



## 97TH GENERAL ASSEMBLY

### State of Illinois

2011 and 2012

HB0185

Introduced 1/18/2011, by Rep. Donald L. Moffitt

#### SYNOPSIS AS INTRODUCED:

35 ILCS 105/3-5  
35 ILCS 110/3-5  
35 ILCS 115/3-5  
35 ILCS 120/2-5

Amends the Use Tax Act, the Service Use Tax Act, the Service Occupation Tax Act, and the Retailers' Occupation Tax Act. Provides that, for a period of 10 years beginning on the effective date of the amendatory Act, new flexible fuel vehicles, as defined in provisions of the Alternate Fuels Act, new hybrid vehicles, and new electric vehicles are exempt from taxation under the Acts. Effective July 1, 2011.

LRB097 02983 HLH 43009 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 Sec. 3-5. Exemptions. Use of the following tangible  
8 personal property is exempt from the tax imposed by this Act:

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

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

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

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

11 (4) Personal property purchased by a governmental body, by  
12 a corporation, society, association, foundation, or  
13 institution organized and operated exclusively for charitable,  
14 religious, or educational purposes, or by a not-for-profit  
15 corporation, society, association, foundation, institution, or  
16 organization that has no compensated officers or employees and  
17 that is organized and operated primarily for the recreation of  
18 persons 55 years of age or older. A limited liability company  
19 may 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 exemption  
24 identification number issued by the Department.

25 (5) Until July 1, 2003, a passenger car that is a  
26 replacement vehicle to the extent that the purchase price of

1 the car is subject to the Replacement Vehicle Tax.

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

12 (7) Farm chemicals.

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

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

20 (10) 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 to the living quarters from the driver's seat, or a  
25 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.

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

24 Farm machinery and equipment shall include precision  
25 farming equipment that is installed or purchased to be  
26 installed on farm machinery and equipment including, but not

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

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

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

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

1 hosting or cleaning up the food or beverage function with  
2 respect to which the service charge is imposed.

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

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

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

23 (17) Until July 1, 2003, distillation machinery and  
24 equipment, sold as a unit or kit, assembled or installed by the  
25 retailer, certified by the user to be used only for the  
26 production of ethyl alcohol that will be used for consumption

1 as motor fuel or as a component of motor fuel for the personal  
2 use of the user, and not subject to sale or resale.

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

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

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

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



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

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

1 reason, the lessor is liable to pay that amount to the  
2 Department.

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

23 (24) Beginning with taxable years ending on or after  
24 December 31, 1995 and ending with taxable years ending on or  
25 before December 31, 2004, personal property that is donated for  
26 disaster relief to be used in a State or federally declared

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

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

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

25 (27) A motor vehicle, as that term is defined in Section  
26 1-146 of the Illinois Vehicle Code, that is donated to a

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

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

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

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

15 (30) Beginning January 1, 2001 and through June 30, 2011,  
16 food for human consumption that is to be consumed off the  
17 premises where it is sold (other than alcoholic beverages, soft  
18 drinks, and food that has been prepared for immediate  
19 consumption) and prescription and nonprescription medicines,  
20 drugs, medical appliances, and insulin, urine testing  
21 materials, syringes, and needles used by diabetics, for human  
22 use, when purchased for use by a person receiving medical  
23 assistance under Article V of the Illinois Public Aid Code who  
24 resides in a licensed long-term care facility, as defined in  
25 the Nursing Home Care Act, or in a licensed facility as defined  
26 in the MR/DD Community 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) 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) For a period of 10 years, beginning on the effective  
9 date of this amendatory Act of the 97th General Assembly, new  
10 flexible fuel vehicles, as defined in Section 22 of the  
11 Alternate Fuels Act, new hybrid vehicles, and new electric  
12 vehicles. To qualify for an exemption under this item (37), the  
13 vehicle's final assembly point must be located within the  
14 State.

15 (Source: P.A. 95-88, eff. 1-1-08; 95-538, eff. 1-1-08; 95-876,  
16 eff. 8-21-08; 96-116, eff. 7-31-09; 96-339, eff. 7-1-10;  
17 96-532, eff. 8-14-09; 96-759, eff. 1-1-10; 96-1000, eff.  
18 7-2-10.)

