



97TH GENERAL ASSEMBLY

State of Illinois

2011 and 2012

HB3245

Introduced 2/24/2011, by Rep. Jerry L. Mitchell - Richard Morthland

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, from August 15th through November 15th of each year beginning in 2012, propane used for agricultural purposes is exempt from taxation under the Acts. Effective immediately.

LRB097 07940 HLH 48057 b

FISCAL NOTE ACT
MAY APPLY

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) From August 15th through November 15th of each year
9 beginning in 2012, propane used for agricultural purposes. This
10 paragraph is exempt from the provisions of Section 3-90.

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

17 (35 ILCS 110/3-5)

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

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

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

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

6 (3) Personal property purchased by a not-for-profit arts or
7 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 purchased from a teacher-sponsored
9 student organization affiliated with an elementary or
10 secondary school 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 3-75.

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

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

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

25 (12) Until July 1, 2003, coal exploration, mining,
26 offhighway hauling, processing, maintenance, and reclamation

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

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

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

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

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

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

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

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

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

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

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

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

1 than 6 weeks duration and designed to prepare individuals to
2 follow a trade or to pursue a manual, technical, mechanical,
3 industrial, business, or commercial occupation.

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

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

1 is exempt from the provisions of Section 3-75.

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

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

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

8 (26) Beginning January 1, 2008, tangible personal property
9 used in the construction or maintenance of a community water
10 supply, as defined under Section 3.145 of the Environmental
11 Protection Act, that is operated by a not-for-profit
12 corporation that holds a valid water supply permit issued under
13 Title IV of the Environmental Protection Act. This paragraph is
14 exempt from the provisions of Section 3-75.

15 (27) Beginning January 1, 2010, materials, parts,
16 equipment, components, and furnishings incorporated into or
17 upon an aircraft as part of the modification, refurbishment,
18 completion, replacement, repair, or maintenance of the
19 aircraft. This exemption includes consumable supplies used in
20 the modification, refurbishment, completion, replacement,
21 repair, and maintenance of aircraft, but excludes any
22 materials, parts, equipment, components, and consumable
23 supplies used in the modification, replacement, repair, and
24 maintenance of aircraft engines or power plants, whether such
25 engines or power plants are installed or uninstalled upon any
26 such aircraft. "Consumable supplies" include, but are not

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

12 (28) Tangible personal property purchased by a
13 public-facilities corporation, as described in Section
14 11-65-10 of the Illinois Municipal Code, for purposes of
15 constructing or furnishing a municipal convention hall, but
16 only if the legal title to the municipal convention hall is
17 transferred to the municipality without any further
18 consideration by or on behalf of the municipality at the time
19 of the completion of the municipal convention hall or upon the
20 retirement or redemption of any bonds or other debt instruments
21 issued by the public-facilities corporation in connection with
22 the development of the municipal convention hall. This
23 exemption includes existing public-facilities corporations as
24 provided in Section 11-65-25 of the Illinois Municipal Code.
25 This paragraph is exempt from the provisions of Section 3-75.

26 (29) From August 15th through November 15th of each year

1 beginning in 2012, propane used for agricultural purposes. This
2 paragraph is exempt from the provisions of Section 3-75.

3 (Source: P.A. 95-88, eff. 1-1-08; 95-538, eff. 1-1-08; 95-876,
4 eff. 8-21-08; 96-116, eff. 7-31-09; 96-339, eff. 7-1-10;
5 96-532, eff. 8-14-09; 96-759, eff. 1-1-10; 96-1000, eff.
6 7-2-10.)

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

9 (35 ILCS 115/3-5)

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

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

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

22 (3) Personal property purchased by any not-for-profit arts
23 or cultural organization that establishes, by proof required by
24 the Department by rule, that it has received an exemption under

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

13 (4) 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 (5) Until July 1, 2003 and beginning again on September 1,
18 2004 through August 30, 2014, graphic arts machinery and
19 equipment, including repair and replacement parts, both new and
20 used, and including that manufactured on special order or
21 purchased for lease, certified by the purchaser to be used
22 primarily for graphic arts production. Equipment includes
23 chemicals or chemicals acting as catalysts but only if the
24 chemicals or chemicals acting as catalysts effect a direct and
25 immediate change upon a graphic arts product.

