursuant to an executive order  
14 of the President of the United States, an act of the Congress  
15 of the United States, or an order of the Governor; and "service  
16 member" means a member of the armed services or reserve forces  
17 of the United States or a member of the Illinois National  
18 Guard.

19 (Source: P.A. 95-88, eff. 1-1-08; 95-538, eff. 1-1-08; 95-876,  
20 eff. 8-21-08; 96-116, eff. 7-31-09; 96-532, eff. 8-14-09;  
21 96-759, eff. 1-1-10; revised 9-25-09.)

22 (Text of Section after amendment by P.A. 96-339)

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,

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

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

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

25 (4) Personal property purchased by a governmental body, by  
26 a corporation, society, association, foundation, or

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

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

16 (6) Until July 1, 2003 and beginning again on September 1,  
17 2004 through August 30, 2014, graphic arts machinery and  
18 equipment, including repair and replacement parts, both new and  
19 used, and including that manufactured on special order,  
20 certified by the purchaser to be used primarily for graphic  
21 arts production, and including machinery and equipment  
22 purchased for lease. Equipment includes chemicals or chemicals  
23 acting as catalysts but only if the chemicals or chemicals  
24 acting as catalysts effect a direct and immediate change upon a  
25 graphic arts product.

26 (7) Farm chemicals.

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

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

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

19           (11) Farm machinery and equipment, both new and used,  
20 including that manufactured on special order, certified by the  
21 purchaser to be used primarily for production agriculture or  
22 State or federal agricultural programs, including individual  
23 replacement parts for the machinery and equipment, including  
24 machinery and equipment purchased for lease, and including  
25 implements of husbandry defined in Section 1-130 of the  
26 Illinois Vehicle Code, farm machinery and agricultural

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

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

20 Farm machinery and equipment also includes computers,  
21 sensors, software, and related equipment used primarily in the  
22 computer-assisted operation of production agriculture  
23 facilities, equipment, and activities such as, but not limited  
24 to, the collection, monitoring, and correlation of animal and  
25 crop data for the purpose of formulating animal diets and  
26 agricultural chemicals. This item (11) is exempt from the

1 provisions of Section 3-90.

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

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

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

26 (15) Photoprocessing machinery and equipment, including

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

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

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

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



1 a particular purchaser.

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

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

9 (21) Horses, or interests in horses, registered with and  
10 meeting the requirements of any of the Arabian Horse Club  
11 Registry of America, Appaloosa Horse Club, American Quarter  
12 Horse Association, United States Trotting Association, or  
13 Jockey Club, as appropriate, used for purposes of breeding or  
14 racing for prizes. This item (21) is exempt from the provisions  
15 of Section 3-90, and the exemption provided for under this item  
16 (21) applies for all periods beginning May 30, 1995, but no  
17 claim for credit or refund is allowed on or after January 1,  
18 2008 for such taxes paid during the period beginning May 30,  
19 2000 and ending on January 1, 2008.

20 (22) Computers and communications equipment utilized for  
21 any hospital purpose and equipment used in the diagnosis,  
22 analysis, or treatment of hospital patients purchased by a  
23 lessor who leases the equipment, under a lease of one year or  
24 longer executed or in effect at the time the lessor would  
25 otherwise be subject to the tax imposed by this Act, to a  
26 hospital that has been issued an active tax exemption

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

17 (23) Personal property purchased by a lessor who leases the  
18 property, under a lease of one year or longer executed or in  
19 effect at the time the lessor would otherwise be subject to the  
20 tax imposed by this Act, to a governmental body that has been  
21 issued an active sales tax exemption identification number by  
22 the Department under Section 1g of the Retailers' Occupation  
23 Tax Act. If the property is leased in a manner that does not  
24 qualify for this exemption or used in any other non-exempt  
25 manner, the lessor shall be liable for the tax imposed under  
26 this Act or the Service Use Tax Act, as the case may be, based

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

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

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

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

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

13 (27) A motor vehicle, as that term is defined in Section  
14 1-146 of the Illinois Vehicle Code, that is donated to a  
15 corporation, limited liability company, society, association,  
16 foundation, or institution that is determined by the Department  
17 to be organized and operated exclusively for educational  
18 purposes. For purposes of this exemption, "a corporation,  
19 limited liability company, society, association, foundation,  
20 or institution organized and operated exclusively for  
21 educational purposes" means all tax-supported public schools,  
22 private schools that offer systematic instruction in useful  
23 branches of learning by methods common to public schools and  
24 that compare favorably in their scope and intensity with the  
25 course of study presented in tax-supported schools, and  
26 vocational or technical schools or institutes organized and

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

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

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

1 coin-operated amusement and vending machines. This paragraph  
2 is exempt from the provisions of Section 3-90.