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

21 (35 ILCS 110/3-5)

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

24 (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 non-profit Illinois  
8 county fair association for use in conducting, operating, or  
9 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) Legal tender, currency, medallions, or gold or silver  
26 coinage issued by the State of Illinois, the government of the

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

3 (5) 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 or  
7 purchased for lease, certified by the purchaser to be used  
8 primarily for graphic arts production. Equipment includes  
9 chemicals or chemicals acting as catalysts but only if the  
10 chemicals or chemicals acting as catalysts effect a direct and  
11 immediate change upon a graphic arts product.

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

15 (7) Farm machinery and equipment, both new and used,  
16 including that manufactured on special order, certified by the  
17 purchaser to be used primarily for production agriculture or  
18 State or federal agricultural programs, including individual  
19 replacement parts for the machinery and equipment, including  
20 machinery and equipment purchased for lease, and including  
21 implements of husbandry defined in Section 1-130 of the  
22 Illinois Vehicle Code, farm machinery and agricultural  
23 chemical and fertilizer spreaders, and nurse wagons required to  
24 be registered under Section 3-809 of the Illinois Vehicle Code,  
25 but excluding other motor vehicles required to be registered  
26 under the Illinois Vehicle Code. Horticultural polyhouses or

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

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

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

24 (8) Fuel and petroleum products sold to or used by an air  
25 common carrier, certified by the carrier to be used for  
26 consumption, shipment, or storage in the conduct of its

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

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

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

23 (11) Proceeds from the sale of photoprocessing machinery  
24 and equipment, including repair and replacement parts, both new  
25 and used, including that manufactured on special order,  
26 certified by the purchaser to be used primarily for

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

3 (12) 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 (13) Semen used for artificial insemination of livestock  
10 for direct agricultural production.

11 (14) Horses, or interests in horses, registered with and  
12 meeting the requirements of any of the Arabian Horse Club  
13 Registry of America, Appaloosa Horse Club, American Quarter  
14 Horse Association, United States Trotting Association, or  
15 Jockey Club, as appropriate, used for purposes of breeding or  
16 racing for prizes. This item (14) is exempt from the provisions  
17 of Section 3-75, and the exemption provided for under this item  
18 (14) applies for all periods beginning May 30, 1995, but no  
19 claim for credit or refund is allowed on or after the effective  
20 date of this amendatory Act of the 95th General Assembly for  
21 such taxes paid during the period beginning May 30, 2000 and  
22 ending on the effective date of this amendatory Act of the 95th  
23 General Assembly.

24 (15) Computers and communications equipment utilized for  
25 any hospital purpose and equipment used in the diagnosis,  
26 analysis, or treatment of hospital patients purchased by a

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

20 (16) Personal property purchased by a lessor who leases the  
21 property, under a lease of one year or longer executed or in  
22 effect at the time the lessor would otherwise be subject to the  
23 tax imposed by this Act, to a governmental body that has been  
24 issued an active tax exemption identification number by the  
25 Department under Section 1g of the Retailers' Occupation Tax  
26 Act. If the property is leased in a manner that does not



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

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

24 (18) Beginning with taxable years ending on or after  
25 December 31, 1995 and ending with taxable years ending on or  
26 before December 31, 2004, personal property that is used in the

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

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

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

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

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

22 (22) Beginning January 1, 2000 and through December 31,  
23 2001, new or used automatic vending machines that prepare and  
24 serve hot food and beverages, including coffee, soup, and other  
25 items, and replacement parts for these machines. Beginning  
26 January 1, 2002 and through June 30, 2003, machines and parts

1 for machines used in commercial, coin-operated amusement and  
2 vending business if a use or occupation tax is paid on the  
3 gross receipts derived from the use of the commercial,  
4 coin-operated amusement and vending machines. This paragraph  
5 is exempt from the provisions of Section 3-75.

