



Sen. Toi W. Hutchinson

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1 AMENDMENT TO SENATE BILL 401

2 AMENDMENT NO. _____. Amend Senate Bill 401 by replacing
3 everything after the enacting clause with the following:

4 "Section 5. The Use Tax Act is amended by changing Section
5 3-55 as follows:

6 (35 ILCS 105/3-55) (from Ch. 120, par. 439.3-55)

7 Sec. 3-55. Multistate exemption. To prevent actual or
8 likely multistate taxation, the tax imposed by this Act does
9 not apply to the use of tangible personal property in this
10 State under the following circumstances:

11 (a) The use, in this State, of tangible personal property
12 acquired outside this State by a nonresident individual and
13 brought into this State by the individual for his or her own
14 use while temporarily within this State or while passing
15 through this State.

16 (b) The use, in this State, of tangible personal property

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

11 (c) The use, in this State, by owners, lessors, or shippers
12 of tangible personal property that is utilized by interstate
13 carriers for hire for use as rolling stock moving in interstate
14 commerce as long as so used by the interstate carriers for
15 hire, and equipment operated by a telecommunications provider,
16 licensed as a common carrier by the Federal Communications
17 Commission, which is permanently installed in or affixed to
18 aircraft moving in interstate commerce.

19 (d) The use, in this State, of tangible personal property
20 that is acquired outside this State and caused to be brought
21 into this State by a person who has already paid a tax in
22 another State in respect to the sale, purchase, or use of that
23 property, to the extent of the amount of the tax properly due
24 and paid in the other State.

25 (e) The temporary storage, in this State, of tangible
26 personal property that is acquired outside this State and that,

1 after being brought into this State and stored here
2 temporarily, is used solely outside this State or is physically
3 attached to or incorporated into other tangible personal
4 property that is used solely outside this State, or is altered
5 by converting, fabricating, manufacturing, printing,
6 processing, or shaping, and, as altered, is used solely outside
7 this State.

8 (f) The temporary storage in this State of building
9 materials and fixtures that are acquired either in this State
10 or outside this State by an Illinois registered combination
11 retailer and construction contractor, and that the purchaser
12 thereafter uses outside this State by incorporating that
13 property into real estate located outside this State.

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

22 (h) Except as provided in subsection (h-1), the use, in
23 this State, of a motor vehicle that was sold in this State to a
24 nonresident, even though the motor vehicle is delivered to the
25 nonresident in this State, if the motor vehicle is not to be
26 titled in this State, and if a drive-away permit is issued to

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

8 (h-1) The exemption under subsection (h) does not apply if
9 the state in which the motor vehicle will be titled does not
10 allow a reciprocal exemption for the use in that state of a
11 motor vehicle sold and delivered in that state to an Illinois
12 resident but titled in Illinois. The tax collected under this
13 Act on the sale of a motor vehicle in this State to a resident
14 of another state that does not allow a reciprocal exemption
15 shall be imposed at a rate equal to the state's rate of tax on
16 taxable property in the state in which the purchaser is a
17 resident, except that the tax shall not exceed the tax that
18 would otherwise be imposed under this Act. At the time of the
19 sale, the purchaser shall execute a statement, signed under
20 penalty of perjury, of his or her intent to title the vehicle
21 in the state in which the purchaser is a resident within 30
22 days after the sale and of the fact of the payment to the State
23 of Illinois of tax in an amount equivalent to the state's rate
24 of tax on taxable property in his or her state of residence and
25 shall submit the statement to the appropriate tax collection
26 agency in his or her state of residence. In addition, the

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

11 (h-2) The following exemptions apply with respect to
12 certain aircraft:

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

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

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

26 (C) the purchaser provides the Department with a

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

10 (2) Beginning on July 1, 2007, no tax is imposed under
11 this Act on the use of an aircraft, as defined in Section 3
12 of the Illinois Aeronautics Act, that is temporarily
13 located in this State for the purpose of a prepurchase
14 evaluation if all of the following conditions are met:

15 (A) the aircraft is not based or registered in this
16 State after the prepurchase evaluation; and

17 (B) the purchaser provides the Department with a
18 signed and dated certification, on a form prescribed by
19 the Department, certifying that the requirements of
20 this item (2) are met. The certificate must also
21 include the name and address of the purchaser, the
22 address of the location where the aircraft is to be
23 titled or registered, the address of the primary
24 physical location of the aircraft, and other
25 information that the Department may reasonably
26 require.