3 (30) Beginning January 1, 2001 and through June 30, 2011,  
4 food for human consumption that is to be consumed off the  
5 premises where it is sold (other than alcoholic beverages, soft  
6 drinks, and food that has been prepared for immediate  
7 consumption) and prescription and nonprescription medicines,  
8 drugs, medical appliances, and insulin, urine testing  
9 materials, syringes, and needles used by diabetics, for human  
10 use, when purchased for use by a person receiving medical  
11 assistance under Article V of the Illinois Public Aid Code who  
12 resides in a licensed long-term care facility, as defined in  
13 the Nursing Home Care Act, or in a licensed facility as defined  
14 in the MR/DD Community Care Act.

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

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

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

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

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



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

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

11 (35) Beginning January 1, 2010, materials, parts,  
12 equipment, components, and furnishings incorporated into or  
13 upon an aircraft as part of the modification, refurbishment,  
14 completion, replacement, repair, or maintenance of the  
15 aircraft. This exemption includes consumable supplies used in  
16 the modification, refurbishment, completion, replacement,  
17 repair, and maintenance of aircraft, but excludes any  
18 materials, parts, equipment, components, and consumable  
19 supplies used in the modification, replacement, repair, and  
20 maintenance of aircraft engines or power plants, whether such  
21 engines or power plants are installed or uninstalled upon any  
22 such aircraft. "Consumable supplies" include, but are not  
23 limited to, adhesive, tape, sandpaper, general purpose  
24 lubricants, cleaning solution, latex gloves, and protective  
25 films. This exemption applies only to those organizations that  
26 (i) hold an Air Agency Certificate and are empowered to operate

1 an approved repair station by the Federal Aviation  
2 Administration, (ii) have a Class IV Rating, and (iii) conduct  
3 operations in accordance with Part 145 of the Federal Aviation  
4 Regulations. The exemption does not include aircraft operated  
5 by a commercial air carrier providing scheduled passenger air  
6 service pursuant to authority issued under Part 121 or Part 129  
7 of the Federal Aviation Regulations.

8 (36) ~~(35)~~ Tangible personal property purchased by a  
9 public-facilities corporation, as described in Section  
10 11-65-10 of the Illinois Municipal Code, for purposes of  
11 constructing or furnishing a municipal convention hall, but  
12 only if the legal title to the municipal convention hall is  
13 transferred to the municipality without any further  
14 consideration by or on behalf of the municipality at the time  
15 of the completion of the municipal convention hall or upon the  
16 retirement or redemption of any bonds or other debt instruments  
17 issued by the public-facilities corporation in connection with  
18 the development of the municipal convention hall. This  
19 exemption includes existing public-facilities corporations as  
20 provided in Section 11-65-25 of the Illinois Municipal Code.  
21 This paragraph is exempt from the provisions of Section 3-90.

22 (37) A motor vehicle sold to an Illinois resident who is a  
23 service member on active duty or returning to Illinois from  
24 active duty and who applies for registration of the motor  
25 vehicle in Illinois while on active duty or within one year  
26 after leaving active duty. For purposes of this exemption:

1 "active duty" means active duty pursuant to an executive order  
2 of the President of the United States, an act of the Congress  
3 of the United States, or an order of the Governor; and "service  
4 member" means a member of the armed services or reserve forces  
5 of the United States or a member of the Illinois National  
6 Guard.

7 (Source: P.A. 95-88, eff. 1-1-08; 95-538, eff. 1-1-08; 95-876,  
8 eff. 8-21-08; 96-116, eff. 7-31-09; 96-339, eff. 7-1-10;  
9 96-532, eff. 8-14-09; 96-759, eff. 1-1-10; revised 9-25-09.)