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

18 (24) Beginning on the effective date of this amendatory Act  
19 of the 92nd General Assembly, computers and communications  
20 equipment utilized for any hospital purpose and equipment used  
21 in the diagnosis, analysis, or treatment of hospital patients  
22 purchased by a lessor who leases the equipment, under a lease  
23 of one year or longer executed or in effect at the time the  
24 lessor would otherwise be subject to the tax imposed by this  
25 Act, to a hospital that has been issued an active tax exemption  
26 identification number by the Department under Section 1g of the

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

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

1 be, based on the fair market value of the property at the time  
2 the nonqualifying use occurs. No lessor shall collect or  
3 attempt to collect an amount (however designated) that purports  
4 to reimburse that lessor for the tax imposed by this Act or the  
5 Use Tax Act, as the case may be, if the tax has not been paid by  
6 the lessor. If a lessor improperly collects any such amount  
7 from the lessee, the lessee shall have a legal right to claim a  
8 refund of that amount from the lessor. If, however, that amount  
9 is not refunded to the lessee for any reason, the lessor is  
10 liable to pay that amount to the Department. This paragraph is  
11 exempt from the provisions of Section 3-75.

12 (26) 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 3-75.

19 (27) 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 (28) Tangible personal property purchased by 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 3-75.

4 (29) For a period of 10 years, beginning on the effective  
5 date of this amendatory Act of the 97th General Assembly, new  
6 flexible fuel vehicles, as defined in Section 22 of the  
7 Alternate Fuels Act, new hybrid vehicles, and new electric  
8 vehicles. To qualify for an exemption under this item (29), the  
9 vehicle's final assembly point must be located within the  
10 State.

11 (Source: P.A. 95-88, eff. 1-1-08; 95-538, eff. 1-1-08; 95-876,  
12 eff. 8-21-08; 96-116, eff. 7-31-09; 96-339, eff. 7-1-10;  
13 96-532, eff. 8-14-09; 96-759, eff. 1-1-10; 96-1000, eff.  
14 7-2-10.)

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

17 (35 ILCS 115/3-5)

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

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



1 was not purchased by the enterprise for the purpose of resale  
2 by the enterprise.

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

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

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

25 (5) Until July 1, 2003 and beginning again on September 1,  
26 2004 through August 30, 2014, graphic arts machinery and

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

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

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

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

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

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

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

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

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

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

23           (12) Until July 1, 2003, coal exploration, mining,  
24 offhighway hauling, processing, maintenance, and reclamation  
25 equipment, including replacement parts and equipment, and  
26 including equipment purchased for lease, but excluding motor

1 vehicles required to be registered under the Illinois Vehicle  
2 Code.

3 (13) Beginning January 1, 1992 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 non-prescription 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 (14) Semen used for artificial insemination of livestock  
16 for direct agricultural production.

17 (15) Horses, or interests in horses, registered with and  
18 meeting the requirements of any of the Arabian Horse Club  
19 Registry of America, Appaloosa Horse Club, American Quarter  
20 Horse Association, United States Trotting Association, or  
21 Jockey Club, as appropriate, used for purposes of breeding or  
22 racing for prizes. This item (15) is exempt from the provisions  
23 of Section 3-55, and the exemption provided for under this item  
24 (15) applies for all periods beginning May 30, 1995, but no  
25 claim for credit or refund is allowed on or after January 1,  
26 2008 (the effective date of Public Act 95-88) for such taxes

1 paid during the period beginning May 30, 2000 and ending on  
2 January 1, 2008 (the effective date of Public Act 95-88).

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

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

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

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

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

19           (21) A motor vehicle, as that term is defined in Section  
20 1-146 of the Illinois Vehicle Code, that is donated to a  
21 corporation, limited liability company, society, association,  
22 foundation, or institution that is determined by the Department  
23 to be organized and operated exclusively for educational  
24 purposes. For purposes of this exemption, "a corporation,  
25 limited liability company, society, association, foundation,  
26 or institution organized and operated exclusively for

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

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

25 (23) Beginning January 1, 2000 and through December 31,  
26 2001, new or used automatic vending machines that prepare and



1 serve hot food and beverages, including coffee, soup, and other  
2 items, and replacement parts for these machines. Beginning  
3 January 1, 2002 and through June 30, 2003, machines and parts  
4 for machines used in commercial, coin-operated amusement and  
5 vending business if a use or occupation tax is paid on the  
6 gross receipts derived from the use of the commercial,  
7 coin-operated amusement and vending machines. This paragraph  
8 is exempt from the provisions of Section 3-55.

