



Sen. Pamela J. Althoff

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09700HB5866sam001

LRB097 18416 HLH 68860 a

1 AMENDMENT TO HOUSE BILL 5866

2 AMENDMENT NO. \_\_\_\_\_. Amend House Bill 5866 on page 117,  
3 lines 22 and 23, by replacing "Section 9" with "Sections 3-5  
4 and 9"; and

5 on page 117, immediately below line 23, by inserting the  
6 following:

7 "(35 ILCS 105/3-5)

8 (Text of Section before amendment by P.A. 97-636)

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

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

1 purpose of resale by the enterprise.

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

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

20 (3-5) Beginning February 1, 2012, and ending December 31,  
21 2012, personal property purchased by a bipartisan organization  
22 (i) which is comprised, at a minimum, of all of the  
23 legislatures of this nation's 50 states and (ii) whose  
24 contributors are entitled to a deduction as described in  
25 subsection 170(a)(1) of the Internal Revenue Code as a  
26 contribution or gift to an instrumentality of a state or

1 political subdivisions. However, no entity otherwise eligible  
2 for an exemption under this paragraph (3-5) shall make tax free  
3 purchases unless it has an active identification number issued  
4 by the Department.

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

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

22 (6) Until July 1, 2003 and beginning again on September 1,  
23 2004 through August 30, 2014, graphic arts machinery and  
24 equipment, including repair and replacement parts, both new and  
25 used, and including that manufactured on special order,  
26 certified by the purchaser to be used primarily for graphic

1 arts production, and including machinery and equipment  
2 purchased for lease. Equipment includes chemicals or chemicals  
3 acting as catalysts but only if the chemicals or chemicals  
4 acting as catalysts effect a direct and immediate change upon a  
5 graphic arts product.

6 (7) Farm chemicals.

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

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

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

25 (11) Farm machinery and equipment, both new and used,  
26 including that manufactured on special order, certified by the

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

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

26 Farm machinery and equipment also includes computers,

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

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

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

23 (14) Until July 1, 2003, oil field exploration, drilling,  
24 and production equipment, including (i) rigs and parts of rigs,  
25 rotary rigs, cable tool rigs, and workover rigs, (ii) pipe and  
26 tubular goods, including casing and drill strings, (iii) pumps

1 and pump-jack units, (iv) storage tanks and flow lines, (v) any  
2 individual replacement part for oil field exploration,  
3 drilling, and production equipment, and (vi) machinery and  
4 equipment purchased for lease; but excluding motor vehicles  
5 required to be registered under the Illinois Vehicle Code.

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

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

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

23 (18) Manufacturing and assembling machinery and equipment  
24 used primarily in the process of manufacturing or assembling  
25 tangible personal property for wholesale or retail sale or  
26 lease, whether that sale or lease is made directly by the

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

8 (19) Personal property delivered to a purchaser or  
9 purchaser's donee inside Illinois when the purchase order for  
10 that personal property was received by a florist located  
11 outside Illinois who has a florist located inside Illinois  
12 deliver the personal property.

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

15 (21) Horses, or interests in horses, registered with and  
16 meeting the requirements of any of the Arabian Horse Club  
17 Registry of America, Appaloosa Horse Club, American Quarter  
18 Horse Association, United States Trotting Association, or  
19 Jockey Club, as appropriate, used for purposes of breeding or  
20 racing for prizes. This item (21) is exempt from the provisions  
21 of Section 3-90, and the exemption provided for under this item  
22 (21) applies for all periods beginning May 30, 1995, but no  
23 claim for credit or refund is allowed on or after January 1,  
24 2008 for such taxes paid during the period beginning May 30,  
25 2000 and ending on January 1, 2008.

26 (22) Computers and communications equipment utilized for



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

23 (23) Personal property purchased by a lessor who leases the  
24 property, under a lease of one year or longer executed or in  
25 effect at the time the lessor would otherwise be subject to the  
26 tax imposed by this Act, to a governmental body that has been

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

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

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

13          (26) Beginning July 1, 1999, game or game birds purchased  
14          at a "game breeding and hunting preserve area" as that term is  
15          used in the Wildlife Code. This paragraph is exempt from the  
16          provisions of Section 3-90.

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

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

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

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

1 January 1, 2002 and through June 30, 2003, machines and parts  
2 for machines used in commercial, coin-operated amusement and  
3 vending business if a use or occupation tax is paid on the  
4 gross receipts derived from the use of the commercial,  
5 coin-operated amusement and vending machines. This paragraph  
6 is exempt from the provisions of Section 3-90.

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

20 (31) Beginning on the effective date of this amendatory Act  
21 of the 92nd General Assembly, computers and communications  
22 equipment utilized for any hospital purpose and equipment used  
23 in the diagnosis, analysis, or treatment of hospital patients  
24 purchased by a lessor who leases the equipment, under a lease  
25 of one year or longer executed or in effect at the time the  
26 lessor would otherwise be subject to the tax imposed by this

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

19 (32) Beginning on the effective date of this amendatory Act  
20 of the 92nd General Assembly, personal property purchased by a  
21 lessor who leases the property, under a lease of one year or  
22 longer executed or in effect at the time the lessor would  
23 otherwise be subject to the tax imposed by this Act, to a  
24 governmental body that has been issued an active sales tax  
25 exemption identification number by the Department under  
26 Section 1g of the Retailers' Occupation Tax Act. If the

