



Rep. Jerry F. Costello, II

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1 AMENDMENT TO SENATE BILL 3241

2 AMENDMENT NO. \_\_\_\_\_. Amend Senate Bill 3241 by replacing  
3 everything after the enacting clause with the following:

4 "Section 5. The Illinois Income Tax Act is amended by  
5 changing Section 217 and by adding Section 217.1 as follows:

6 (35 ILCS 5/217)

7 Sec. 217. Credit for wages paid to qualified veterans.

8 (a) For each taxable year beginning on or after January 1,  
9 2007 and ending on or before December 30, 2010, each taxpayer  
10 is entitled to a credit against the tax imposed by subsections  
11 (a) and (b) of Section 201 of this Act in an amount equal to 5%,  
12 but in no event to exceed \$600, of the gross wages paid by the  
13 taxpayer to a qualified veteran in the course of that veteran's  
14 sustained employment during the taxable year. For each taxable  
15 year beginning on or after January 1, 2010, each taxpayer is  
16 entitled to a credit against the tax imposed by subsections (a)

1 and (b) of Section 201 of this Act in an amount equal to 10%,  
2 but in no event to exceed \$1,200, of the gross wages paid by  
3 the taxpayer to a qualified veteran in the course of that  
4 veteran's sustained employment during the taxable year. For  
5 partners, shareholders of Subchapter S corporations, and  
6 owners of limited liability companies, if the liability company  
7 is treated as a partnership for purposes of federal and State  
8 income taxation, there shall be allowed a credit under this  
9 Section to be determined in accordance with the determination  
10 of income and distributive share of income under Sections 702  
11 and 704 and Subchapter S of the Internal Revenue Code.

12 (b) For purposes of this Section:

13 "Qualified veteran" means an Illinois resident who: (i) was  
14 a member of the Armed Forces of the United States, a member of  
15 the Illinois National Guard, or a member of any reserve  
16 component of the Armed Forces of the United States; (ii) served  
17 on active duty in connection with Operation Desert Storm,  
18 Operation Enduring Freedom, or Operation Iraqi Freedom; (iii)  
19 has provided, to the taxpayer, documentation showing that he or  
20 she was honorably discharged; and (iv) was initially hired by  
21 the taxpayer on or after January 1, 2007.

22 "Sustained employment" means a period of employment that is  
23 not less than 185 days during the taxable year.

24 (c) In no event shall a credit under this Section reduce  
25 the taxpayer's liability to less than zero. If the amount of  
26 the credit exceeds the tax liability for the year, the excess

1 may be carried forward and applied to the tax liability of the  
2 5 taxable years following the excess credit year. The tax  
3 credit shall be applied to the earliest year for which there is  
4 a tax liability. If there are credits for more than one year  
5 that are available to offset a liability, the earlier credit  
6 shall be applied first.

7 (d) A taxpayer who claims a credit under this Section for a  
8 taxable year with respect to a veteran shall not be allowed a  
9 credit under Section 217.1 of this Act with respect to the same  
10 veteran for that taxable year.

11 (Source: P.A. 96-101, eff. 1-1-10.)

12 (35 ILCS 5/217.1 new)

13 Sec. 217.1. Credit for wages paid to qualified unemployed  
14 veterans.

15 (a) For each taxable year ending on or after December 31,  
16 2012 and on or before December 31, 2016, each taxpayer is  
17 entitled to a credit against the tax imposed by subsections (a)  
18 and (b) of Section 201 of this Act in the amount equal to 20%,  
19 but in no event to exceed \$5,000, of the gross wages paid by  
20 the taxpayer to a qualified veteran in the course of that  
21 veteran's sustained employment during each taxable year ending  
22 on or after the date of hire by the taxpayer if that veteran  
23 was unemployed for an aggregate period of 4 weeks or more  
24 during the 6-week period ending on the Saturday immediately  
25 preceding the date he or she was hired by the taxpayer. For

1 partners, shareholders of Subchapter S corporations, and  
2 owners of limited liability companies, if the liability company  
3 is treated as a partnership for the purposes of federal and  
4 State income taxation, there shall be allowed a credit under  
5 this Section to be determined in accordance with the  
6 determination of income and distributive share of income under  
7 Sections 702 and 704 and Subchapter S of the Internal Revenue  
8 Code.

9 (b) For the purposes of this Section:

10 "Qualified veteran" means an Illinois resident who: (i) was  
11 a member of the Armed Forces of the United States, a member of  
12 the Illinois National Guard, or a member of any reserve  
13 component of the Armed Forces of the United States; (ii) served  
14 on active duty on or after September 11, 2001; (iii) has  
15 provided, to the taxpayer, documentation showing that he or she  
16 was honorably discharged; and (iv) was initially hired by the  
17 taxpayer on or after June 1, 2012.

18 "Sustained employment" means (i) a period of employment  
19 that is not less than 185 days following the date of hire or  
20 (ii) in the case of a veteran who was unemployed for an  
21 aggregate period of 6 months or more during the one-year period  
22 ending on the date the veteran was hired by the taxpayer, a  
23 period of employment that is more than 30 days following the  
24 date of hire. The period of sustained employment may be  
25 completed after the end of the taxable year in which the  
26 veteran is hired.