9 (24) Beginning on the effective date of this amendatory Act  
10 of the 92nd General Assembly, computers and communications  
11 equipment utilized for any hospital purpose and equipment used  
12 in the diagnosis, analysis, or treatment of hospital patients  
13 sold to a lessor who leases the equipment, under a lease of one  
14 year or longer executed or in effect at the time of the  
15 purchase, to a hospital that has been issued an active tax  
16 exemption identification number by the Department under  
17 Section 1g of the Retailers' Occupation Tax Act. This paragraph  
18 is exempt from the provisions of Section 3-55.

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

1           (26) Beginning on January 1, 2002 and through June 30,  
2 2011, tangible personal property purchased from an Illinois  
3 retailer by a taxpayer engaged in centralized purchasing  
4 activities in Illinois who will, upon receipt of the property  
5 in Illinois, temporarily store the property in Illinois (i) for  
6 the purpose of subsequently transporting it outside this State  
7 for use or consumption thereafter solely outside this State or  
8 (ii) for the purpose of being processed, fabricated, or  
9 manufactured into, attached to, or incorporated into other  
10 tangible personal property to be transported outside this State  
11 and thereafter used or consumed solely outside this State. The  
12 Director of Revenue shall, pursuant to rules adopted in  
13 accordance with the Illinois Administrative Procedure Act,  
14 issue a permit to any taxpayer in good standing with the  
15 Department who is eligible for the exemption under this  
16 paragraph (26). The permit issued under this paragraph (26)  
17 shall authorize the holder, to the extent and in the manner  
18 specified in the rules adopted under this Act, to purchase  
19 tangible personal property from a retailer exempt from the  
20 taxes imposed by this Act. Taxpayers shall maintain all  
21 necessary books and records to substantiate the use and  
22 consumption of all such tangible personal property outside of  
23 the State of Illinois.

24           (27) Beginning January 1, 2008, tangible personal property  
25 used in the construction or maintenance of a community water  
26 supply, as defined under Section 3.145 of the Environmental

1 Protection Act, that is operated by a not-for-profit  
2 corporation that holds a valid water supply permit issued under  
3 Title IV of the Environmental Protection Act. This paragraph is  
4 exempt from the provisions of Section 3-55.

5 (28) Tangible personal property sold to a  
6 public-facilities corporation, as described in Section  
7 11-65-10 of the Illinois Municipal Code, for purposes of  
8 constructing or furnishing a municipal convention hall, but  
9 only if the legal title to the municipal convention hall is  
10 transferred to the municipality without any further  
11 consideration by or on behalf of the municipality at the time  
12 of the completion of the municipal convention hall or upon the  
13 retirement or redemption of any bonds or other debt instruments  
14 issued by the public-facilities corporation in connection with  
15 the development of the municipal convention hall. This  
16 exemption includes existing public-facilities corporations as  
17 provided in Section 11-65-25 of the Illinois Municipal Code.  
18 This paragraph is exempt from the provisions of Section 3-55.

19 (29) 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 (30) For a period of 10 years, beginning on the effective  
17 date of this amendatory Act of the 97th General Assembly, new  
18 flexible fuel vehicles, as defined in Section 22 of the  
19 Alternate Fuels Act, new hybrid vehicles, and new electric  
20 vehicles. To qualify for an exemption under this item (30), the  
21 vehicle's final assembly point must be located within the  
22 State.

23 (Source: P.A. 95-88, eff. 1-1-08; 95-538, eff. 1-1-08; 95-876,  
24 eff. 8-21-08; 96-116, eff. 7-31-09; 96-339, eff. 7-1-10;  
25 96-532, eff. 8-14-09; 96-759, eff. 1-1-10; 96-1000, eff.  
26 7-2-10.)

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

3           (35 ILCS 120/2-5)

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

7           (1) Farm chemicals.

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

1 vehicle required to be licensed, if the selling price of the  
2 tender is separately stated.

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

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

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

25 (4) Until July 1, 2003 and beginning again September 1,  
26 2004 through August 30, 2014, graphic arts machinery and

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

8 (5) 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 access to the living quarters from the driver's seat,  
13 or a 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. This paragraph is exempt from the provisions of Section  
19 2-70.