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

16 (33) On and after July 1, 2003 and through June 30, 2004,  
17 the use in this State of motor vehicles of the second division  
18 with a gross vehicle weight in excess of 8,000 pounds and that  
19 are subject to the commercial distribution fee imposed under  
20 Section 3-815.1 of the Illinois Vehicle Code. Beginning on July  
21 1, 2004 and through June 30, 2005, the use in this State of  
22 motor vehicles of the second division: (i) with a gross vehicle  
23 weight rating in excess of 8,000 pounds; (ii) that are subject  
24 to the commercial distribution fee imposed under Section  
25 3-815.1 of the Illinois Vehicle Code; and (iii) that are  
26 primarily used for commercial purposes. Through June 30, 2005,

1 this exemption applies to repair and replacement parts added  
2 after the initial purchase of such a motor vehicle if that  
3 motor vehicle is used in a manner that would qualify for the  
4 rolling stock exemption otherwise provided for in this Act. For  
5 purposes of this paragraph, the term "used for commercial  
6 purposes" means the transportation of persons or property in  
7 furtherance of any commercial or industrial enterprise,  
8 whether for-hire or not.

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

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



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

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

1 (Source: P.A. 96-116, eff. 7-31-09; 96-339, eff. 7-1-10;  
2 96-532, eff. 8-14-09; 96-759, eff. 1-1-10; 96-1000, eff.  
3 7-2-10; 97-38, eff. 6-28-11; 97-227, eff. 1-1-12; 97-431, eff.  
4 8-16-11; revised 9-12-11.)

5 (Text of Section after amendment by P.A. 97-636)

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

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

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

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

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

8 (3-5) Beginning February 1, 2012, and ending December 31,  
9 2012, personal property purchased by a bipartisan organization  
10 (i) which is comprised, at a minimum, of all of the  
11 legislatures of this nation's 50 states and (ii) whose  
12 contributors are entitled to a deduction as described in  
13 subsection 170(a)(1) of the Internal Revenue Code as a  
14 contribution or gift to an instrumentality of a state or  
15 political subdivisions. However, no entity otherwise eligible  
16 for an exemption under this paragraph (3-5) shall make tax free  
17 purchases unless it has an active identification number issued  
18 by the Department.

19 (4) Personal property purchased by a governmental body, by  
20 a corporation, society, association, foundation, or  
21 institution organized and operated exclusively for charitable,  
22 religious, or educational purposes, or by a not-for-profit  
23 corporation, society, association, foundation, institution, or  
24 organization that has no compensated officers or employees and  
25 that is organized and operated primarily for the recreation of  
26 persons 55 years of age or older. A limited liability company

1 may qualify for the exemption under this paragraph only if the  
2 limited liability company is organized and operated  
3 exclusively for educational purposes. On and after July 1,  
4 1987, however, no entity otherwise eligible for this exemption  
5 shall make tax-free purchases unless it has an active exemption  
6 identification number issued by the Department.

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

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

20 (7) Farm chemicals.

21 (8) 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 (9) Personal property purchased from a teacher-sponsored  
26 student organization affiliated with an elementary or

1 secondary school located in Illinois.

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

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

1 this item (11). Agricultural chemical tender tanks and dry  
2 boxes shall include units sold separately from a motor vehicle  
3 required to be licensed and units sold mounted on a motor  
4 vehicle required to be licensed if the selling price of the  
5 tender is separately stated.

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

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

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

1 States without regard to previous or subsequent domestic  
2 stopovers.

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

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

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

25 (16) 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 (17) Until July 1, 2003, distillation machinery and  
6 equipment, sold as a unit or kit, assembled or installed by the  
7 retailer, certified by the user to be used only for the  
8 production of ethyl alcohol that will be used for consumption  
9 as motor fuel or as a component of motor fuel for the personal  
10 use of the user, and not subject to sale or resale.

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

22 (19) Personal property delivered to a purchaser or  
23 purchaser's donee inside Illinois when the purchase order for  
24 that personal property was received by a florist located  
25 outside Illinois who has a florist located inside Illinois  
26 deliver the personal property.



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

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

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

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

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

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

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

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

1           (26) Beginning July 1, 1999, game or game birds purchased  
2 at a "game breeding and hunting preserve area" as that term is  
3 used in the Wildlife Code. This paragraph is exempt from the  
4 provisions of Section 3-90.

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

23           (28) Beginning January 1, 2000, personal property,  
24 including food, purchased through fundraising events for the  
25 benefit of a public or private elementary or secondary school,  
26 a group of those schools, or one or more school districts if

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

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

21 (30) Beginning January 1, 2001 and through June 30, 2016,  
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 nonprescription 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 ID/DD Community Care Act or the Specialized Mental  
7 Health Rehabilitation Act.

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

1 collects any such amount from the lessee, the lessee shall have  
2 a legal right to claim a refund of that amount from the lessor.  
3 If, however, that amount is not refunded to the lessee for any  
4 reason, the lessor is liable to pay that amount to the  
5 Department. This paragraph is exempt from the provisions of  
6 Section 3-90.

7 (32) Beginning on the effective date of this amendatory Act  
8 of the 92nd General Assembly, personal property purchased by a  
9 lessor who leases the property, 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 governmental body that has been issued an active sales tax  
13 exemption identification number by the Department under  
14 Section 1g of the Retailers' Occupation Tax Act. If the  
15 property is leased in a manner that does not qualify for this  
16 exemption or used in any other nonexempt manner, the lessor  
17 shall be liable for the tax imposed under this Act or the  
18 Service Use Tax Act, as the case may be, based on the fair  
19 market value of the property at the time the nonqualifying use  
20 occurs. No lessor shall collect or attempt to collect an amount  
21 (however designated) that purports to reimburse that lessor for  
22 the tax imposed by this Act or the Service Use Tax Act, as the  
23 case may be, if the tax has not been paid by the lessor. If a  
24 lessor improperly collects any such amount from the lessee, the  
25 lessee shall have a legal right to claim a refund of that  
26 amount from the lessor. If, however, that amount is not

1 refunded to the lessee for any reason, the lessor is liable to  
2 pay that amount to the Department. This paragraph is exempt  
3 from the provisions of Section 3-90.