26 (6) Personal property sold by a teacher-sponsored student

1 organization affiliated with an elementary or secondary school
2 located in Illinois.

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

22 Farm machinery and equipment shall include precision
23 farming equipment that is installed or purchased to be
24 installed on farm machinery and equipment including, but not
25 limited to, tractors, harvesters, sprayers, planters, seeders,
26 or spreaders. Precision farming equipment includes, but is not

1 limited to, soil testing sensors, computers, monitors,
2 software, global positioning and mapping systems, and other
3 such equipment.

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

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

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

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

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

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

21 (13) Beginning January 1, 1992 and through June 30, 2011,
22 food for human consumption that is to be consumed off the
23 premises where it is sold (other than alcoholic beverages, soft
24 drinks and food that has been prepared for immediate
25 consumption) and prescription and non-prescription medicines,
26 drugs, medical appliances, and insulin, urine testing

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

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

9 (15) Horses, or interests in horses, registered with and
10 meeting the requirements of any of the Arabian Horse Club
11 Registry of America, Appaloosa Horse Club, American Quarter
12 Horse Association, United States Trotting Association, or
13 Jockey Club, as appropriate, used for purposes of breeding or
14 racing for prizes. This item (15) is exempt from the provisions
15 of Section 3-55, and the exemption provided for under this item
16 (15) applies for all periods beginning May 30, 1995, but no
17 claim for credit or refund is allowed on or after January 1,
18 2008 (the effective date of Public Act 95-88) for such taxes
19 paid during the period beginning May 30, 2000 and ending on
20 January 1, 2008 (the effective date of Public Act 95-88).

21 (16) Computers and communications equipment utilized for
22 any hospital purpose and equipment used in the diagnosis,
23 analysis, or treatment of hospital patients sold to a lessor
24 who leases the equipment, under a lease of one year or longer
25 executed or in effect at the time of the purchase, to a
26 hospital that has been issued an active tax exemption

1 identification number by the Department under Section 1g of the
2 Retailers' Occupation Tax Act.

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

9 (18) 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 (19) 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 (20) 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 3-55.

11 (21) 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 (22) 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 3-55.

17 (23) 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 3-55.

1 (24) 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 sold to a lessor who leases the equipment, under a lease of one
6 year or longer executed or in effect at the time of the
7 purchase, to a hospital that has been issued an active tax
8 exemption identification number by the Department under
9 Section 1g of the Retailers' Occupation Tax Act. This paragraph
10 is exempt from the provisions of Section 3-55.

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

19 (26) Beginning on January 1, 2002 and through June 30,
20 2011, tangible personal property purchased from an Illinois
21 retailer by a taxpayer engaged in centralized purchasing
22 activities in Illinois who will, upon receipt of the property
23 in Illinois, temporarily store the property in Illinois (i) for
24 the purpose of subsequently transporting it outside this State
25 for use or consumption thereafter solely outside this State or
26 (ii) for the purpose of being processed, fabricated, or

1 manufactured into, attached to, or incorporated into other
2 tangible personal property to be transported outside this State
3 and thereafter used or consumed solely outside this State. The
4 Director of Revenue shall, pursuant to rules adopted in
5 accordance with the Illinois Administrative Procedure Act,
6 issue a permit to any taxpayer in good standing with the
7 Department who is eligible for the exemption under this
8 paragraph (26). The permit issued under this paragraph (26)
9 shall authorize the holder, to the extent and in the manner
10 specified in the rules adopted under this Act, to purchase
11 tangible personal property from a retailer exempt from the
12 taxes imposed by this Act. Taxpayers shall maintain all
13 necessary books and records to substantiate the use and
14 consumption of all such tangible personal property outside of
15 the State of Illinois.

16 (27) 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 3-55.

23 (28) Tangible personal property sold to a
24 public-facilities corporation, as described in Section
25 11-65-10 of the Illinois Municipal Code, for purposes of
26 constructing or furnishing a municipal convention hall, but

1 only if the legal title to the municipal convention hall is
2 transferred to the municipality without any further
3 consideration by or on behalf of the municipality at the time
4 of the completion of the municipal convention hall or upon the
5 retirement or redemption of any bonds or other debt instruments
6 issued by the public-facilities corporation in connection with
7 the development of the municipal convention hall. This
8 exemption includes existing public-facilities corporations as
9 provided in Section 11-65-25 of the Illinois Municipal Code.
10 This paragraph is exempt from the provisions of Section 3-55.

