



98TH GENERAL ASSEMBLY

State of Illinois

2013 and 2014

HB3344

by Rep. John D. Cavaletto

SYNOPSIS AS INTRODUCED:

New Act

35 ILCS 105/3-5

35 ILCS 110/3-5

35 ILCS 115/3-5

35 ILCS 120/2-5

35 ILCS 505/13

from Ch. 120, par. 429

Creates the Soldiers to Farmers Program Act. Provides that the Department of Veterans' Affairs shall implement and administer the Soldiers to Farmers Program to provide financial and instructional assistance to Illinois veterans interested in starting a career in the farming and agriculture industries. Provides that from appropriations made for the purposes of the Act, the Department shall award a \$10,000 stipend to program participants to go towards the purchase of land or farming equipment. Amends the Use Tax Act, the Service Use Tax Act, the Service Occupation Tax Act, the Retailers' Occupation Tax Act, and the Motor Fuel Tax Law by providing up to a 5-year exemption to program participants for tangible personal property used in a farming or agricultural business operated by the veteran that is not otherwise exempt and claims for undyed diesel fuel used in a farming or agricultural business operated by the veteran for which claims may not otherwise be made.

LRB098 08309 HLH 38414 b

FISCAL NOTE ACT
MAY APPLY

A BILL FOR

1 AN ACT concerning veterans.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 1. Short title. This Act may be cited as the
5 Soldiers to Farmers Program Act.

6 Section 3. Definition. As used in this Section, "veteran"
7 means an Illinois resident who has served as a member of the
8 United States Armed Forces, a member of the Illinois National
9 Guard, or a member of the United States Reserve Forces and was
10 discharged under honorable conditions.

11 Section 5. Soldiers to Farmers Program. The Soldiers to
12 Farmers Program is created to provide financial and
13 instructional assistance to veterans interested in starting a
14 career in the farming and agriculture industries. The program
15 shall provide instructional materials and individual advice to
16 program participants on farming and agricultural work,
17 business management, and the regulatory burdens associated
18 with the farming and agriculture industries. The Department of
19 Veterans' Affairs shall implement and administer the program.
20 From appropriations made for the purposes of this Act, the
21 Department shall award a \$10,000 stipend to program
22 participants toward the purchase of land or farming equipment.

1 Section 10. Rules. The Department of Veterans' Affairs
2 shall adopt any rules necessary to implement and operate the
3 program established under this Act.

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

6 (35 ILCS 105/3-5)

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

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

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

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

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

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

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

1 the car is subject to the Replacement Vehicle Tax.

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

12 (7) Farm chemicals.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

25 (17) Until July 1, 2003, distillation machinery and
26 equipment, sold as a unit or kit, assembled or installed by the

1 retailer, certified by the user to be used only for the
2 production of ethyl alcohol that will be used for consumption
3 as motor fuel or as a component of motor fuel for the personal
4 use of the user, and not subject to sale or resale.

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

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

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

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

1 Jockey Club, as appropriate, used for purposes of breeding or
2 racing for prizes. This item (21) is exempt from the provisions
3 of Section 3-90, and the exemption provided for under this item
4 (21) applies for all periods beginning May 30, 1995, but no
5 claim for credit or refund is allowed on or after January 1,
6 2008 for such taxes paid during the period beginning May 30,
7 2000 and ending on January 1, 2008.

8 (22) Computers and communications equipment utilized for
9 any hospital purpose and equipment used in the diagnosis,
10 analysis, or treatment of hospital patients purchased by a
11 lessor who leases the equipment, 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 hospital 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 equipment is leased in a
17 manner that does not qualify for this exemption or is used in
18 any other non-exempt manner, the lessor shall be liable for the
19 tax imposed under this Act or the Service Use Tax Act, as the
20 case may be, based on the fair market value of the property at
21 the time the non-qualifying use occurs. No lessor shall collect
22 or attempt to collect an amount (however designated) that
23 purports to reimburse that lessor for the tax imposed by this
24 Act or the Service Use Tax Act, as the case may be, if the tax
25 has not been paid by the lessor. If a lessor improperly
26 collects any such amount from the lessee, the lessee shall have

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

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

25 (24) 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 donated for
2 disaster relief to be used in a State or federally declared
3 disaster area in Illinois or bordering Illinois by a
4 manufacturer or retailer that is registered in this State to a
5 corporation, society, association, foundation, or institution
6 that has been issued a sales tax exemption identification
7 number by the Department that assists victims of the disaster
8 who reside within the declared disaster area.