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

23 (34) Beginning January 1, 2008, tangible personal property  
24 used in the construction or maintenance of a community water  
25 supply, as defined under Section 3.145 of the Environmental  
26 Protection Act, that is operated by a not-for-profit



1 corporation that holds a valid water supply permit issued under  
2 Title IV of the Environmental Protection Act. This paragraph is  
3 exempt from the provisions of Section 3-90.

4 (35) Beginning January 1, 2010, materials, parts,  
5 equipment, components, and furnishings incorporated into or  
6 upon an aircraft as part of the modification, refurbishment,  
7 completion, replacement, repair, or maintenance of the  
8 aircraft. This exemption includes consumable supplies used in  
9 the modification, refurbishment, completion, replacement,  
10 repair, and maintenance of aircraft, but excludes any  
11 materials, parts, equipment, components, and consumable  
12 supplies used in the modification, replacement, repair, and  
13 maintenance of aircraft engines or power plants, whether such  
14 engines or power plants are installed or uninstalled upon any  
15 such aircraft. "Consumable supplies" include, but are not  
16 limited to, adhesive, tape, sandpaper, general purpose  
17 lubricants, cleaning solution, latex gloves, and protective  
18 films. This exemption applies only to those organizations that  
19 (i) hold an Air Agency Certificate and are empowered to operate  
20 an approved repair station by the Federal Aviation  
21 Administration, (ii) have a Class IV Rating, and (iii) conduct  
22 operations in accordance with Part 145 of the Federal Aviation  
23 Regulations. The exemption does not include aircraft operated  
24 by a commercial air carrier providing scheduled passenger air  
25 service pursuant to authority issued under Part 121 or Part 129  
26 of the Federal Aviation Regulations.

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

15 (Source: P.A. 96-116, eff. 7-31-09; 96-339, eff. 7-1-10;  
16 96-532, eff. 8-14-09; 96-759, eff. 1-1-10; 96-1000, eff.  
17 7-2-10; 97-38, eff. 6-28-11; 97-227, eff. 1-1-12; 97-431, eff.  
18 8-16-11; 97-636, eff. 6-1-12.)"; and

19 on page 142, immediately below line 17, by inserting the  
20 following:

21           "Section 25. The Service Use Tax Act is amended by changing  
22 Section 3-5 as follows:

23           (35 ILCS 110/3-5)

1 (Text of Section before amendment by P.A. 97-636)

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

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

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

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

1 tax-free purchases unless it has an active identification  
2 number issued by the Department.

3 (3-5) Beginning February 1, 2012, and ending December 31,  
4 2012, personal property purchased by a bipartisan organization  
5 (i) which is comprised, at a minimum, of all of the  
6 legislatures of this nation's 50 states and (ii) whose  
7 contributors are entitled to a deduction as described in  
8 subsection 170(a)(1) of the Internal Revenue Code as a  
9 contribution or gift to an instrumentality of a state or  
10 political subdivisions. However, no entity otherwise eligible  
11 for an exemption under this paragraph (3-5) shall make tax free  
12 purchases unless it has an active identification number issued  
13 by the Department.

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

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

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

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

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

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

5 Farm machinery and equipment also includes computers,  
6 sensors, software, and related equipment used primarily in the  
7 computer-assisted operation of production agriculture  
8 facilities, equipment, and activities such as, but not limited  
9 to, the collection, monitoring, and correlation of animal and  
10 crop data for the purpose of formulating animal diets and  
11 agricultural chemicals. This item (7) is exempt from the  
12 provisions of Section 3-75.

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

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

1 beverage function with respect to which the service charge is  
2 imposed.

3 (10) 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 (11) Proceeds from the sale of photoprocessing machinery  
13 and equipment, including repair and replacement parts, both new  
14 and used, including that manufactured on special order,  
15 certified by the purchaser to be used primarily for  
16 photoprocessing, and including photoprocessing machinery and  
17 equipment purchased for lease.

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

24 (13) Semen used for artificial insemination of livestock  
25 for direct agricultural production.

26 (14) Horses, or interests in horses, registered with and

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

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



1 attempt to collect an amount (however designated) that purports  
2 to reimburse that lessor for the tax imposed by this Act or the  
3 Use Tax Act, as the case may be, if the tax has not been paid by  
4 the lessor. If a lessor improperly collects any such amount  
5 from the lessee, the lessee shall have a legal right to claim a  
6 refund of that amount from the lessor. If, however, that amount  
7 is not refunded to the lessee for any reason, the lessor is  
8 liable to pay that amount to the Department.

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

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

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

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

25 (19) Beginning July 1, 1999, game or game birds purchased  
26 at a "game breeding and hunting preserve area" as that term is

1 used in the Wildlife Code. This paragraph is exempt from the  
2 provisions of Section 3-75.