10 Section 10. The Retailers' Occupation Tax Act is amended by  
11 changing Section 2-5 as follows:

12 (35 ILCS 120/2-5)

13 (Text of Section before amendment by P.A. 96-339)

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

17 (1) Farm chemicals.

18 (2) Farm machinery and equipment, both new and used,  
19 including that manufactured on special order, certified by the  
20 purchaser to be used primarily for production agriculture or  
21 State or federal agricultural programs, including individual  
22 replacement parts for the machinery and equipment, including  
23 machinery and equipment purchased for lease, and including  
24 implements of husbandry defined in Section 1-130 of the

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

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

21 Farm machinery and equipment also includes computers,  
22 sensors, software, and related equipment used primarily in the  
23 computer-assisted operation of production agriculture  
24 facilities, equipment, and activities such as, but not limited  
25 to, the collection, monitoring, and correlation of animal and  
26 crop data for the purpose of formulating animal diets and

1 agricultural chemicals. This item (7) is exempt from the  
2 provisions of Section 2-70.

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

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

18 (5) A motor vehicle of the first division, a motor vehicle  
19 of the second division that is a self contained motor vehicle  
20 designed or permanently converted to provide living quarters  
21 for recreational, camping, or travel use, with direct walk  
22 through access to the living quarters from the driver's seat,  
23 or a motor vehicle of the second division that is of the van  
24 configuration designed for the transportation of not less than  
25 7 nor more than 16 passengers, as defined in Section 1-146 of  
26 the Illinois Vehicle Code, that is used for automobile renting,

1 as defined in the Automobile Renting Occupation and Use Tax  
2 Act. This paragraph is exempt from the provisions of Section  
3 2-70.

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

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

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

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

1 number issued by the Department.

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

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

23 (12) Tangible personal property sold to interstate  
24 carriers for hire for use as rolling stock moving in interstate  
25 commerce or to lessors under leases of one year or longer  
26 executed or in effect at the time of purchase by interstate

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

6 (12-5) On and after July 1, 2003 and through June 30, 2004,  
7 motor vehicles of the second division with a gross vehicle  
8 weight in excess of 8,000 pounds that are subject to the  
9 commercial distribution fee imposed under Section 3-815.1 of  
10 the Illinois Vehicle Code. Beginning on July 1, 2004 and  
11 through June 30, 2005, the use in this State of motor vehicles  
12 of the second division: (i) with a gross vehicle weight rating  
13 in excess of 8,000 pounds; (ii) that are subject to the  
14 commercial distribution fee imposed under Section 3-815.1 of  
15 the Illinois Vehicle Code; and (iii) that are primarily used  
16 for commercial purposes. Through June 30, 2005, this exemption  
17 applies to repair and replacement parts added after the initial  
18 purchase of such a motor vehicle if that motor vehicle is used  
19 in a manner that would qualify for the rolling stock exemption  
20 otherwise provided for in this Act. For purposes of this  
21 paragraph, "used for commercial purposes" means the  
22 transportation of persons or property in furtherance of any  
23 commercial or industrial enterprise whether for-hire or not.

24 (13) Proceeds from sales to owners, lessors, or shippers of  
25 tangible personal property that is utilized by interstate  
26 carriers for hire for use as rolling stock moving in interstate



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

11 (25-7) Beginning on July 1, 2007, no tax is imposed under  
12 this Act on the sale of an aircraft, as defined in Section 3 of  
13 the Illinois Aeronautics Act, if all of the following  
14 conditions are met:

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

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

23 (3) the seller retains in his or her books and records  
24 and provides to the Department a signed and dated  
25 certification from the purchaser, on a form prescribed by  
26 the Department, certifying that the requirements of this

1 item (25-7) are met. The certificate must also include the  
2 name and address of the purchaser, the address of the  
3 location where the aircraft is to be titled or registered,  
4 the address of the primary physical location of the  
5 aircraft, and other information that the Department may  
6 reasonably require.

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

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

12 "Registered in this State" means an aircraft registered  
13 with the Department of Transportation, Aeronautics Division,  
14 or titled or registered with the Federal Aviation  
15 Administration to an address located in this State.