1        A veteran is "unemployed" for a week if he or she (i) has  
2 received unemployment benefits (as defined in Section 202 of  
3 the Unemployment Insurance Act, including but not limited to  
4 federally funded unemployment benefits) for the week, or (ii)  
5 has not been employed since being honorably discharged.

6        (c) In no event shall a credit under this Section reduce a  
7 taxpayer's liability to less than zero. If the amount of credit  
8 exceeds the tax liability for the year, the excess may be  
9 carried forward and applied to the tax liability for the 5  
10 taxable years following the excess credit year. The tax credit  
11 shall be applied to the earliest year for which there is a tax  
12 liability. If there are credits for more than one year that are  
13 available to offset liability, the earlier credit shall be  
14 applied first.

15        (d) A taxpayer who claims a credit under this Section for a  
16 taxable year with respect to a veteran shall not be allowed a  
17 credit under Section 217 of this Act with respect to the same  
18 veteran for that taxable year.

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

21        (35 ILCS 105/3-5)

22        (Text of Section before 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:

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

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

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

26           (4) Personal property purchased by a governmental body, by

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

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

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

1 (7) Farm chemicals.

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

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

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

20 (11) 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  
25 machinery and equipment purchased for lease, and including  
26 implements of husbandry defined in Section 1-130 of the



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

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

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

1 agricultural chemicals. This item (11) is exempt from the  
2 provisions of Section 3-90.

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

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

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

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

6           (16) Until July 1, 2003, and beginning again on the  
7 effective date of this amendatory Act of the 97th General  
8 Assembly and thereafter, coal and aggregate exploration,  
9 mining, offhighway hauling, processing, maintenance, and  
10 reclamation equipment, including replacement parts and  
11 equipment, and including equipment purchased for lease, but  
12 excluding motor vehicles required to be registered under the  
13 Illinois Vehicle Code. This item (16) is not subject to the  
14 provisions of Section 3-90.

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

21           (18) Manufacturing and assembling machinery and equipment  
22 used primarily in the process of manufacturing or assembling  
23 tangible personal property for wholesale or retail sale or  
24 lease, whether that sale or lease is made directly by the  
25 manufacturer or by some other person, whether the materials  
26 used in the process are owned by the manufacturer or some other

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

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

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

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

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

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

21 (23) Personal property purchased by a lessor who leases the  
22 property, under a lease of one year or longer executed or in  
23 effect at the time the lessor would otherwise be subject to the  
24 tax imposed by this Act, to a governmental body that has been  
25 issued an active sales tax exemption identification number by  
26 the Department under Section 1g of the Retailers' Occupation

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

15 (24) 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 donated for  
18 disaster relief to be used in a State or federally declared  
19 disaster area in Illinois or bordering Illinois by a  
20 manufacturer or retailer that is registered in this State to a  
21 corporation, society, association, foundation, or institution  
22 that has been issued a sales tax exemption identification  
23 number by the Department that assists victims of the disaster  
24 who reside within the declared disaster area.

25 (25) Beginning with taxable years ending on or after  
26 December 31, 1995 and ending with taxable years ending on or

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

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

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

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

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

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



1 vending business if a use or occupation tax is paid on the  
2 gross receipts derived from the use of the commercial,  
3 coin-operated amusement and vending machines. This paragraph  
4 is exempt from the provisions of Section 3-90.

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

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

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

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

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

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

1 motor vehicle is used in a manner that would qualify for the  
2 rolling stock exemption otherwise provided for in this Act. For  
3 purposes of this paragraph, the term "used for commercial  
4 purposes" means the transportation of persons or property in  
5 furtherance of any commercial or industrial enterprise,  
6 whether for-hire or not.

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

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

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

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

25 (Source: P.A. 96-116, eff. 7-31-09; 96-339, eff. 7-1-10;  
26 96-532, eff. 8-14-09; 96-759, eff. 1-1-10; 96-1000, eff.

1 7-2-10; 97-38, eff. 6-28-11; 97-227, eff. 1-1-12; 97-431, eff.  
2 8-16-11; revised 9-12-11.)

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

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

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

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

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

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

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

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

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

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

7 (7) Farm chemicals.

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

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

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

26 (11) 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 (11). Agricultural chemical tender tanks and dry  
15 boxes 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 (11) is exempt from the  
8 provisions of Section 3-90.

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

24 (14) 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 (15) 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 (16) Until July 1, 2003, and beginning again on the  
13 effective date of this amendatory Act of the 97th General  
14 Assembly and thereafter, coal and aggregate exploration,  
15 mining, offhighway hauling, processing, maintenance, and  
16 reclamation equipment, including replacement parts and  
17 equipment, and including equipment purchased for lease, but  
18 excluding motor vehicles required to be registered under the  
19 Illinois Vehicle Code. This item (16) is not subject to the  
20 provisions of Section 3-90.

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

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

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

19           (21) 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 (21) is exempt from the provisions  
25 of Section 3-90, and the exemption provided for under this item  
26 (21) 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 for such taxes paid during the period beginning May 30,  
3 2000 and ending on January 1, 2008.