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

21 (21) Beginning January 1, 2000, personal property,  
22 including food, purchased through fundraising events for the  
23 benefit of a public or private elementary or secondary school,  
24 a group of those schools, or one or more school districts if  
25 the events are sponsored by an entity recognized by the school  
26 district that consists primarily of volunteers and includes

1 parents and teachers of the school children. This paragraph  
2 does not apply to fundraising events (i) for the benefit of  
3 private home instruction or (ii) for which the fundraising  
4 entity purchases the personal property sold at the events from  
5 another individual or entity that sold the property for the  
6 purpose of resale by the fundraising entity and that profits  
7 from the sale to the fundraising entity. This paragraph is  
8 exempt from the provisions of Section 3-75.

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

19 (23) Beginning August 23, 2001 and through June 30, 2011,  
20 food for human consumption that is to be consumed off the  
21 premises where it is sold (other than alcoholic beverages, soft  
22 drinks, and food that has been prepared for immediate  
23 consumption) and prescription and nonprescription medicines,  
24 drugs, medical appliances, and insulin, urine testing  
25 materials, syringes, and needles used by diabetics, for human  
26 use, when purchased for use by a person receiving medical

1 assistance under Article V of the Illinois Public Aid Code who  
2 resides in a licensed long-term care facility, as defined in  
3 the Nursing Home Care Act, or in a licensed facility as defined  
4 in the ID/DD Community Care Act or the Specialized Mental  
5 Health Rehabilitation Act.

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

1 is not refunded to the lessee for any reason, the lessor is  
2 liable to pay that amount to the Department. This paragraph is  
3 exempt from the provisions of Section 3-75.

4 (25) Beginning on the effective date of this amendatory Act  
5 of the 92nd General Assembly, personal property purchased by a  
6 lessor who leases the property, under a lease of one year or  
7 longer executed or in effect at the time the lessor would  
8 otherwise be subject to the tax imposed by this Act, to a  
9 governmental body that has been issued an active tax exemption  
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11 Retailers' Occupation Tax Act. If the property is leased in a  
12 manner that does not qualify for this exemption or is used in  
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22 refund of that amount from the lessor. If, however, that amount  
23 is not refunded to the lessee for any reason, the lessor is  
24 liable to pay that amount to the Department. This paragraph is  
25 exempt from the provisions of Section 3-75.

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

1 used in the construction or maintenance of a community water  
2 supply, as defined under Section 3.145 of the Environmental  
3 Protection Act, that is operated by a not-for-profit  
4 corporation that holds a valid water supply permit issued under  
5 Title IV of the Environmental Protection Act. This paragraph is  
6 exempt from the provisions of Section 3-75.

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

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

4 (28) Tangible personal property purchased by a  
5 public-facilities corporation, as described in Section  
6 11-65-10 of the Illinois Municipal Code, for purposes of  
7 constructing or furnishing a municipal convention hall, but  
8 only if the legal title to the municipal convention hall is  
9 transferred to the municipality without any further  
10 consideration by or on behalf of the municipality at the time  
11 of the completion of the municipal convention hall or upon the  
12 retirement or redemption of any bonds or other debt instruments  
13 issued by the public-facilities corporation in connection with  
14 the development of the municipal convention hall. This  
15 exemption includes existing public-facilities corporations as  
16 provided in Section 11-65-25 of the Illinois Municipal Code.  
17 This paragraph is exempt from the provisions of Section 3-75.

18 (Source: P.A. 96-116, eff. 7-31-09; 96-339, eff. 7-1-10;  
19 96-532, eff. 8-14-09; 96-759, eff. 1-1-10; 96-1000, eff.  
20 7-2-10; 97-38, eff. 6-28-11; 97-227, eff. 1-1-12; 97-431, eff.  
21 8-16-11; revised 9-12-11.)

22 (Text of Section after amendment by P.A. 97-636)

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

25 (1) Personal property purchased from a corporation,



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

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

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

25 (3-5) Beginning February 1, 2012, and ending December 31,  
26 2012, personal property purchased by a bipartisan organization

1 (i) which is comprised, at a minimum, of all of the  
2 legislatures of this nation's 50 states and (ii) whose  
3 contributors are entitled to a deduction as described in  
4 subsection 170(a)(1) of the Internal Revenue Code as a  
5 contribution or gift to an instrumentality of a state or  
6 political subdivisions. However, no entity otherwise eligible  
7 for an exemption under this paragraph (3-5) shall make tax free  
8 purchases unless it has an active identification number issued  
9 by the Department.

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

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

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

26 (7) Farm machinery and equipment, both new and used,

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

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

1 Farm machinery and equipment also includes computers,  
2 sensors, software, and related equipment used primarily in the  
3 computer-assisted operation of production agriculture  
4 facilities, equipment, and activities such as, but not limited  
5 to, the collection, monitoring, and correlation of animal and  
6 crop data for the purpose of formulating animal diets and  
7 agricultural chemicals. This item (7) is exempt from the  
8 provisions of Section 3-75.

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

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

25 (10) Until July 1, 2003, oil field exploration, drilling,  
26 and production equipment, including (i) rigs and parts of rigs,

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

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

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

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

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

1 racing for prizes. This item (14) is exempt from the provisions  
2 of Section 3-75, and the exemption provided for under this item  
3 (14) applies for all periods beginning May 30, 1995, but no  
4 claim for credit or refund is allowed on or after the effective  
5 date of this amendatory Act of the 95th General Assembly for  
6 such taxes paid during the period beginning May 30, 2000 and  
7 ending on the effective date of this amendatory Act of the 95th  
8 General Assembly.