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

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

20 (27) Horses, or interests in horses, registered with and  
21 meeting the requirements of any of the Arabian Horse Club  
22 Registry of America, Appaloosa Horse Club, American Quarter  
23 Horse Association, United States Trotting Association, or  
24 Jockey Club, as appropriate, used for purposes of breeding or  
25 racing for prizes. This item (27) is exempt from the provisions  
26 of Section 2-70, and the exemption provided for under this item

1 (27) applies for all periods beginning May 30, 1995, but no  
2 claim for credit or refund is allowed on or after January 1,  
3 2008 (the effective date of Public Act 95-88) for such taxes  
4 paid during the period beginning May 30, 2000 and ending on  
5 January 1, 2008 (the effective date of Public Act 95-88).

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

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

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

1 number by the Department that assists victims of the disaster  
2 who reside within the declared disaster area.

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

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

21 (33) 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 Department  
25 to be organized and operated exclusively for educational  
26 purposes. For purposes of this exemption, "a corporation,



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

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

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

11          (35-5) Beginning August 23, 2001 and through June 30, 2011,  
12          food for human consumption that is to be consumed off the  
13          premises where it is sold (other than alcoholic beverages, soft  
14          drinks, and food that has been prepared for immediate  
15          consumption) and prescription and nonprescription medicines,  
16          drugs, medical appliances, and insulin, urine testing  
17          materials, syringes, and needles used by diabetics, for human  
18          use, when purchased for use by a person receiving medical  
19          assistance under Article 5 of the Illinois Public Aid Code who  
20          resides in a licensed long-term care facility, as defined in  
21          the Nursing Home Care Act.

22          (36) Beginning August 2, 2001, computers and  
23          communications equipment utilized for any hospital purpose and  
24          equipment used in the diagnosis, analysis, or treatment of  
25          hospital patients sold to a lessor who leases the equipment,  
26          under a lease of one year or longer executed or in effect at

1 the time of the purchase, to a hospital that has been issued an  
2 active tax exemption identification number by the Department  
3 under Section 1g of this Act. This paragraph is exempt from the  
4 provisions of Section 2-70.

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

12 (38) Beginning on January 1, 2002 and through June 30,  
13 2011, tangible personal property purchased from an Illinois  
14 retailer by a taxpayer engaged in centralized purchasing  
15 activities in Illinois who will, upon receipt of the property  
16 in Illinois, temporarily store the property in Illinois (i) for  
17 the purpose of subsequently transporting it outside this State  
18 for use or consumption thereafter solely outside this State or  
19 (ii) for the purpose of being processed, fabricated, or  
20 manufactured into, attached to, or incorporated into other  
21 tangible personal property to be transported outside this State  
22 and 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

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

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

16 (40) Beginning January 1, 2010, materials, parts,  
17 equipment, components, and furnishings incorporated into or  
18 upon an aircraft as part of the modification, refurbishment,  
19 completion, replacement, repair, or maintenance of the  
20 aircraft. This exemption includes consumable supplies used in  
21 the modification, refurbishment, completion, replacement,  
22 repair, and maintenance of aircraft, but excludes any  
23 materials, parts, equipment, components, and consumable  
24 supplies used in the modification, replacement, repair, and  
25 maintenance of aircraft engines or power plants, whether such  
26 engines or power plants are installed or uninstalled upon any

1 such aircraft. "Consumable supplies" include, but are not  
2 limited to, adhesive, tape, sandpaper, general purpose  
3 lubricants, cleaning solution, latex gloves, and protective  
4 films. This exemption applies only to those organizations that  
5 (i) hold an Air Agency Certificate and are empowered to operate  
6 an approved repair station by the Federal Aviation  
7 Administration, (ii) have a Class IV Rating, and (iii) conduct  
8 operations in accordance with Part 145 of the Federal Aviation  
9 Regulations. The exemption does not include aircraft operated  
10 by a commercial air carrier providing scheduled passenger air  
11 service pursuant to authority issued under Part 121 or Part 129  
12 of the Federal Aviation Regulations.