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

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

21           (24) 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 (25) 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 (26) Beginning July 1, 1999, game or game birds purchased  
18 at a "game breeding and hunting preserve area" as that term is  
19 used in the Wildlife Code. This paragraph is exempt from the  
20 provisions of Section 3-90.

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

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

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



1           (29) Beginning January 1, 2000 and through December 31,  
2           2001, new or used automatic vending machines that prepare and  
3           serve hot food and beverages, including coffee, soup, and other  
4           items, and replacement parts for these machines. Beginning  
5           January 1, 2002 and through June 30, 2003, machines and parts  
6           for machines used in commercial, coin-operated amusement and  
7           vending business if a use or occupation tax is paid on the  
8           gross receipts derived from the use of the commercial,  
9           coin-operated amusement and vending machines. This paragraph  
10          is exempt from the provisions of Section 3-90.

11          (30) Beginning January 1, 2001 and through June 30, 2016,  
12          food for human consumption that is to be consumed off the  
13          premises where it is sold (other than alcoholic beverages, soft  
14          drinks, and food that has been prepared for immediate  
15          consumption) and prescription and nonprescription medicines,  
16          drugs, medical appliances, and insulin, urine testing  
17          materials, syringes, and needles used by diabetics, for human  
18          use, when purchased for use by a person receiving medical  
19          assistance under Article V of the Illinois Public Aid Code who  
20          resides in a licensed long-term care facility, as defined in  
21          the Nursing Home Care Act, or in a licensed facility as defined  
22          in the ID/DD Community Care Act or the Specialized Mental  
23          Health Rehabilitation Act.

24          (31) Beginning on the effective date of this amendatory Act  
25          of the 92nd General Assembly, computers and communications  
26          equipment utilized for any hospital purpose and equipment used

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

23 (32) Beginning on the effective date of this amendatory Act  
24 of the 92nd General Assembly, personal property purchased by a  
25 lessor who leases the property, under a lease of one year or  
26 longer executed or in effect at the time the lessor would

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

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

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

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

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

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

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

1 the development of the municipal convention hall. This  
2 exemption includes existing public-facilities corporations as  
3 provided in Section 11-65-25 of the Illinois Municipal Code.  
4 This paragraph is exempt from the provisions of Section 3-90.

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

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

11 (35 ILCS 110/3-5)

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

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

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

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

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

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

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

1 chemicals or chemicals acting as catalysts effect a direct and  
2 immediate change upon a graphic arts product.

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

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

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



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

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

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

22 (9) Proceeds of mandatory service charges separately  
23 stated on customers' bills for the purchase and consumption of  
24 food and beverages acquired as an incident to the purchase of a  
25 service from a serviceman, to the extent that the proceeds of  
26 the service charge are in fact turned over as tips or as a

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

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

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

20 (12) Until July 1, 2003, and beginning again on the  
21 effective date of this amendatory Act of the 97th General  
22 Assembly and thereafter, coal and aggregate exploration,  
23 mining, offhighway hauling, processing, maintenance, and  
24 reclamation equipment, including replacement parts and  
25 equipment, and including equipment purchased for lease, but  
26 excluding motor vehicles required to be registered under the

1 Illinois Vehicle Code. This item (12) is not subject to the  
2 provisions of Section 3-75.

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

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

18 (15) Computers and communications equipment utilized for  
19 any hospital purpose and equipment used in the diagnosis,  
20 analysis, or treatment of hospital patients purchased by a  
21 lessor who leases the equipment, 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 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. If the equipment is leased in a

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

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

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

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

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

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

4 (19) Beginning July 1, 1999, game or game birds purchased  
5 at a "game breeding and hunting preserve area" as that term is  
6 used in the Wildlife Code. This paragraph is exempt from the  
7 provisions of Section 3-75.

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

26 (21) Beginning January 1, 2000, personal property,

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

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

24 (23) Beginning August 23, 2001 and through June 30, 2011,  
25 food for human consumption that is to be consumed off the  
26 premises where it is sold (other than alcoholic beverages, soft

1 drinks, and food that has been prepared for immediate  
2 consumption) and prescription and nonprescription medicines,  
3 drugs, medical appliances, and insulin, urine testing  
4 materials, syringes, and needles used by diabetics, for human  
5 use, when purchased for use by a person receiving medical  
6 assistance under Article V of the Illinois Public Aid Code who  
7 resides in a licensed long-term care facility, as defined in  
8 the Nursing Home Care Act, or in a licensed facility as defined  
9 in the ID/DD Community Care Act or the Specialized Mental  
10 Health Rehabilitation Act.

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



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

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

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

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

12 (27) 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 (28) Tangible personal property purchased by a  
10 public-facilities corporation, as described in Section  
11 11-65-10 of the Illinois Municipal Code, for purposes of  
12 constructing or furnishing a municipal convention hall, but  
13 only if the legal title to the municipal convention hall is  
14 transferred to the municipality without any further  
15 consideration by or on behalf of the municipality at the time  
16 of the completion of the municipal convention hall or upon the  
17 retirement or redemption of any bonds or other debt instruments  
18 issued by the public-facilities corporation in connection with  
19 the development of the municipal convention hall. This  
20 exemption includes existing public-facilities corporations as  
21 provided in Section 11-65-25 of the Illinois Municipal Code.  
22 This paragraph is exempt from the provisions of Section 3-75.