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

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

5 (16) Personal property purchased by a lessor who leases the  
6 property, under a lease of one year or longer executed or in  
7 effect at the time the lessor would otherwise be subject to the  
8 tax imposed by this Act, to a governmental body that has been  
9 issued an active tax exemption identification number by the  
10 Department under Section 1g of the Retailers' Occupation Tax  
11 Act. If the property is leased in a manner that does not  
12 qualify for this exemption or is used in any other non-exempt  
13 manner, the lessor shall be liable for the tax imposed under  
14 this Act or the Use Tax Act, as the case may be, based on the  
15 fair market value of the property at the time the  
16 non-qualifying use occurs. No lessor shall collect or attempt  
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10 December 31, 1995 and ending with taxable years ending on or  
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12 performance of infrastructure repairs in this State, including  
13 but not limited to municipal roads and streets, access roads,  
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20 declared disaster area within 6 months after the disaster.

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22 at a "game breeding and hunting preserve area" as that term is  
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24 provisions of Section 3-75.

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26 1-146 of the Illinois Vehicle Code, that is donated to a



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16 food for human consumption that is to be consumed off the  
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12 provided in Section 11-65-25 of the Illinois Municipal Code.  
13 This paragraph is exempt from the provisions of Section 3-75.

14 (Source: P.A. 96-116, eff. 7-31-09; 96-339, eff. 7-1-10;  
15 96-532, eff. 8-14-09; 96-759, eff. 1-1-10; 96-1000, eff.  
16 7-2-10; 97-38, eff. 6-28-11; 97-227, eff. 1-1-12; 97-431, eff.  
17 8-16-11; 97-636, eff. 6-1-12.)

18 Section 30. The Service Occupation Tax Act is amended by  
19 changing Section 3-5 as follows:

20 (35 ILCS 115/3-5)

21 (Text of Section before amendment by P.A. 97-636)

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

24 (1) Personal property sold by a corporation, society,

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

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

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

25 (3-5) Beginning February 1, 2012, and ending December 31,  
26 2012, personal property purchased by a bipartisan organization

1 (i) which is comprised, at a minimum, of all of the  
2 legislatures of this nation's 50 states and (ii) whose  
3 contributors are entitled to a deduction as described in  
4 subsection 170(a)(1) of the Internal Revenue Code as a  
5 contribution or gift to an instrumentality of a state or  
6 political subdivisions. However, no entity otherwise eligible  
7 for an exemption under this paragraph (3-5) shall make tax free  
8 purchases unless it has an active identification number issued  
9 by the Department.

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

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

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

26 (7) Farm machinery and equipment, both new and used,



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

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

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

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

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

24 (10) Until July 1, 2003, oil field exploration, drilling,  
25 and production equipment, including (i) rigs and parts of rigs,  
26 rotary rigs, cable tool rigs, and workover rigs, (ii) pipe and

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

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

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

18 (13) Beginning January 1, 1992 and through June 30, 2011,  
19 food for human consumption that is to be consumed off the  
20 premises where it is sold (other than alcoholic beverages, soft  
21 drinks and food that has been prepared for immediate  
22 consumption) and prescription and non-prescription medicines,  
23 drugs, medical appliances, and insulin, urine testing  
24 materials, syringes, and needles used by diabetics, for human  
25 use, when purchased for use by a person receiving medical  
26 assistance under Article V of the Illinois Public Aid Code who

1 resides in a licensed long-term care facility, as defined in  
2 the Nursing Home Care Act, or in a licensed facility as defined  
3 in the ID/DD Community Care Act or the Specialized Mental  
4 Health Rehabilitation Act.

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

7 (15) 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 (15) is exempt from the provisions  
13 of Section 3-55, and the exemption provided for under this item  
14 (15) applies for all periods beginning May 30, 1995, but no  
15 claim for credit or refund is allowed on or after January 1,  
16 2008 (the effective date of Public Act 95-88) for such taxes  
17 paid during the period beginning May 30, 2000 and ending on  
18 January 1, 2008 (the effective date of Public Act 95-88).

19 (16) Computers and communications equipment utilized for  
20 any hospital purpose and equipment used in the diagnosis,  
21 analysis, or treatment of hospital patients sold to a lessor  
22 who leases the equipment, under a lease of one year or longer  
23 executed or in effect at the time of the purchase, to a  
24 hospital that has been issued an active tax exemption  
25 identification number by the Department under Section 1g of the  
26 Retailers' Occupation Tax Act.

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

7           (18) 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 donated for  
10 disaster relief to be used in a State or federally declared  
11 disaster area in Illinois or bordering Illinois by a  
12 manufacturer or retailer that is registered in this State to a  
13 corporation, society, association, foundation, or institution  
14 that has been issued a sales tax exemption identification  
15 number by the Department that assists victims of the disaster  
16 who reside within the declared disaster area.

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

1 when such repairs are initiated on facilities located in the  
2 declared disaster area within 6 months after the disaster.

3 (20) Beginning July 1, 1999, game or game birds sold at a  
4 "game breeding and hunting preserve area" as that term is used  
5 in the Wildlife Code. This paragraph is exempt from the  
6 provisions of Section 3-55.