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

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

8 (30) From August 15th through November 15th of each year
9 beginning in 2012, propane used for agricultural purposes. This
10 paragraph is exempt from the provisions of Section 3-55.

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

17 (35 ILCS 120/2-5)

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

21 (1) Farm chemicals.

22 (2) Farm machinery and equipment, both new and used,
23 including that manufactured on special order, certified by the
24 purchaser to be used primarily for production agriculture or

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

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

25 Farm machinery and equipment also includes computers,
26 sensors, software, and related equipment used primarily in the

1 computer-assisted operation of production agriculture
2 facilities, equipment, and activities such as, but not limited
3 to, the collection, monitoring, and correlation of animal and
4 crop data for the purpose of formulating animal diets and
5 agricultural chemicals. This item (7) is exempt from the
6 provisions of Section 2-70.

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

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

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

1 or a motor vehicle of the second division that is of the van
2 configuration designed for the transportation of not less than
3 7 nor more than 16 passengers, as defined in Section 1-146 of
4 the Illinois Vehicle Code, that is used for automobile renting,
5 as defined in the Automobile Renting Occupation and Use Tax
6 Act. This paragraph is exempt from the provisions of Section
7 2-70.

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

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

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

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

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

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

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

10 (12-5) On and after July 1, 2003 and through June 30, 2004,
11 motor vehicles of the second division with a gross vehicle
12 weight in excess of 8,000 pounds that are subject to the
13 commercial distribution fee imposed under Section 3-815.1 of
14 the Illinois Vehicle Code. Beginning on July 1, 2004 and
15 through June 30, 2005, the use in this State of motor vehicles
16 of the second division: (i) with a gross vehicle weight rating
17 in excess of 8,000 pounds; (ii) that are subject to the
18 commercial distribution fee imposed under Section 3-815.1 of
19 the Illinois Vehicle Code; and (iii) that are primarily used
20 for commercial purposes. Through June 30, 2005, this exemption
21 applies to repair and replacement parts added after the initial
22 purchase of such a motor vehicle if that motor vehicle is used
23 in a manner that would qualify for the rolling stock exemption
24 otherwise provided for in this Act. For purposes of this
25 paragraph, "used for commercial purposes" means the
26 transportation of persons or property in furtherance of any

1 commercial or industrial enterprise whether for-hire or not.

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

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

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

1 with respect to which the service charge is imposed.

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

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

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

26 (20) Photoprocessing machinery and equipment, including

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

22 (26) Semen used for artificial insemination of livestock
23 for direct agricultural production.

24 (27) Horses, or interests in horses, registered with and
25 meeting the requirements of any of the Arabian Horse Club
26 Registry of America, Appaloosa Horse Club, American Quarter

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

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

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

23 (30) 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 (31) 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 (32) Beginning July 1, 1999, game or game birds sold at a
20 "game breeding and hunting preserve area" or an "exotic game
21 hunting area" as those terms are used in the Wildlife Code or
22 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 2-70.

25 (33) 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 (34) 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 2-70.

5 (35) 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 2-70.

15 (35-5) Beginning August 23, 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 a licensed facility as defined in
26 the MR/DD Community Care Act.

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

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

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

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

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

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

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

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

1 issued by the public-facilities corporation in connection with
2 the development of the municipal convention hall. This
3 exemption includes existing public-facilities corporations as
4 provided in Section 11-65-25 of the Illinois Municipal Code.
5 This paragraph is exempt from the provisions of Section 2-70.

6 (42) From August 15th through November 15th of each year
7 beginning in 2012, propane used for agricultural purposes. This
8 paragraph is exempt from the provisions of Section 2-70.

9 (Source: P.A. 95-88, eff. 1-1-08; 95-233, eff. 8-16-07; 95-304,
10 eff. 8-20-07; 95-538, eff. 1-1-08; 95-707, eff. 1-11-08;
11 95-876, eff. 8-21-08; 96-116, eff. 7-31-09; 96-339, eff.
12 7-1-10; 96-532, eff. 8-14-09; 96-759, eff. 1-1-10; 96-1000,
13 eff. 7-2-10.)

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