23 (Source: P.A. 96-116, eff. 7-31-09; 96-339, eff. 7-1-10;  
24 96-532, eff. 8-14-09; 96-759, eff. 1-1-10; 96-1000, eff.  
25 7-2-10; 97-38, eff. 6-28-11; 97-227, eff. 1-1-12; 97-431, eff.  
26 8-16-11; revised 9-12-11.)

1 (Text of Section after 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,

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

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

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

20 (7) 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  
25 machinery and equipment purchased for lease, and including  
26 implements of husbandry defined in Section 1-130 of the

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

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

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

1 agricultural chemicals. This item (7) is exempt from the  
2 provisions of Section 3-75.

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

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

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

1 required to be registered under the Illinois Vehicle Code.

2 (11) Proceeds from the sale of photoprocessing machinery  
3 and equipment, including repair and replacement parts, both new  
4 and used, including that manufactured on special order,  
5 certified by the purchaser to be used primarily for  
6 photoprocessing, and including photoprocessing machinery and  
7 equipment purchased for lease.

8 (12) Until July 1, 2003, and beginning again on the  
9 effective date of this amendatory Act of the 97th General  
10 Assembly and thereafter, coal and aggregate exploration,  
11 mining, offhighway hauling, processing, maintenance, and  
12 reclamation equipment, including replacement parts and  
13 equipment, and including equipment purchased for lease, but  
14 excluding motor vehicles required to be registered under the  
15 Illinois Vehicle Code. This item (12) is not subject to the  
16 provisions of Section 3-75.

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

19 (14) 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 (14) is exempt from the provisions  
25 of Section 3-75, and the exemption provided for under this item  
26 (14) applies for all periods beginning May 30, 1995, but no



1 claim for credit or refund is allowed on or after the effective  
2 date of this amendatory Act of the 95th General Assembly for  
3 such taxes paid during the period beginning May 30, 2000 and  
4 ending on the effective date of this amendatory Act of the 95th  
5 General Assembly.

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

1 liable to pay that amount to the Department.

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

22 (17) 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 (18) 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 (19) Beginning July 1, 1999, game or game birds purchased  
19 at a "game breeding and hunting preserve area" as that term is  
20 used in the Wildlife Code. This paragraph is exempt from the  
21 provisions of Section 3-75.

22 (20) 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 (21) 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 3-75.

2 (22) 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 3-75.

12 (23) 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 in a licensed facility as defined  
23 in the ID/DD Community Care Act or the Specialized Mental  
24 Health Rehabilitation Act.

25 (24) Beginning on the effective date of this amendatory Act  
26 of the 92nd General Assembly, computers and communications

1 equipment utilized for any hospital purpose and equipment used  
2 in the diagnosis, analysis, or treatment of hospital patients  
3 purchased by a lessor who leases the equipment, under a lease  
4 of one year or longer executed or in effect at the time the  
5 lessor would otherwise be subject to the tax imposed by this  
6 Act, to a 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 nonexempt manner, the lessor shall be liable for the  
11 tax imposed under this Act or the Use Tax Act, as the case may  
12 be, based on the fair market value of the property at the time  
13 the nonqualifying use occurs. No lessor shall collect or  
14 attempt to collect an amount (however designated) that purports  
15 to reimburse that lessor for the tax imposed by this Act or the  
16 Use Tax Act, as the case may be, if the tax has not been paid by  
17 the lessor. If a lessor improperly collects any such amount  
18 from the lessee, the lessee shall have a legal right to claim a  
19 refund of that amount from the lessor. If, however, that amount  
20 is not refunded to the lessee for any reason, the lessor is  
21 liable to pay that amount to the Department. This paragraph is  
22 exempt from the provisions of Section 3-75.

23 (25) Beginning on the effective date of this amendatory Act  
24 of the 92nd General Assembly, personal property purchased by a  
25 lessor who leases the property, under a lease of one year or  
26 longer executed or in effect at the time the lessor would

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

19 (26) Beginning January 1, 2008, tangible personal property  
20 used in the construction or maintenance of a community water  
21 supply, as defined under Section 3.145 of the Environmental  
22 Protection Act, that is operated by a not-for-profit  
23 corporation that holds a valid water supply permit issued under  
24 Title IV of the Environmental Protection Act. This paragraph is  
25 exempt from the provisions of Section 3-75.

26 (27) Beginning January 1, 2010, materials, parts,

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

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



1 only if the legal title to the municipal convention hall is  
2 transferred to the municipality without any further  
3 consideration by or on behalf of the municipality at the time  
4 of the completion of the municipal convention hall or upon the  
5 retirement or redemption of any bonds or other debt instruments  
6 issued by the public-facilities corporation in connection with  
7 the development of the municipal convention hall. This  
8 exemption includes existing public-facilities corporations as  
9 provided in Section 11-65-25 of the Illinois Municipal Code.  
10 This paragraph is exempt from the provisions of Section 3-75.

11 (Source: P.A. 96-116, eff. 7-31-09; 96-339, eff. 7-1-10;  
12 96-532, eff. 8-14-09; 96-759, eff. 1-1-10; 96-1000, eff.  
13 7-2-10; 97-38, eff. 6-28-11; 97-227, eff. 1-1-12; 97-431, eff.  
14 8-16-11; 97-636, eff. 6-1-12.)