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

25 (22) Beginning January 1, 2000, personal property,  
26 including food, purchased through fundraising events for the

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

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

23 (24) Beginning on the effective date of this amendatory Act  
24 of the 92nd General Assembly, computers and communications  
25 equipment utilized for any hospital purpose and equipment used  
26 in the diagnosis, analysis, or treatment of hospital patients

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

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

15 (26) Beginning on January 1, 2002 and through June 30,  
16 2016, tangible personal property purchased from an Illinois  
17 retailer by a taxpayer engaged in centralized purchasing  
18 activities in Illinois who will, upon receipt of the property  
19 in Illinois, temporarily store the property in Illinois (i) for  
20 the purpose of subsequently transporting it outside this State  
21 for use or consumption thereafter solely outside this State or  
22 (ii) for the purpose of being processed, fabricated, or  
23 manufactured into, attached to, or incorporated into other  
24 tangible personal property to be transported outside this State  
25 and thereafter used or consumed solely outside this State. The  
26 Director of Revenue shall, pursuant to rules adopted in



1 accordance with the Illinois Administrative Procedure Act,  
2 issue a permit to any taxpayer in good standing with the  
3 Department who is eligible for the exemption under this  
4 paragraph (26). The permit issued under this paragraph (26)  
5 shall authorize the holder, to the extent and in the manner  
6 specified in the rules adopted under this Act, to purchase  
7 tangible personal property from a retailer exempt from the  
8 taxes imposed by this Act. Taxpayers shall maintain all  
9 necessary books and records to substantiate the use and  
10 consumption of all such tangible personal property outside of  
11 the State of Illinois.

12 (27) Beginning January 1, 2008, tangible personal property  
13 used in the construction or maintenance of a community water  
14 supply, as defined under Section 3.145 of the Environmental  
15 Protection Act, that is operated by a not-for-profit  
16 corporation that holds a valid water supply permit issued under  
17 Title IV of the Environmental Protection Act. This paragraph is  
18 exempt from the provisions of Section 3-55.

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

1 retirement or redemption of any bonds or other debt instruments  
2 issued by the public-facilities corporation in connection with  
3 the development of the municipal convention hall. This  
4 exemption includes existing public-facilities corporations as  
5 provided in Section 11-65-25 of the Illinois Municipal Code.  
6 This paragraph is exempt from the provisions of Section 3-55.

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

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

4 (Source: P.A. 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; 97-38, eff. 6-28-11; 97-73, eff. 6-30-11; 97-227, eff.  
7 1-1-12; 97-431, eff. 8-16-11; revised 9-12-11.)

8 (Text of Section after amendment by P.A. 97-636)

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

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

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

21 (3) Personal property purchased by any not-for-profit arts  
22 or cultural organization that establishes, by proof required by  
23 the Department by rule, that it has received an exemption under  
24 Section 501(c)(3) of the Internal Revenue Code and that is  
25 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 (3-5) Beginning February 1, 2012, and ending December 31,  
12 2012, personal property purchased by a bipartisan organization  
13 (i) which is comprised, at a minimum, of all of the  
14 legislatures of this nation's 50 states and (ii) whose  
15 contributors are entitled to a deduction as described in  
16 subsection 170(a)(1) of the Internal Revenue Code as a  
17 contribution or gift to an instrumentality of a state or  
18 political subdivisions. However, no entity otherwise eligible  
19 for an exemption under this paragraph (3-5) shall make tax free  
20 purchases unless it has an active identification number issued  
21 by the Department.

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

26 (5) Until July 1, 2003 and beginning again on September 1,

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

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

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

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

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

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

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

1 stopovers.

2 (9) Proceeds of mandatory service charges separately  
3 stated on customers' bills for the purchase and consumption of  
4 food and beverages, to the extent that the proceeds of the  
5 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) Photoprocessing machinery and equipment, including  
20 repair and replacement parts, both new and used, including that  
21 manufactured on special order, certified by the purchaser to be  
22 used primarily for photoprocessing, and including  
23 photoprocessing machinery and equipment purchased for lease.

24 (12) Until July 1, 2003, coal exploration, mining,  
25 offhighway hauling, processing, maintenance, and reclamation  
26 equipment, including replacement parts and equipment, and

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

4 (13) Beginning January 1, 1992 and through June 30, 2016,  
5 food for human consumption that is to be consumed off the  
6 premises where it is sold (other than alcoholic beverages, soft  
7 drinks and food that has been prepared for immediate  
8 consumption) and prescription and non-prescription medicines,  
9 drugs, medical appliances, and insulin, urine testing  
10 materials, syringes, and needles used by diabetics, for human  
11 use, when purchased for use by a person receiving medical  
12 assistance under Article V of the Illinois Public Aid Code who  
13 resides in a licensed long-term care facility, as defined in  
14 the Nursing Home Care Act, or in a licensed facility as defined  
15 in the ID/DD Community Care Act or the Specialized Mental  
16 Health Rehabilitation Act.

17 (14) Semen used for artificial insemination of livestock  
18 for direct agricultural production.

19 (15) Horses, or interests in horses, registered with and  
20 meeting the requirements of any of the Arabian Horse Club  
21 Registry of America, Appaloosa Horse Club, American Quarter  
22 Horse Association, United States Trotting Association, or  
23 Jockey Club, as appropriate, used for purposes of breeding or  
24 racing for prizes. This item (15) is exempt from the provisions  
25 of Section 3-55, and the exemption provided for under this item  
26 (15) applies for all periods beginning May 30, 1995, but no



1 claim for credit or refund is allowed on or after January 1,  
2 2008 (the effective date of Public Act 95-88) for such taxes  
3 paid during the period beginning May 30, 2000 and ending on  
4 January 1, 2008 (the effective date of Public Act 95-88).

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

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

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

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

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

15 (20) Beginning July 1, 1999, game or game birds sold at a  
16 "game breeding and hunting preserve area" as that term is used  
17 in the Wildlife Code. This paragraph is exempt from the  
18 provisions of Section 3-55.