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

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

26 (8) Personal property sold to an Illinois county fair

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

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

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

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



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

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

22 (12-5) On and after July 1, 2003 and through June 30, 2004,  
23 motor vehicles of the second division with a gross vehicle  
24 weight in excess of 8,000 pounds that are subject to the  
25 commercial distribution fee imposed under Section 3-815.1 of  
26 the Illinois Vehicle Code. Beginning on July 1, 2004 and

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

14 (13) Proceeds from sales to owners, lessors, or shippers of  
15 tangible personal property that is utilized by interstate  
16 carriers for hire for use as rolling stock moving in interstate  
17 commerce and equipment operated by a telecommunications  
18 provider, licensed as a common carrier by the Federal  
19 Communications Commission, which is permanently installed in  
20 or affixed to aircraft moving in interstate commerce.

21 (14) Machinery and equipment that will be used by the  
22 purchaser, or a lessee of the purchaser, primarily in the  
23 process of manufacturing or assembling tangible personal  
24 property for wholesale or retail sale or lease, whether the  
25 sale or lease is made directly by the manufacturer or by some  
26 other person, whether the materials used in the process are

1 owned by the manufacturer or some other person, or whether the  
2 sale or lease is made apart from or as an incident to the  
3 seller's engaging in the service occupation of producing  
4 machines, tools, dies, jigs, patterns, gauges, or other similar  
5 items of no commercial value on special order for a particular  
6 purchaser.

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

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

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

25 (18) Legal tender, currency, medallions, or gold or silver  
26 coinage issued by the State of Illinois, the government of the

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

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

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

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

23 (22) Fuel and petroleum products sold to or used by an air  
24 carrier, certified by the carrier to be used for consumption,  
25 shipment, or storage in the conduct of its business as an air  
26 common carrier, for a flight destined for or returning from a

1 location or locations outside the United States without regard  
2 to previous or subsequent domestic stopovers.

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

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

13 (25) Except as provided in item (25-5) of this Section, a  
14 motor vehicle sold in this State to a nonresident even though  
15 the motor vehicle is delivered to the nonresident in this  
16 State, if the motor vehicle is not to be titled in this State,  
17 and if a drive-away permit is issued to the motor vehicle as  
18 provided in Section 3-603 of the Illinois Vehicle Code or if  
19 the nonresident purchaser has vehicle registration plates to  
20 transfer to the motor vehicle upon returning to his or her home  
21 state. The issuance of the drive-away permit or having the  
22 out-of-state registration plates to be transferred is prima  
23 facie evidence that the motor vehicle will not be titled in  
24 this State.

25 (25-5) The exemption under item (25) does not apply if the  
26 state in which the motor vehicle will be titled does not allow

1 a reciprocal exemption for a motor vehicle sold and delivered  
2 in that state to an Illinois resident but titled in Illinois.  
3 The tax collected under this Act on the sale of a motor vehicle  
4 in this State to a resident of another state that does not  
5 allow a reciprocal exemption shall be imposed at a rate equal  
6 to the state's rate of tax on taxable property in the state in  
7 which the purchaser is a resident, except that the tax shall  
8 not exceed the tax that would otherwise be imposed under this  
9 Act. At the time of the sale, the purchaser shall execute a  
10 statement, signed under penalty of perjury, of his or her  
11 intent to title the vehicle in the state in which the purchaser  
12 is a resident within 30 days after the sale and of the fact of  
13 the payment to the State of Illinois of tax in an amount  
14 equivalent to the state's rate of tax on taxable property in  
15 his or her state of residence and shall submit the statement to  
16 the appropriate tax collection agency in his or her state of  
17 residence. In addition, the retailer must retain a signed copy  
18 of the statement in his or her records. Nothing in this item  
19 shall be construed to require the removal of the vehicle from  
20 this state following the filing of an intent to title the  
21 vehicle in the purchaser's state of residence if the purchaser  
22 titles the vehicle in his or her state of residence within 30  
23 days after the date of sale. The tax collected under this Act  
24 in accordance with this item (25-5) shall be proportionately  
25 distributed as if the tax were collected at the 6.25% general  
26 rate imposed under this Act.