1 (3) Beginning on July 1, 2007, no tax is imposed under
2 this Act on the use of an aircraft, as defined in Section 3
3 of the Illinois Aeronautics Act, that is temporarily
4 located in this State for the purpose of a post-sale
5 customization if all of the following conditions are met:

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

11 (B) the aircraft is not based or registered in this
12 State either before or after the post-sale
13 customization; and

14 (C) the purchaser provides the Department with a
15 signed and dated certification, on a form prescribed by
16 the Department, certifying that the requirements of
17 this item (3) are met. The certificate must also
18 include the name and address of the purchaser, the
19 address of the location where the aircraft is to be
20 titled or registered, the address of the primary
21 physical location of the aircraft, and other
22 information that the Department may reasonably
23 require.

24 If tax becomes due under this subsection (h-2) because of
25 the purchaser's use of the aircraft in this State, the
26 purchaser shall file a return with the Department and pay the

1 tax on the fair market value of the aircraft. This return and
2 payment of the tax must be made no later than 30 days after the
3 aircraft is used in a taxable manner in this State. The tax is
4 based on the fair market value of the aircraft on the date that
5 it is first used in a taxable manner in this State.

6 For purposes of this subsection (h-2):

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

11 "Post-sale customization" means any improvement,
12 maintenance, or repair that is performed on an aircraft
13 following a transfer of ownership of the aircraft.

14 "Prepurchase evaluation" means an examination of an
15 aircraft to provide a potential purchaser with information
16 relevant to the potential purchase.

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

21 This subsection (h-2) is exempt from the provisions of
22 Section 3-90.

23 (i) Beginning July 1, 1999, the use, in this State, of fuel
24 acquired outside this State and brought into this State in the
25 fuel supply tanks of locomotives engaged in freight hauling and
26 passenger service for interstate commerce. This subsection is

1 exempt from the provisions of Section 3-90.

2 (j) Beginning on January 1, 2002 and through June 30, 2016
3 ~~2011~~, the use of tangible personal property purchased from an
4 Illinois retailer by a taxpayer engaged in centralized
5 purchasing activities in Illinois who will, upon receipt of the
6 property in Illinois, temporarily store the property in
7 Illinois (i) for the purpose of subsequently transporting it
8 outside this State for use or consumption thereafter solely
9 outside this State or (ii) for the purpose of being processed,
10 fabricated, or manufactured into, attached to, or incorporated
11 into other tangible personal property to be transported outside
12 this State and thereafter used or consumed solely outside this
13 State. The Director of Revenue shall, pursuant to rules adopted
14 in accordance with the Illinois Administrative Procedure Act,
15 issue a permit to any taxpayer in good standing with the
16 Department who is eligible for the exemption under this
17 subsection (j). The permit issued under this subsection (j)
18 shall authorize the holder, to the extent and in the manner
19 specified in the rules adopted under this Act, to purchase
20 tangible personal property from a retailer exempt from the
21 taxes imposed by this Act. Taxpayers shall maintain all
22 necessary books and records to substantiate the use and
23 consumption of all such tangible personal property outside of
24 the State of Illinois.

25 (Source: P.A. 94-1002, eff. 7-3-06; 95-304, eff. 8-20-07.)

1 Section 10. The Service Use Tax Act is amended by changing
2 Section 3-45 as follows:

3 (35 ILCS 110/3-45) (from Ch. 120, par. 439.33-45)

4 Sec. 3-45. Multistate exemption. To prevent actual or
5 likely multistate taxation, the tax imposed by this Act does
6 not apply to the use of tangible personal property in this
7 State under the following circumstances:

8 (a) The use, in this State, of property acquired outside
9 this State by a nonresident individual and brought into this
10 State by the individual for his or her own use while
11 temporarily within this State or while passing through this
12 State.

13 (b) The use, in this State, of property that is acquired
14 outside this State and that is moved into this State for use as
15 rolling stock moving in interstate commerce.

16 (c) The use, in this State, of property that is acquired
17 outside this State and caused to be brought into this State by
18 a person who has already paid a tax in another state in respect
19 to the sale, purchase, or use of that property, to the extent
20 of the amount of the tax properly due and paid in the other
21 state.

22 (d) The temporary storage, in this State, of property that
23 is acquired outside this State and that after being brought
24 into this State and stored here temporarily, is used solely
25 outside this State or is physically attached to or incorporated

1 into other property that is used solely outside this State, or
2 is altered by converting, fabricating, manufacturing,
3 printing, processing, or shaping, and, as altered, is used
4 solely outside this State.