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

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

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

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

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

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

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

1           (26) Beginning on January 1, 2002 and through June 30,  
2 2016, tangible personal property purchased from an Illinois  
3 retailer by a taxpayer engaged in centralized purchasing  
4 activities in Illinois who will, upon receipt of the property  
5 in Illinois, temporarily store the property in Illinois (i) for  
6 the purpose of subsequently transporting it outside this State  
7 for use or consumption thereafter solely outside this State or  
8 (ii) for the purpose of being processed, fabricated, or  
9 manufactured into, attached to, or incorporated into other  
10 tangible personal property to be transported outside this State  
11 and thereafter used or consumed solely outside this State. The  
12 Director of Revenue shall, pursuant to rules adopted in  
13 accordance with the Illinois Administrative Procedure Act,  
14 issue a permit to any taxpayer in good standing with the  
15 Department who is eligible for the exemption under this  
16 paragraph (26). The permit issued under this paragraph (26)  
17 shall authorize the holder, to the extent and in the manner  
18 specified in the rules adopted under this Act, to purchase  
19 tangible personal property from a retailer exempt from the  
20 taxes imposed by this Act. Taxpayers shall maintain all  
21 necessary books and records to substantiate the use and  
22 consumption of all such tangible personal property outside of  
23 the State of Illinois.

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

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

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

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

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

16 (Source: P.A. 96-116, eff. 7-31-09; 96-339, eff. 7-1-10;  
17 96-532, eff. 8-14-09; 96-759, eff. 1-1-10; 96-1000, eff.  
18 7-2-10; 97-38, eff. 6-28-11; 97-73, eff. 6-30-11; 97-227, eff.  
19 1-1-12; 97-431, eff. 8-16-11; 97-636, eff. 6-1-12.)"; and

20 on page 142, line 18, by replacing "Section 25" with "Section  
21 35"; and

22 on page 142, line 19, by replacing "Section 2a" with "Sections  
23 2-5 and 2a"; and

1 on page 142, immediately below line 19, by inserting the  
2 following:

3 "(35 ILCS 120/2-5)

4 (Text of Section before amendment by P.A. 97-636)

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

8 (1) Farm chemicals.

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



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

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

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

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

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

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

8 (5) A motor vehicle of the first division, a motor vehicle  
9 of the second division that is a self contained motor vehicle  
10 designed or permanently converted to provide living quarters  
11 for recreational, camping, or travel use, with direct walk  
12 through access to the living quarters from the driver's seat,  
13 or a motor vehicle of the second division that is of the van  
14 configuration designed for the transportation of not less than  
15 7 nor more than 16 passengers, as defined in Section 1-146 of  
16 the Illinois Vehicle Code, that is used for automobile renting,  
17 as defined in the Automobile Renting Occupation and Use Tax  
18 Act. This paragraph is exempt from the provisions of Section  
19 2-70.

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

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

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

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

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

18 (9-5) Beginning February 1, 2012, and ending December 31,  
19 2012, personal property purchased by a bipartisan organization  
20 (i) which is comprised, at a minimum, of all of the  
21 legislatures of this nation's 50 states and (ii) whose  
22 contributors are entitled to a deduction as described in  
23 subsection 170(a)(1) of the Internal Revenue Code as a  
24 contribution or gift to an instrumentality of a state or  
25 political subdivisions. However, no entity otherwise eligible  
26 for an exemption under this paragraph (9-5) shall make tax free

1 purchases unless it has an active identification number issued  
2 by the Department.

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

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

24 (12) Tangible personal property sold to interstate  
25 carriers for hire for use as rolling stock moving in interstate  
26 commerce or to lessors under leases of one year or longer

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

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

25 (13) Proceeds from sales to owners, lessors, or shippers of  
26 tangible personal property that is utilized by interstate

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

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

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

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

1 purchaser.

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

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

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

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

1 photoprocessing machinery and equipment purchased for lease.

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 of Section 2-70, and the exemption provided for under this item  
2 (27) 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 (the effective date of Public Act 95-88) for such taxes  
5 paid during the period beginning May 30, 2000 and ending on  
6 January 1, 2008 (the effective date of Public Act 95-88).

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

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

20 (30) 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 donated for  
23 disaster relief to be used in a State or federally declared  
24 disaster area in Illinois or bordering Illinois by a  
25 manufacturer or retailer that is registered in this State to a  
26 corporation, society, association, foundation, or institution

1 that has been issued a sales tax exemption identification  
2 number by the Department that assists victims of the disaster  
3 who reside within the declared disaster area.

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

16 (32) Beginning July 1, 1999, game or game birds sold at a  
17 "game breeding and hunting preserve area" as that term is used  
18 in the Wildlife Code. This paragraph is exempt from the  
19 provisions of Section 2-70.

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

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

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

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

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

10 (35-5) Beginning August 23, 2001 and through June 30, 2011,  
11 food for human consumption that is to be consumed off the  
12 premises where it is sold (other than alcoholic beverages, soft  
13 drinks, and food that has been prepared for immediate  
14 consumption) and prescription and nonprescription medicines,  
15 drugs, medical appliances, and insulin, urine testing  
16 materials, syringes, and needles used by diabetics, for human  
17 use, when purchased for use by a person receiving medical  
18 assistance under Article V of the Illinois Public Aid Code who  
19 resides in a licensed long-term care facility, as defined in  
20 the Nursing Home Care Act, or a licensed facility as defined in  
21 the ID/DD Community Care Act or the Specialized Mental Health  
22 Rehabilitation Act.