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

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

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

13           (3) the seller retains in his or her books and records  
14 and provides to the Department a signed and dated  
15 certification from the purchaser, on a form prescribed by  
16 the Department, certifying that the requirements of this  
17 item (25-7) are met. The certificate must also include the  
18 name and address of the purchaser, the address of the  
19 location where the aircraft is to be titled or registered,  
20 the address of the primary physical location of the  
21 aircraft, and other information that the Department may  
22 reasonably require.

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

24 "Based in this State" means hangared, stored, or otherwise  
25 used, excluding post-sale customizations as defined in this  
26 Section, for 10 or more days in each 12-month period

1 immediately following the date of the sale of the aircraft.

2 "Registered in this State" means an aircraft registered  
3 with the Department of Transportation, Aeronautics Division,  
4 or titled or registered with the Federal Aviation  
5 Administration to an address located in this State.

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

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

10 (27) Horses, or interests in horses, registered with and  
11 meeting the requirements of any of the Arabian Horse Club  
12 Registry of America, Appaloosa Horse Club, American Quarter  
13 Horse Association, United States Trotting Association, or  
14 Jockey Club, as appropriate, used for purposes of breeding or  
15 racing for prizes. This item (27) is exempt from the provisions  
16 of Section 2-70, and the exemption provided for under this item  
17 (27) applies for all periods beginning May 30, 1995, but no  
18 claim for credit or refund is allowed on or after January 1,  
19 2008 (the effective date of Public Act 95-88) for such taxes  
20 paid during the period beginning May 30, 2000 and ending on  
21 January 1, 2008 (the effective date of Public Act 95-88).

22 (28) Computers and communications equipment utilized for  
23 any hospital purpose and equipment used in the diagnosis,  
24 analysis, or treatment of hospital patients sold to a lessor  
25 who leases the equipment, under a lease of one year or longer  
26 executed or in effect at the time of the purchase, to a



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

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

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

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

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

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

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

1 follow a trade or to pursue a manual, technical, mechanical,  
2 industrial, business, or commercial occupation.

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

17 (35) Beginning January 1, 2000 and through December 31,  
18 2001, new or used automatic vending machines that prepare and  
19 serve hot food and beverages, including coffee, soup, and other  
20 items, and replacement parts for these machines. Beginning  
21 January 1, 2002 and through June 30, 2003, machines and parts  
22 for machines used in commercial, coin-operated amusement and  
23 vending business if a use or occupation tax is paid on the  
24 gross receipts derived from the use of the commercial,  
25 coin-operated amusement and vending machines. This paragraph  
26 is exempt from the provisions of Section 2-70.

1           (35-5) Beginning August 23, 2001 and through June 30, 2011,  
2 food for human consumption that is to be consumed off the  
3 premises where it is sold (other than alcoholic beverages, soft  
4 drinks, and food that has been prepared for immediate  
5 consumption) and prescription and nonprescription medicines,  
6 drugs, medical appliances, and insulin, urine testing  
7 materials, syringes, and needles used by diabetics, for human  
8 use, when purchased for use by a person receiving medical  
9 assistance under Article V of the Illinois Public Aid Code who  
10 resides in a licensed long-term care facility, as defined in  
11 the Nursing Home Care Act, or a licensed facility as defined in  
12 the MR/DD Community Care Act.

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

22           (37) Beginning August 2, 2001, personal property sold to a  
23 lessor who leases the property, under a lease of one year or  
24 longer executed or in effect at the time of the purchase, to a  
25 governmental body that has been issued an active tax exemption  
26 identification number by the Department under Section 1g of

1 this Act. This paragraph is exempt from the provisions of  
2 Section 2-70.