5 (e) Beginning July 1, 1999, the use, in this State, of fuel
6 acquired outside this State and brought into this State in the
7 fuel supply tanks of locomotives engaged in freight hauling and
8 passenger service for interstate commerce. This subsection is
9 exempt from the provisions of Section 3-75.

10 (f) Beginning on January 1, 2002 and through June 30, 2016
11 ~~2011~~, the use of tangible personal property purchased from an
12 Illinois retailer by a taxpayer engaged in centralized
13 purchasing activities in Illinois who will, upon receipt of the
14 property in Illinois, temporarily store the property in
15 Illinois (i) for the purpose of subsequently transporting it
16 outside this State for use or consumption thereafter solely
17 outside this State or (ii) for the purpose of being processed,
18 fabricated, or manufactured into, attached to, or incorporated
19 into other tangible personal property to be transported outside
20 this State and thereafter used or consumed solely outside this
21 State. The Director of Revenue shall, pursuant to rules adopted
22 in accordance with the Illinois Administrative Procedure Act,
23 issue a permit to any taxpayer in good standing with the
24 Department who is eligible for the exemption under this
25 subsection (f). The permit issued under this subsection (f)
26 shall authorize the holder, to the extent and in the manner

1 specified in the rules adopted under this Act, to purchase
2 tangible personal property from a retailer exempt from the
3 taxes imposed by this Act. Taxpayers shall maintain all
4 necessary books and records to substantiate the use and
5 consumption of all such tangible personal property outside of
6 the State of Illinois.

7 (Source: P.A. 93-23, eff. 6-20-03; 94-1002, eff. 7-3-06.)

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

10 (35 ILCS 115/3-5)

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

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

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

23 (3) Personal property purchased by any not-for-profit arts
24 or cultural organization that establishes, by proof required by

1 the Department by rule, that it has received an exemption under
2 Section 501(c)(3) of the Internal Revenue Code and that is
3 organized and operated primarily for the presentation or
4 support of arts or cultural programming, activities, or
5 services. These organizations include, but are not limited to,
6 music and dramatic arts organizations such as symphony
7 orchestras and theatrical groups, arts and cultural service
8 organizations, local arts councils, visual arts organizations,
9 and media arts organizations. On and after the effective date
10 of this amendatory Act of the 92nd General Assembly, however,
11 an entity otherwise eligible for this exemption shall not make
12 tax-free purchases unless it has an active identification
13 number issued 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 sold by a teacher-sponsored student
2 organization affiliated with an elementary or secondary school
3 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 3-55.

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, to the extent that the proceeds of the
23 service charge are in fact turned over as tips or as a
24 substitute for tips to the employees who participate directly
25 in preparing, serving, hosting or cleaning up the food or
26 beverage function with respect to which the service charge is

1 imposed.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 is exempt from the provisions of Section 3-55.

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

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

20 (26) Beginning on January 1, 2002 and through June 30, 2016
21 ~~2011~~, tangible personal property purchased from an Illinois
22 retailer by a taxpayer engaged in centralized purchasing
23 activities in Illinois who will, upon receipt of the property
24 in Illinois, temporarily store the property in Illinois (i) for
25 the purpose of subsequently transporting it outside this State
26 for use or consumption thereafter solely outside this State or

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

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

24 (28) Tangible personal property sold to a
25 public-facilities corporation, as described in Section
26 11-65-10 of the Illinois Municipal Code, for purposes of

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

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

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

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

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

15 (35 ILCS 120/2-5)

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

19 (1) Farm chemicals.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

15 (38) Beginning on January 1, 2002 and through June 30, 2016
16 ~~2011~~, tangible personal property purchased from an Illinois
17 retailer by a taxpayer engaged in centralized purchasing
18 activities in Illinois who will, upon receipt of the property
19 in Illinois, temporarily store the property in Illinois (i) for
20 the purpose of subsequently transporting it outside this State
21 for use or consumption thereafter solely outside this State or
22 (ii) for the purpose of being processed, fabricated, or
23 manufactured into, attached to, or incorporated into other
24 tangible personal property to be transported outside this State
25 and thereafter used or consumed solely outside this State. The
26 Director of Revenue shall, pursuant to rules adopted in

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

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

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

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

16 (41) 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. 95-88, eff. 1-1-08; 95-233, eff. 8-16-07; 95-304,
5 eff. 8-20-07; 95-538, eff. 1-1-08; 95-707, eff. 1-11-08;
6 95-876, eff. 8-21-08; 96-116, eff. 7-31-09; 96-339, eff.
7 7-1-10; 96-532, eff. 8-14-09; 96-759, eff. 1-1-10; 96-1000,
8 eff. 7-2-10.)

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