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

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

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

13 (38) Beginning on January 1, 2002 and through June 30,  
14 2016, tangible personal property purchased from an Illinois  
15 retailer by a taxpayer engaged in centralized purchasing  
16 activities in Illinois who will, upon receipt of the property  
17 in Illinois, temporarily store the property in Illinois (i) for  
18 the purpose of subsequently transporting it outside this State  
19 for use or consumption thereafter solely outside this State or  
20 (ii) for the purpose of being processed, fabricated, or  
21 manufactured into, attached to, or incorporated into other  
22 tangible personal property to be transported outside this State  
23 and thereafter used or consumed solely outside this State. The  
24 Director of Revenue shall, pursuant to rules adopted in  
25 accordance with the Illinois Administrative Procedure Act,  
26 issue a permit to any taxpayer in good standing with the



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

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

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

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

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

1 This paragraph is exempt from the provisions of Section 2-70.  
2 (Source: P.A. 96-116, eff. 7-31-09; 96-339, eff. 7-1-10;  
3 96-532, eff. 8-14-09; 96-759, eff. 1-1-10; 96-1000, eff.  
4 7-2-10; 97-38, eff. 6-28-11; 97-73, eff. 6-30-11; 97-227, eff.  
5 1-1-12; 97-431, eff. 8-16-11; revised 9-12-11.)

6 (Text of Section after amendment by P.A. 97-636)

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

10 (1) Farm chemicals.

11 (2) 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 (2). Agricultural chemical tender tanks and dry boxes

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

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

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

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

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

10           (5) A motor vehicle of the first division, a motor vehicle  
11 of the second division that is a self contained motor vehicle  
12 designed or permanently converted to provide living quarters  
13 for recreational, camping, or travel use, with direct walk  
14 through access to the living quarters from the driver's seat,  
15 or a motor vehicle of the second division that is of the van  
16 configuration designed for the transportation of not less than  
17 7 nor more than 16 passengers, as defined in Section 1-146 of  
18 the Illinois Vehicle Code, that is used for automobile renting,  
19 as defined in the Automobile Renting Occupation and Use Tax  
20 Act. This paragraph is exempt from the provisions of Section  
21 2-70.

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

25           (7) Until July 1, 2003, proceeds of that portion of the  
26 selling price of a passenger car the sale of which is subject

1 to the Replacement Vehicle Tax.

2 (8) Personal property sold to an Illinois county fair  
3 association for use in conducting, operating, or promoting the  
4 county fair.

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

20 (9-5) Beginning February 1, 2012, and ending December 31,  
21 2012, personal property purchased by a bipartisan organization  
22 (i) which is comprised, at a minimum, of all of the  
23 legislatures of this nation's 50 states and (ii) whose  
24 contributors are entitled to a deduction as described in  
25 subsection 170(a)(1) of the Internal Revenue Code as a  
26 contribution or gift to an instrumentality of a state or

1 political subdivisions. However, no entity otherwise eligible  
2 for an exemption under this paragraph (9-5) shall make tax free  
3 purchases unless it has an active identification number issued  
4 by the Department.

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

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

26 (12) Tangible personal property sold to interstate

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



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

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

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

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

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

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

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

25           (20) Photoprocessing machinery and equipment, including  
26 repair and replacement parts, both new and used, including that

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

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

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

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

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

26 (25) Except as provided in item (25-5) of this Section, a

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

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

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

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

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

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

26 (3) the seller retains in his or her books and records

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

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

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

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

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

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

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

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

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

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

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

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

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

18 (32) Beginning July 1, 1999, game or game birds sold at a  
19 "game breeding and hunting preserve area" as that term is used  
20 in the Wildlife Code. This paragraph is exempt from the  
21 provisions of Section 2-70.

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



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

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

1 exempt from the provisions of Section 2-70.

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

12 (35-5) Beginning August 23, 2001 and through June 30, 2016,  
13 food for human consumption that is to be consumed off the  
14 premises where it is sold (other than alcoholic beverages, soft  
15 drinks, and food that has been prepared for immediate  
16 consumption) and prescription and nonprescription medicines,  
17 drugs, medical appliances, and insulin, urine testing  
18 materials, syringes, and needles used by diabetics, for human  
19 use, when purchased for use by a person receiving medical  
20 assistance under Article V of the Illinois Public Aid Code who  
21 resides in a licensed long-term care facility, as defined in  
22 the Nursing Home Care Act, or a licensed facility as defined in  
23 the ID/DD Community Care Act or the Specialized Mental Health  
24 Rehabilitation Act.

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

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

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

15 (38) Beginning on January 1, 2002 and through June 30,  
16 2016, tangible personal property purchased from an Illinois  
17 retailer by a taxpayer engaged in centralized purchasing  
18 activities in Illinois who will, upon receipt of the property  
19 in Illinois, temporarily store the property in Illinois (i) for  
20 the purpose of subsequently transporting it outside this State  
21 for use or consumption thereafter solely outside this State or  
22 (ii) for the purpose of being processed, fabricated, or  
23 manufactured into, attached to, or incorporated into other  
24 tangible personal property to be transported outside this State  
25 and thereafter used or consumed solely outside this State. The  
26 Director of Revenue shall, pursuant to rules adopted in

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

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

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

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

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

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

4 (Source: P.A. 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; 97-38, eff. 6-28-11; 97-73, eff. 6-30-11; 97-227, eff.  
7 1-1-12; 97-431, eff. 8-16-11; 97-636, eff. 6-1-12.)

8 on page 156, immediately below line 2, by inserting the  
9 following:

10 "Section 99. Effective date. This Act takes effect upon  
11 becoming law."