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

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

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

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

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

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

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

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

1 Health Rehabilitation Act.

2 (31) Beginning on the effective date of this amendatory Act
3 of the 92nd General Assembly, computers and communications
4 equipment utilized for any hospital purpose and equipment used
5 in the diagnosis, analysis, or treatment of hospital patients
6 purchased by a lessor who leases the equipment, under a lease
7 of one year or longer executed or in effect at the time the
8 lessor would otherwise be subject to the tax imposed by this
9 Act, to a hospital that has been issued an active tax exemption
10 identification number by the Department under Section 1g of the
11 Retailers' Occupation Tax Act. If the equipment is leased in a
12 manner that does not qualify for this exemption or is used in
13 any other nonexempt manner, the lessor shall be liable for the
14 tax imposed under this Act or the Service Use Tax Act, as the
15 case may be, based on the fair market value of the property at
16 the time the nonqualifying use occurs. No lessor shall collect
17 or attempt to collect an amount (however designated) that
18 purports to reimburse that lessor for the tax imposed by this
19 Act or the Service Use Tax Act, as the case may be, if the tax
20 has not been paid by the lessor. If a lessor improperly
21 collects any such amount from the lessee, the lessee shall have
22 a legal right to claim a refund of that amount from the lessor.
23 If, however, that amount is not refunded to the lessee for any
24 reason, the lessor is liable to pay that amount to the
25 Department. This paragraph is exempt from the provisions of
26 Section 3-90.

1 (32) Beginning on the effective date of this amendatory Act
2 of the 92nd General Assembly, personal property purchased by a
3 lessor who leases the property, under a lease of one year or
4 longer executed or in effect at the time the lessor would
5 otherwise be subject to the tax imposed by this Act, to a
6 governmental body that has been issued an active sales tax
7 exemption identification number by the Department under
8 Section 1g of the Retailers' Occupation Tax Act. If the
9 property is leased in a manner that does not qualify for this
10 exemption or used in any other nonexempt manner, the lessor
11 shall be liable for the tax imposed under this Act or the
12 Service Use Tax Act, as the case may be, based on the fair
13 market value of the property at the time the nonqualifying use
14 occurs. No lessor shall collect or attempt to collect an amount
15 (however designated) that purports to reimburse that lessor for
16 the tax imposed by this Act or the Service Use Tax Act, as the
17 case may be, if the tax has not been paid by the lessor. If a
18 lessor improperly collects any such amount from the lessee, the
19 lessee shall have a legal right to claim a refund of that
20 amount from the lessor. If, however, that amount is not
21 refunded to the lessee for any reason, the lessor is liable to
22 pay that amount to the Department. This paragraph is exempt
23 from the provisions of Section 3-90.

24 (33) On and after July 1, 2003 and through June 30, 2004,
25 the use in this State of motor vehicles of the second division
26 with a gross vehicle weight in excess of 8,000 pounds and that

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

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

24 (35) Beginning January 1, 2010, materials, parts,
25 equipment, components, and furnishings incorporated into or
26 upon an aircraft as part of the modification, refurbishment,

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

21 (36) Tangible personal property purchased by a
22 public-facilities corporation, as described in Section
23 11-65-10 of the Illinois Municipal Code, for purposes of
24 constructing or furnishing a municipal convention hall, but
25 only if the legal title to the municipal convention hall is
26 transferred to the municipality without any further

1 consideration by or on behalf of the municipality at the time
2 of the completion of the municipal convention hall or upon the
3 retirement or redemption of any bonds or other debt instruments
4 issued by the public-facilities corporation in connection with
5 the development of the municipal convention hall. This
6 exemption includes existing public-facilities corporations as
7 provided in Section 11-65-25 of the Illinois Municipal Code.
8 This paragraph is exempt from the provisions of Section 3-90.