13 (41) ~~(40)~~ Tangible personal property sold to a  
14 public-facilities corporation, as described in Section  
15 11-65-10 of the Illinois Municipal Code, for purposes of  
16 constructing or furnishing a municipal convention hall, but  
17 only if the legal title to the municipal convention hall is  
18 transferred to the municipality without any further  
19 consideration by or on behalf of the municipality at the time  
20 of the completion of the municipal convention hall or upon the  
21 retirement or redemption of any bonds or other debt instruments  
22 issued by the public-facilities corporation in connection with  
23 the development of the municipal convention hall. This  
24 exemption includes existing public-facilities corporations as  
25 provided in Section 11-65-25 of the Illinois Municipal Code.  
26 This paragraph is exempt from the provisions of Section 2-70.

1       (42) A motor vehicle sold to an Illinois resident who is a  
2       service member on active duty or returning to Illinois from  
3       active duty and who applies for registration of the motor  
4       vehicle in Illinois while on active duty or within one year  
5       after leaving active duty. For purposes of this exemption:  
6       "active duty" means active duty pursuant to an executive order  
7       of the President of the United States, an act of the Congress  
8       of the United States, or an order of the Governor; and "service  
9       member" means a member of the armed services or reserve forces  
10       of the United States or a member of the Illinois National  
11       Guard.

12       (Source: P.A. 95-88, eff. 1-1-08; 95-233, eff. 8-16-07; 95-304,  
13       eff. 8-20-07; 95-538, eff. 1-1-08; 95-707, eff. 1-11-08;  
14       95-876, eff. 8-21-08; 96-116, eff. 7-31-09; 96-532, eff.  
15       8-14-09; 96-759, eff. 1-1-10.)

16       (Text of Section after amendment by P.A. 96-339)

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

20       (1) Farm chemicals.

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

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

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

23 Farm machinery and equipment also includes computers,  
24 sensors, software, and related equipment used primarily in the  
25 computer-assisted operation of production agriculture  
26 facilities, equipment, and activities such as, but not limited

1 to, the collection, monitoring, and correlation of animal and  
2 crop data for the purpose of formulating animal diets and  
3 agricultural chemicals. This item (7) is exempt from the  
4 provisions of Section 2-70.

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

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

20 (5) A motor vehicle of the first division, a motor vehicle  
21 of the second division that is a self contained motor vehicle  
22 designed or permanently converted to provide living quarters  
23 for recreational, camping, or travel use, with direct walk  
24 through access to the living quarters from the driver's seat,  
25 or a motor vehicle of the second division that is of the van  
26 configuration designed for the transportation of not less than



1 7 nor more than 16 passengers, as defined in Section 1-146 of  
2 the Illinois Vehicle Code, that is used for automobile renting,  
3 as defined in the Automobile Renting Occupation and Use Tax  
4 Act. This paragraph is exempt from the provisions of Section  
5 2-70.

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

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

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

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

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

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

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

25 (12) Tangible personal property sold to interstate  
26 carriers for hire for use as rolling stock moving in interstate

1 commerce or to lessors under leases of one year or longer  
2 executed or in effect at the time of purchase by interstate  
3 carriers for hire for use as rolling stock moving in interstate  
4 commerce and equipment operated by a telecommunications  
5 provider, licensed as a common carrier by the Federal  
6 Communications Commission, which is permanently installed in  
7 or affixed to aircraft moving in interstate commerce.

8 (12-5) On and after July 1, 2003 and through June 30, 2004,  
9 motor vehicles of the second division with a gross vehicle  
10 weight in excess of 8,000 pounds that are subject to the  
11 commercial distribution fee imposed under Section 3-815.1 of  
12 the Illinois Vehicle Code. Beginning on July 1, 2004 and  
13 through June 30, 2005, the use in this State of motor vehicles  
14 of the second division: (i) with a gross vehicle weight rating  
15 in excess of 8,000 pounds; (ii) that are subject to the  
16 commercial distribution fee imposed under Section 3-815.1 of  
17 the Illinois Vehicle Code; and (iii) that are primarily used  
18 for commercial purposes. Through June 30, 2005, this exemption  
19 applies to repair and replacement parts added after the initial  
20 purchase of such a motor vehicle if that motor vehicle is used  
21 in a manner that would qualify for the rolling stock exemption  
22 otherwise provided for in this Act. For purposes of this  
23 paragraph, "used for commercial purposes" means the  
24 transportation of persons or property in furtherance of any  
25 commercial or industrial enterprise whether for-hire or not.