15 Section 20. The Service Occupation Tax Act is amended by  
16 changing Section 3-5 as follows:

17 (35 ILCS 115/3-5)

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

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

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

1 of persons 65 years of age or older if the personal property  
2 was not purchased by the enterprise for the purpose of resale  
3 by the enterprise.

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

7 (3) Personal property purchased by any not-for-profit arts  
8 or cultural organization that establishes, by proof required by  
9 the Department by rule, that it has received an exemption under  
10 Section 501(c)(3) of the Internal Revenue Code and that is  
11 organized and operated primarily for the presentation or  
12 support of arts or cultural programming, activities, or  
13 services. These organizations include, but are not limited to,  
14 music and dramatic arts organizations such as symphony  
15 orchestras and theatrical groups, arts and cultural service  
16 organizations, local arts councils, visual arts organizations,  
17 and media arts organizations. On and after the effective date  
18 of this amendatory Act of the 92nd General Assembly, however,  
19 an entity otherwise eligible for this exemption shall not make  
20 tax-free purchases unless it has an active identification  
21 number issued 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, and beginning again on the  
25 effective date of this amendatory Act of the 97th General  
26 Assembly and thereafter, coal and aggregate exploration,

1 mining, offhighway hauling, processing, maintenance, and  
2 reclamation equipment, including replacement parts and  
3 equipment, and including equipment purchased for lease, but  
4 excluding motor vehicles required to be registered under the  
5 Illinois Vehicle Code. This item (12) is not subject to the  
6 provisions of Section 3-55.

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

22 (15) 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 (15) is exempt from the provisions  
2 of Section 3-55, and the exemption provided for under this item  
3 (15) 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 (16) 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 the  
15 Retailers' Occupation Tax Act.

16 (17) 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 the Retailers' Occupation  
21 Tax Act.

22 (18) 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 (19) 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 (20) 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 3-55.

22 (21) 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 (22) 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 3-55.

2 (23) 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 3-55.

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

22 (25) Beginning on the effective date of this amendatory Act  
23 of the 92nd General Assembly, personal property sold to a  
24 lessor who leases the property, under a lease of one year or  
25 longer executed or in effect at the time of the purchase, to a  
26 governmental body that has been issued an active tax exemption

1 identification number by the Department under Section 1g of the  
2 Retailers' Occupation Tax Act. This paragraph is exempt from  
3 the provisions of Section 3-55.

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

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

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

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

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

19 (Source: P.A. 96-116, eff. 7-31-09; 96-339, eff. 7-1-10;  
20 96-532, eff. 8-14-09; 96-759, eff. 1-1-10; 96-1000, eff.  
21 7-2-10; 97-38, eff. 6-28-11; 97-73, eff. 6-30-11; 97-227, eff.  
22 1-1-12; 97-431, eff. 8-16-11; revised 9-12-11.)

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

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

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

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

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

26           (4) Legal tender, currency, medallions, or gold or silver

1 coinage issued by the State of Illinois, the government of the  
2 United States of America, or the government of any foreign  
3 country, and bullion.

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

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

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

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

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

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

25 (8) Fuel and petroleum products sold to or used by an air  
26 common carrier, certified by the carrier to be used for



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

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

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

23 (11) 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 (12) Until July 1, 2003, and beginning again on the  
3 effective date of this amendatory Act of the 97th General  
4 Assembly and thereafter, coal and aggregate exploration,  
5 mining, offhighway hauling, processing, maintenance, and  
6 reclamation equipment, including replacement parts and  
7 equipment, and including equipment purchased for lease, but  
8 excluding motor vehicles required to be registered under the  
9 Illinois Vehicle Code. This item (12) is not subject to the  
10 provisions of Section 3-55.

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

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

26 (15) 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 (15) is exempt from the provisions  
6 of Section 3-55, and the exemption provided for under this item  
7 (15) applies for all periods beginning May 30, 1995, but no  
8 claim for credit or refund is allowed on or after January 1,  
9 2008 (the effective date of Public Act 95-88) for such taxes  
10 paid during the period beginning May 30, 2000 and ending on  
11 January 1, 2008 (the effective date of Public Act 95-88).

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

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

26 (18) Beginning with taxable years ending on or after

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

10 (19) 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 used in the  
13 performance of infrastructure repairs in this State, including  
14 but not limited to municipal roads and streets, access roads,  
15 bridges, sidewalks, waste disposal systems, water and sewer  
16 line extensions, water distribution and purification  
17 facilities, storm water drainage and retention facilities, and  
18 sewage treatment facilities, resulting from a State or  
19 federally declared disaster in Illinois or bordering Illinois  
20 when such repairs are initiated on facilities located in the  
21 declared disaster area within 6 months after the disaster.

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

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

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

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

1 entity purchases the personal property sold at the events from  
2 another individual or entity that sold the property for the  
3 purpose of resale by the fundraising entity and that profits  
4 from the sale to the fundraising entity. This paragraph is  
5 exempt from the provisions of Section 3-55.