3 (38) Beginning on January 1, 2002 and through June 30,  
4 2011, tangible personal property purchased from an Illinois  
5 retailer by a taxpayer engaged in centralized purchasing  
6 activities in Illinois who will, upon receipt of the property  
7 in Illinois, temporarily store the property in Illinois (i) for  
8 the purpose of subsequently transporting it outside this State  
9 for use or consumption thereafter solely outside this State or  
10 (ii) for the purpose of being processed, fabricated, or  
11 manufactured into, attached to, or incorporated into other  
12 tangible personal property to be transported outside this State  
13 and thereafter used or consumed solely outside this State. The  
14 Director of Revenue shall, pursuant to rules adopted in  
15 accordance with the Illinois Administrative Procedure Act,  
16 issue a permit to any taxpayer in good standing with the  
17 Department who is eligible for the exemption under this  
18 paragraph (38). The permit issued under this paragraph (38)  
19 shall authorize the holder, to the extent and in the manner  
20 specified in the rules adopted under this Act, to purchase  
21 tangible personal property from a retailer exempt from the  
22 taxes imposed by this Act. Taxpayers shall maintain all  
23 necessary books and records to substantiate the use and  
24 consumption of all such tangible personal property outside of  
25 the State of Illinois.

26 (39) Beginning January 1, 2008, tangible personal property

1 used in the construction or maintenance of a community water  
2 supply, as defined under Section 3.145 of the Environmental  
3 Protection Act, that is operated by a not-for-profit  
4 corporation that holds a valid water supply permit issued under  
5 Title IV of the Environmental Protection Act. This paragraph is  
6 exempt from the provisions of Section 2-70.

7 (40) Beginning January 1, 2010, materials, parts,  
8 equipment, components, and furnishings incorporated into or  
9 upon an aircraft as part of the modification, refurbishment,  
10 completion, replacement, repair, or maintenance of the  
11 aircraft. This exemption includes consumable supplies used in  
12 the modification, refurbishment, completion, replacement,  
13 repair, and maintenance of aircraft, but excludes any  
14 materials, parts, equipment, components, and consumable  
15 supplies used in the modification, replacement, repair, and  
16 maintenance of aircraft engines or power plants, whether such  
17 engines or power plants are installed or uninstalled upon any  
18 such aircraft. "Consumable supplies" include, but are not  
19 limited to, adhesive, tape, sandpaper, general purpose  
20 lubricants, cleaning solution, latex gloves, and protective  
21 films. This exemption applies only to those organizations that  
22 (i) hold an Air Agency Certificate and are empowered to operate  
23 an approved repair station by the Federal Aviation  
24 Administration, (ii) have a Class IV Rating, and (iii) conduct  
25 operations in accordance with Part 145 of the Federal Aviation  
26 Regulations. The exemption does not include aircraft operated

1 by a commercial air carrier providing scheduled passenger air  
2 service pursuant to authority issued under Part 121 or Part 129  
3 of the Federal Aviation Regulations.

4 (41) Tangible personal property sold to a  
5 public-facilities corporation, as described in Section  
6 11-65-10 of the Illinois Municipal Code, for purposes of  
7 constructing or furnishing a municipal convention hall, but  
8 only if the legal title to the municipal convention hall is  
9 transferred to the municipality without any further  
10 consideration by or on behalf of the municipality at the time  
11 of the completion of the municipal convention hall or upon the  
12 retirement or redemption of any bonds or other debt instruments  
13 issued by the public-facilities corporation in connection with  
14 the development of the municipal convention hall. This  
15 exemption includes existing public-facilities corporations as  
16 provided in Section 11-65-25 of the Illinois Municipal Code.  
17 This paragraph is exempt from the provisions of Section 2-70.

18 (42) For a period of 10 years, beginning on the effective  
19 date of this amendatory Act of the 97th General Assembly, new  
20 flexible fuel vehicles, as defined in Section 22 of the  
21 Alternate Fuels Act, new hybrid vehicles, and new electric  
22 vehicles. To qualify for an exemption under this item (42), the  
23 vehicle's final assembly point must be located within the  
24 State.

25 (Source: P.A. 95-88, eff. 1-1-08; 95-233, eff. 8-16-07; 95-304,  
26 eff. 8-20-07; 95-538, eff. 1-1-08; 95-707, eff. 1-11-08;

1 95-876, eff. 8-21-08; 96-116, eff. 7-31-09; 96-339, eff.  
2 7-1-10; 96-532, eff. 8-14-09; 96-759, eff. 1-1-10; 96-1000,  
3 eff. 7-2-10.)

4 Section 99. Effective date. This Act takes effect July 1,  
5 2011.