26 (13) Proceeds from sales to owners, lessors, or shippers of

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

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

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

26 (16) Petroleum products sold to a purchaser if the seller

1 is prohibited by federal law from charging tax to the  
2 purchaser.

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

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

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

24 (20) Photoprocessing machinery and equipment, including  
25 repair and replacement parts, both new and used, including that  
26 manufactured on special order, certified by the purchaser to be

1 used primarily for photoprocessing, and including  
2 photoprocessing machinery and equipment purchased for lease.

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

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

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

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

25 (25) Except as provided in item (25-5) of this Section, a  
26 motor vehicle sold in this State to a nonresident even though

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

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

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

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

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

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

25 (3) the seller retains in his or her books and records  
26 and provides to the Department a signed and dated



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

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

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

14 "Registered in this State" means an aircraft registered  
15 with the Department of Transportation, Aeronautics Division,  
16 or titled or registered with the Federal Aviation  
17 Administration to an address located in this State.

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

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

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

1 racing for prizes. This item (27) is exempt from the provisions  
2 of Section 2-70, and the exemption provided for under this item  
3 (27) applies for all periods beginning May 30, 1995, but no  
4 claim for credit or refund is allowed on or after January 1,  
5 2008 (the effective date of Public Act 95-88) for such taxes  
6 paid during the period beginning May 30, 2000 and ending on  
7 January 1, 2008 (the effective date of Public Act 95-88).

8 (28) 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 this Act.

16 (29) 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 that  
19 has been issued an active tax exemption identification number  
20 by the Department under Section 1g of this Act.

21 (30) Beginning with taxable years ending on or after  
22 December 31, 1995 and ending with taxable years ending on or  
23 before December 31, 2004, personal property that is donated for  
24 disaster relief to be used in a State or federally declared  
25 disaster area in Illinois or bordering Illinois by a  
26 manufacturer or retailer that is registered in this State to a

1 corporation, society, association, foundation, or institution  
2 that has been issued a sales tax exemption identification  
3 number by the Department that assists victims of the disaster  
4 who reside within the declared disaster area.

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

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

23 (33) A motor vehicle, as that term is defined in Section  
24 1-146 of the Illinois Vehicle Code, that is donated to a  
25 corporation, limited liability company, society, association,  
26 foundation, or institution that is determined by the Department

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

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

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

3 (35) Beginning January 1, 2000 and through December 31,  
4 2001, new or used automatic vending machines that prepare and  
5 serve hot food and beverages, including coffee, soup, and other  
6 items, and replacement parts for these machines. Beginning  
7 January 1, 2002 and through June 30, 2003, machines and parts  
8 for machines used in commercial, coin-operated amusement and  
9 vending business if a use or occupation tax is paid on the  
10 gross receipts derived from the use of the commercial,  
11 coin-operated amusement and vending machines. This paragraph  
12 is exempt from the provisions of Section 2-70.

13 (35-5) Beginning August 23, 2001 and through June 30, 2011,  
14 food for human consumption that is to be consumed off the  
15 premises where it is sold (other than alcoholic beverages, soft  
16 drinks, and food that has been prepared for immediate  
17 consumption) and prescription and nonprescription medicines,  
18 drugs, medical appliances, and insulin, urine testing  
19 materials, syringes, and needles used by diabetics, for human  
20 use, when purchased for use by a person receiving medical  
21 assistance under Article V of the Illinois Public Aid Code who  
22 resides in a licensed long-term care facility, as defined in  
23 the Nursing Home Care Act, or a licensed facility as defined in  
24 the MR/DD Community Care Act.

25 (36) Beginning August 2, 2001, computers and  
26 communications equipment utilized for any hospital purpose and

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

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

15 (38) Beginning on January 1, 2002 and through June 30,  
16 2011, tangible personal property purchased from an Illinois  
17 retailer by a taxpayer engaged in centralized purchasing  
18 activities in Illinois who will, upon receipt of the property  
19 in Illinois, temporarily store the property in Illinois (i) for  
20 the purpose of subsequently transporting it outside this State  
21 for use or consumption thereafter solely outside this State or  
22 (ii) for the purpose of being processed, fabricated, or  
23 manufactured into, attached to, or incorporated into other  
24 tangible personal property to be transported outside this State  
25 and thereafter used or consumed solely outside this State. The  
26 Director of Revenue shall, pursuant to rules adopted in