6 (23) Beginning January 1, 2000 and through December 31,  
7 2001, new or used automatic vending machines that prepare and  
8 serve hot food and beverages, including coffee, soup, and other  
9 items, and replacement parts for these machines. Beginning  
10 January 1, 2002 and through June 30, 2003, machines and parts  
11 for machines used in commercial, coin-operated amusement and  
12 vending business if a use or occupation tax is paid on the  
13 gross receipts derived from the use of the commercial,  
14 coin-operated amusement and vending machines. This paragraph  
15 is exempt from the provisions of Section 3-55.

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

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

1 of the 92nd General Assembly, personal property sold to a  
2 lessor who leases the property, under a lease of one year or  
3 longer executed or in effect at the time of the purchase, to a  
4 governmental body that has been issued an active tax exemption  
5 identification number by the Department under Section 1g of the  
6 Retailers' Occupation Tax Act. This paragraph is exempt from  
7 the provisions of Section 3-55.

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

1 taxes imposed by this Act. Taxpayers shall maintain all  
2 necessary books and records to substantiate the use and  
3 consumption of all such tangible personal property outside of  
4 the State of Illinois.

5 (27) Beginning January 1, 2008, tangible personal property  
6 used in the construction or maintenance of a community water  
7 supply, as defined under Section 3.145 of the Environmental  
8 Protection Act, that is operated by a not-for-profit  
9 corporation that holds a valid water supply permit issued under  
10 Title IV of the Environmental Protection Act. This paragraph is  
11 exempt from the provisions of Section 3-55.

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

26 (29) Beginning January 1, 2010, materials, parts,



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

23 (Source: P.A. 96-116, eff. 7-31-09; 96-339, eff. 7-1-10;  
24 96-532, eff. 8-14-09; 96-759, eff. 1-1-10; 96-1000, eff.  
25 7-2-10; 97-38, eff. 6-28-11; 97-73, eff. 6-30-11; 97-227, eff.  
26 1-1-12; 97-431, eff. 8-16-11; 97-636, eff. 6-1-12.)

1           Section 25. The Retailers' Occupation Tax Act is amended by  
2 changing Section 2-5 as follows:

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

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

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

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

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

26 (4) Until July 1, 2003 and beginning again 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 (5) A motor vehicle of the first division, a motor vehicle  
10 of the second division that is a self contained motor vehicle  
11 designed or permanently converted to provide living quarters  
12 for recreational, camping, or travel use, with direct walk  
13 through access to the living quarters from the driver's seat,  
14 or a motor vehicle of the second division that is of the van  
15 configuration designed for the transportation of not less than  
16 7 nor more than 16 passengers, as defined in Section 1-146 of  
17 the Illinois Vehicle Code, that is used for automobile renting,  
18 as defined in the Automobile Renting Occupation and Use Tax  
19 Act. This paragraph is exempt from the provisions of Section  
20 2-70.

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

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

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

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

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

26           (11) Personal property sold to a governmental body, to a

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

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

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

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

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

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

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

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

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

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

26 (18) Legal tender, currency, medallions, or gold or silver



1 coinage issued by the State of Illinois, the government of the  
2 United States of America, or the government of any foreign  
3 country, and bullion.

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

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

18 (21) Until July 1, 2003, and beginning again on the  
19 effective date of this amendatory Act of the 97th General  
20 Assembly and thereafter, coal and aggregate exploration,  
21 mining, offhighway hauling, processing, maintenance, and  
22 reclamation equipment, including replacement parts and  
23 equipment, and including equipment purchased for lease, but  
24 excluding motor vehicles required to be registered under the  
25 Illinois Vehicle Code. This item (21) is not subject to the  
26 provisions of Section 2-70.

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

7           (23) A transaction in which the purchase order is received  
8 by a florist who is located outside Illinois, but who has a  
9 florist located in Illinois deliver the property to the  
10 purchaser or the purchaser's donee in Illinois.

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

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

1 facie evidence that the motor vehicle will not be titled in  
2 this State.

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

1 days after the date of sale. The tax collected under this Act  
2 in accordance with this item (25-5) shall be proportionately  
3 distributed as if the tax were collected at the 6.25% general  
4 rate imposed under this Act.

5 (25-7) Beginning on July 1, 2007, no tax is imposed under  
6 this Act on the sale of an aircraft, as defined in Section 3 of  
7 the Illinois Aeronautics Act, if all of the following  
8 conditions are met:

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

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

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

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

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

6 "Registered in this State" means an aircraft registered  
7 with the Department of Transportation, Aeronautics Division,  
8 or titled or registered with the Federal Aviation  
9 Administration to an address located in this State.

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

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

14 (27) Horses, or interests in horses, registered with and  
15 meeting the requirements of any of the Arabian Horse Club  
16 Registry of America, Appaloosa Horse Club, American Quarter  
17 Horse Association, United States Trotting Association, or  
18 Jockey Club, as appropriate, used for purposes of breeding or  
19 racing for prizes. This item (27) is exempt from the provisions  
20 of Section 2-70, and the exemption provided for under this item  
21 (27) applies for all periods beginning May 30, 1995, but no  
22 claim for credit or refund is allowed on or after January 1,  
23 2008 (the effective date of Public Act 95-88) for such taxes  
24 paid during the period beginning May 30, 2000 and ending on  
25 January 1, 2008 (the effective date of Public Act 95-88).