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

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

19 (40) Beginning January 1, 2010, materials, parts,  
20 equipment, components, and furnishings incorporated into or  
21 upon an aircraft as part of the modification, refurbishment,  
22 completion, replacement, repair, or maintenance of the  
23 aircraft. This exemption includes consumable supplies used in  
24 the modification, refurbishment, completion, replacement,  
25 repair, and maintenance of aircraft, but excludes any  
26 materials, parts, equipment, components, and consumable

1 supplies used in the modification, replacement, repair, and  
2 maintenance of aircraft engines or power plants, whether such  
3 engines or power plants are installed or uninstalled upon any  
4 such aircraft. "Consumable supplies" include, but are not  
5 limited to, adhesive, tape, sandpaper, general purpose  
6 lubricants, cleaning solution, latex gloves, and protective  
7 films. This exemption applies only to those organizations that  
8 (i) hold an Air Agency Certificate and are empowered to operate  
9 an approved repair station by the Federal Aviation  
10 Administration, (ii) have a Class IV Rating, and (iii) conduct  
11 operations in accordance with Part 145 of the Federal Aviation  
12 Regulations. The exemption does not include aircraft operated  
13 by a commercial air carrier providing scheduled passenger air  
14 service pursuant to authority issued under Part 121 or Part 129  
15 of the Federal Aviation Regulations.

16 (41) ~~(40)~~ Tangible personal property sold to a  
17 public-facilities corporation, as described in Section  
18 11-65-10 of the Illinois Municipal Code, for purposes of  
19 constructing or furnishing a municipal convention hall, but  
20 only if the legal title to the municipal convention hall is  
21 transferred to the municipality without any further  
22 consideration by or on behalf of the municipality at the time  
23 of the completion of the municipal convention hall or upon the  
24 retirement or redemption of any bonds or other debt instruments  
25 issued by the public-facilities corporation in connection with  
26 the development of the municipal convention hall. This



1 exemption includes existing public-facilities corporations as  
2 provided in Section 11-65-25 of the Illinois Municipal Code.  
3 This paragraph is exempt from the provisions of Section 2-70.

4 (42) A motor vehicle sold to an Illinois resident who is a  
5 service member on active duty or returning to Illinois from  
6 active duty and who applies for registration of the motor  
7 vehicle in Illinois while on active duty or within one year  
8 after leaving active duty. For purposes of this exemption:  
9 "active duty" means active duty pursuant to an executive order  
10 of the President of the United States, an act of the Congress  
11 of the United States, or an order of the Governor; and "service  
12 member" means a member of the armed services or reserve forces  
13 of the United States or a member of the Illinois National  
14 Guard.

15 (Source: P.A. 95-88, eff. 1-1-08; 95-233, eff. 8-16-07; 95-304,  
16 eff. 8-20-07; 95-538, eff. 1-1-08; 95-707, eff. 1-11-08;  
17 95-876, eff. 8-21-08; 96-116, eff. 7-31-09; 96-339, eff.  
18 7-1-10; 96-532, eff. 8-14-09; 96-759, eff. 1-1-10; revised  
19 9-25-09.)

20 Section 15. The Illinois Vehicle Code is amended by  
21 changing Section 3-1001 as follows:

22 (625 ILCS 5/3-1001) (from Ch. 95 1/2, par. 3-1001)

23 Sec. 3-1001. A tax is hereby imposed on the privilege of  
24 using, in this State, any motor vehicle as defined in Section

1 1-146 of this Code acquired by gift, transfer, or purchase, and  
2 having a year model designation preceding the year of  
3 application for title by 5 or fewer years prior to October 1,  
4 1985 and 10 or fewer years on and after October 1, 1985 and  
5 prior to January 1, 1988. On and after January 1, 1988, the tax  
6 shall apply to all motor vehicles without regard to model year.  
7 Except that the tax shall not apply

8 (i) if the use of the motor vehicle is otherwise taxed  
9 under the Use Tax Act;

10 (ii) if the motor vehicle is bought and used by a  
11 governmental agency or a society, association, foundation  
12 or institution organized and operated exclusively for  
13 charitable, religious or educational purposes;

14 (iii) if the use of the motor vehicle is not subject to  
15 the Use Tax Act by reason of subsection (a), (b), (c), (d),  
16 (e) or (f) of Section 3-55 of that Act dealing with the  
17 prevention of actual or likely multistate taxation;

18 (iv) to implements of husbandry;

19 (v) when a junking certificate is issued pursuant to  
20 Section 3-117(a) of this Code;

21 (vi) when a vehicle is subject to the replacement  
22 vehicle tax imposed by Section 3-2001 of this Act;

23 (vii) when the transfer is a gift to a beneficiary in  
24 the administration of an estate and the beneficiary is a  
25 surviving spouse.

26 The tax shall also not apply to a motor vehicle sold to an

1 Illinois resident who is a service member on active duty or  
 2 returning to Illinois from active duty and who applies for  
 3 registration of the motor vehicle in Illinois while on active  
 4 duty or within one year after leaving active duty. For purposes  
 5 of this exemption: "active duty" means active duty pursuant to  
 6 an executive order of the President of the United States, an  
 7 act of the Congress of the United States, or an order of the  
 8 Governor; and "service member" means a member of the armed  
 9 services or reserve forces of the United States or a member of  
 10 the Illinois National Guard.

11 Prior to January 1, 1988, the rate of tax shall be 5% of  
 12 the selling price for each purchase of a motor vehicle covered  
 13 by Section 3-1001 of this Code. Except as hereinafter provided,  
 14 beginning January 1, 1988, the rate of tax shall be as follows  
 15 for transactions in which the selling price of the motor  
 16 vehicle is less than \$15,000:

17	Number of Years Transpired After	Applicable Tax
18	Model Year of Motor Vehicle	
19	1 or less	\$390
20	2	290
21	3	215
22	4	165
23	5	115
24	6	90
25	7	80
26	8	65

1	9	50
2	10	40
3	over 10	25

4 Except as hereinafter provided, beginning January 1, 1988, the  
 5 rate of tax shall be as follows for transactions in which the  
 6 selling price of the motor vehicle is \$15,000 or more:

7	Selling Price	Applicable Tax
8	\$15,000 - \$19,999	\$ 750
9	\$20,000 - \$24,999	\$1,000
10	\$25,000 - \$29,999	\$1,250
11	\$30,000 and over	\$1,500

12 For the following transactions, the tax rate shall be \$15 for  
 13 each motor vehicle acquired in such transaction:

14 (i) when the transferee or purchaser is the spouse,  
 15 mother, father, brother, sister or child of the transferor;

16 (ii) when the transfer is a gift to a beneficiary in  
 17 the administration of an estate and the beneficiary is not  
 18 a surviving spouse;

19 (iii) when a motor vehicle which has once been  
 20 subjected to the Illinois retailers' occupation tax or use  
 21 tax is transferred in connection with the organization,  
 22 reorganization, dissolution or partial liquidation of an  
 23 incorporated or unincorporated business wherein the  
 24 beneficial ownership is not changed.

25 A claim that the transaction is taxable under subparagraph  
 26 (i) shall be supported by such proof of family relationship as

1 provided by rules of the Department.

2 For a transaction in which a motorcycle, motor driven cycle  
3 or moped is acquired the tax rate shall be \$25.

4 On and after October 1, 1985, 1/12 of \$5,000,000 of the  
5 moneys received by the Department of Revenue pursuant to this  
6 Section shall be paid each month into the Build Illinois Fund  
7 and the remainder into the General Revenue Fund.

8 The tax imposed by this Section shall be abated and no  
9 longer imposed when the amount deposited to secure the bonds  
10 issued pursuant to the Build Illinois Bond Act is sufficient to  
11 provide for the payment of the principal of, and interest and  
12 premium, if any, on the bonds, as certified to the State  
13 Comptroller and the Director of Revenue by the Director of the  
14 Governor's Office of Management and Budget.

15 (Source: P.A. 96-554, eff. 1-1-10.)

16 Section 95. No acceleration or delay. Where this Act makes  
17 changes in a statute that is represented in this Act by text  
18 that is not yet or no longer in effect (for example, a Section  
19 represented by multiple versions), the use of that text does  
20 not accelerate or delay the taking effect of (i) the changes  
21 made by this Act or (ii) provisions derived from any other  
22 Public Act.