26 (28) Computers and communications equipment utilized for

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

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

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

23 (31) Beginning with taxable years ending on or after  
24 December 31, 1995 and ending with taxable years ending on or  
25 before December 31, 2004, personal property that is used in the  
26 performance of infrastructure repairs in this State, including

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

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

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

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

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

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



1 coin-operated amusement and vending machines. This paragraph  
2 is exempt from the provisions of Section 2-70.

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

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

25 (37) Beginning August 2, 2001, personal property sold to a  
26 lessor who leases the property, under a lease of one year or

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

6 (38) Beginning on January 1, 2002 and through June 30,  
7 2016, tangible personal property purchased from an Illinois  
8 retailer by a taxpayer engaged in centralized purchasing  
9 activities in Illinois who will, upon receipt of the property  
10 in Illinois, temporarily store the property in Illinois (i) for  
11 the purpose of subsequently transporting it outside this State  
12 for use or consumption thereafter solely outside this State or  
13 (ii) for the purpose of being processed, fabricated, or  
14 manufactured into, attached to, or incorporated into other  
15 tangible personal property to be transported outside this State  
16 and thereafter used or consumed solely outside this State. The  
17 Director of Revenue shall, pursuant to rules adopted in  
18 accordance with the Illinois Administrative Procedure Act,  
19 issue a permit to any taxpayer in good standing with the  
20 Department who is eligible for the exemption under this  
21 paragraph (38). The permit issued under this paragraph (38)  
22 shall authorize the holder, to the extent and in the manner  
23 specified in the rules adopted under this Act, to purchase  
24 tangible personal property from a retailer exempt from the  
25 taxes imposed by this Act. Taxpayers shall maintain all  
26 necessary books and records to substantiate the use and

1 consumption of all such tangible personal property outside of  
2 the State of Illinois.

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

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

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

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

21 (Source: P.A. 96-116, eff. 7-31-09; 96-339, eff. 7-1-10;  
22 96-532, eff. 8-14-09; 96-759, eff. 1-1-10; 96-1000, eff.  
23 7-2-10; 97-38, eff. 6-28-11; 97-73, eff. 6-30-11; 97-227, eff.  
24 1-1-12; 97-431, eff. 8-16-11; revised 9-12-11.)

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

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

4           (1) Farm chemicals.

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

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

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

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

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

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

1 chemicals or chemicals acting as catalysts effect a direct and  
2 immediate change upon a graphic arts product.

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

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

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

21 (8) Personal property sold to an Illinois county fair  
22 association for use in conducting, operating, or promoting the  
23 county fair.

24 (9) Personal property sold to a not-for-profit arts or  
25 cultural organization that establishes, by proof required by  
26 the Department by rule, that it has received an exemption under

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

13 (10) 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 (11) Personal property sold to a governmental body, to a  
21 corporation, society, association, foundation, or institution  
22 organized and operated exclusively for charitable, religious,  
23 or educational purposes, or to a not-for-profit corporation,  
24 society, association, foundation, institution, or organization  
25 that has no compensated officers or employees and that is  
26 organized and operated primarily for the recreation of persons



1 55 years of age or older. A limited liability company may  
2 qualify for the exemption under this paragraph only if the  
3 limited liability company is organized and operated  
4 exclusively for educational purposes. On and after July 1,  
5 1987, however, no entity otherwise eligible for this exemption  
6 shall make tax-free purchases unless it has an active  
7 identification number issued by the Department.

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

17 (12-5) On and after July 1, 2003 and through June 30, 2004,  
18 motor vehicles of the second division with a gross vehicle  
19 weight in excess of 8,000 pounds that are subject to the  
20 commercial distribution fee imposed under Section 3-815.1 of  
21 the Illinois Vehicle Code. Beginning on July 1, 2004 and  
22 through June 30, 2005, the use in this State of motor vehicles  
23 of the second division: (i) with a gross vehicle weight rating  
24 in excess of 8,000 pounds; (ii) that are subject to the  
25 commercial distribution fee imposed under Section 3-815.1 of  
26 the Illinois Vehicle Code; and (iii) that are primarily used

1 for commercial purposes. Through June 30, 2005, this exemption  
2 applies to repair and replacement parts added after the initial  
3 purchase of such a motor vehicle if that motor vehicle is used  
4 in a manner that would qualify for the rolling stock exemption  
5 otherwise provided for in this Act. For purposes of this  
6 paragraph, "used for commercial purposes" means the  
7 transportation of persons or property in furtherance of any  
8 commercial or industrial enterprise whether for-hire or not.

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

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

1 purchaser.

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

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

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

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

24 (19) 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 (20) 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 (21) Until July 1, 2003, and beginning again on the  
13 effective date of this amendatory Act of the 97th General  
14 Assembly and thereafter, coal and aggregate exploration,  
15 mining, offhighway hauling, processing, maintenance, and  
16 reclamation equipment, including replacement parts and  
17 equipment, and including equipment purchased for lease, but  
18 excluding motor vehicles required to be registered under the  
19 Illinois Vehicle Code. This item (21) is not subject to the  
20 provisions of Section 2-70.

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

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

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

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

23           (25-5) The exemption under item (25) does not apply if the  
24 state in which the motor vehicle will be titled does not allow  
25 a reciprocal exemption for a motor vehicle sold and delivered  
26 in that state to an Illinois resident but titled in Illinois.

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

25 (25-7) Beginning on July 1, 2007, no tax is imposed under  
26 this Act on the sale of an aircraft, as defined in Section 3 of

1 the Illinois Aeronautics Act, if all of the following  
2 conditions are met:

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

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

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

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

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

26 "Registered in this State" means an aircraft registered

1 with the Department of Transportation, Aeronautics Division,  
2 or titled or registered with the Federal Aviation  
3 Administration to an address located in this State.

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

6 (26) Semen used for artificial insemination of livestock  
7 for direct agricultural production.

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

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



1 this Act.

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

7 (30) 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 (31) 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 (32) 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 2-70.

7 (33) 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 (34) 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 2-70.

13 (35) 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 2-70.

23 (35-5) Beginning August 23, 2001 and through June 30, 2016,  
24 food for human consumption that is to be consumed off the  
25 premises where it is sold (other than alcoholic beverages, soft  
26 drinks, and food that has been prepared for immediate

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

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

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

26 (38) Beginning on January 1, 2002 and through June 30,

1 2016, tangible personal property purchased from an Illinois  
2 retailer by a taxpayer engaged in centralized purchasing  
3 activities in Illinois who will, upon receipt of the property  
4 in Illinois, temporarily store the property in Illinois (i) for  
5 the purpose of subsequently transporting it outside this State  
6 for use or consumption thereafter solely outside this State or  
7 (ii) for the purpose of being processed, fabricated, or  
8 manufactured into, attached to, or incorporated into other  
9 tangible personal property to be transported outside this State  
10 and thereafter used or consumed solely outside this State. The  
11 Director of Revenue shall, pursuant to rules adopted in  
12 accordance with the Illinois Administrative Procedure Act,  
13 issue a permit to any taxpayer in good standing with the  
14 Department who is eligible for the exemption under this  
15 paragraph (38). The permit issued under this paragraph (38)  
16 shall authorize the holder, to the extent and in the manner  
17 specified in the rules adopted under this Act, to purchase  
18 tangible personal property from a retailer exempt from the  
19 taxes imposed by this Act. Taxpayers shall maintain all  
20 necessary books and records to substantiate the use and  
21 consumption of all such tangible personal property outside of  
22 the State of Illinois.

23 (39) 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 2-70.

4 (40) 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           (41)     Tangible     personal     property     sold     to     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     2-70.

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;     97-73,     eff.     6-30-11;     97-227,     eff.  
18     1-1-12;     97-431,     eff.     8-16-11;     97-636,     eff.     6-1-12.)

19           Section 30. The Property Tax Code is amended by changing  
20     Section 18-178 as follows:

21           (35 ILCS 200/18-178)

22           Sec. 18-178. Abatement for the residence of a surviving  
23     spouse of a fallen police officer, soldier, or rescue worker.

24           (a) The governing body of any county or municipality may,

1 by ordinance, order the county clerk to abate any percentage of  
2 the taxes levied by the county or municipality on each parcel  
3 of qualified property within the boundaries of the county or  
4 municipality that is owned by the surviving spouse of a fallen  
5 police officer, soldier, or rescue worker.

6 (b) The governing body may provide, by ordinance, for the  
7 percentage amount and duration of an abatement under this  
8 Section and for any other provision necessary to carry out the  
9 provisions of this Section. Upon passing an ordinance under  
10 this Section, the county or municipality must deliver a  
11 certified copy of the ordinance to the county clerk.

12 (c) As used in this Section:

13 "Fallen police officer, soldier, or rescue worker" means an  
14 individual who dies:

15 (1) as a result of or in the course of employment as a  
16 police officer; ~~or~~

17 (2) while in the active service of a fire, rescue, or  
18 emergency medical service; or ~~or~~

19 (3) while on active duty as a member of the United  
20 States Armed Services, including the National Guard,  
21 serving in Iraq or Afghanistan.

22 "Fallen police officer, soldier, or rescue worker", however,  
23 does not include any individual whose death was the result of  
24 that individual's own willful misconduct or abuse of alcohol or  
25 drugs.

26 "Qualified property" means a parcel of real property that



1 is occupied by not more than 2 families, that is used as the  
2 principal residence by a surviving spouse, and that:

3 (1) was owned by the fallen police officer, soldier, or  
4 rescue worker or surviving spouse at the time of the police  
5 officer's, soldier's, or rescue worker's death;

6 (2) was acquired by the surviving spouse within 2 years  
7 after the police officer's, soldier's, or rescue worker's  
8 death if the surviving spouse was domiciled in the State at  
9 the time of that death; or

10 (3) was acquired more than 2 years after the police  
11 officer's, soldier's, or rescue worker's death if  
12 surviving spouse qualified for an abatement for a former  
13 qualified property located in that municipality.

14 "Surviving spouse" means a spouse, who has not remarried,  
15 of a fallen police officer, soldier, or rescue worker.

16 (Source: P.A. 95-644, eff. 10-12-07.)

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

24 Section 99. Effective date. This Act takes effect upon

1 becoming law.".