9 (37) Tangible personal property that (i) is not otherwise
10 exempt under this Section and (ii) is purchased by a veteran
11 who is participating in the Soldiers to Farmers Program
12 established under the Soldiers to Farmers Program Act for use
13 in a farming or agricultural business operated by the veteran.
14 The exemption under this item (37) shall extend for a period of
15 not more than 5 years commencing on the date of enrollment of
16 the veteran in the Program. No exemption for a veteran
17 participating in the Program shall be claimed under this item
18 (37) without an exemption certificate properly executed and
19 furnished by the Department of Veterans' Affairs. This item
20 (37) is exempt from the provisions of Section 3-90.

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; 97-227, eff. 1-1-12; 97-431, eff.
24 8-16-11; 97-636, eff. 6-1-12; 97-767, eff. 7-9-12.)

25 Section 20. The Service Use Tax Act is amended by changing

1 Section 3-5 as follows:

2 (35 ILCS 110/3-5)

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

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

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

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

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

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

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

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

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

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

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

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

1 crop data for the purpose of formulating animal diets and
2 agricultural chemicals. This item (7) is exempt from the
3 provisions of Section 3-75.

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

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

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

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

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

9 (12) Until July 1, 2003, and beginning again on the
10 effective date of this amendatory Act of the 97th General
11 Assembly and thereafter, coal and aggregate exploration,
12 mining, offhighway hauling, processing, maintenance, and
13 reclamation equipment, including replacement parts and
14 equipment, and including equipment purchased for lease, but
15 excluding motor vehicles required to be registered under the
16 Illinois Vehicle Code.

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 (29) Tangible personal property that (i) is not otherwise
12 exempt under this Section and (ii) is purchased by a veteran
13 who is participating in the Soldiers to Farmers Program
14 established under the Soldiers to Farmers Program Act for use
15 in a farming or agricultural business operated by the veteran.
16 The exemption under this item (29) shall extend for a period of
17 not more than 5 years commencing on the date of enrollment of
18 the veteran in the Program. No exemption for a veteran
19 participating in the Program shall be claimed under this item
20 (29) without an exemption certificate properly executed and
21 furnished by the Department of Veterans' Affairs. This item
22 (29) 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; 97-636, eff. 6-1-12; 97-767, eff. 7-9-12.)

1 Section 25. The Service Occupation Tax Act is amended by
2 changing Section 3-5 as follows:

3 (35 ILCS 115/3-5)

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

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

13 (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 any not-for-profit arts
17 or 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

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

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

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

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

23 (7) Farm machinery and equipment, both new and used,
24 including that manufactured on special order, certified by the
25 purchaser to be used primarily for production agriculture or
26 State or federal agricultural programs, including individual

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

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

24 Farm machinery and equipment also includes computers,
25 sensors, software, and related equipment used primarily in the
26 computer-assisted operation of production agriculture

1 facilities, equipment, and activities such as, but not limited
2 to, the collection, monitoring, and correlation of animal and
3 crop data for the purpose of formulating animal diets and
4 agricultural chemicals. This item (7) is exempt from the
5 provisions of Section 3-55.

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

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

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

1 drilling, and production equipment, and (vi) machinery and
2 equipment purchased for lease; but excluding motor vehicles
3 required to be registered under the Illinois Vehicle Code.

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

9 (12) Until July 1, 2003, and beginning again on the
10 effective date of this amendatory Act of the 97th General
11 Assembly and thereafter, coal and aggregate exploration,
12 mining, offhighway hauling, processing, maintenance, and
13 reclamation equipment, including replacement parts and
14 equipment, and including equipment purchased for lease, but
15 excluding motor vehicles required to be registered under the
16 Illinois Vehicle Code.

17 (13) Beginning January 1, 1992 and through June 30, 2016,
18 food for human consumption that is to be consumed off the
19 premises where it is sold (other than alcoholic beverages, soft
20 drinks and food that has been prepared for immediate
21 consumption) and prescription and non-prescription medicines,
22 drugs, medical appliances, and insulin, urine testing
23 materials, syringes, and needles used by diabetics, for human
24 use, when purchased for use by a person receiving medical
25 assistance under Article V of the Illinois Public Aid Code who
26 resides in a licensed long-term care facility, as defined in

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

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

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

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

26 (17) Personal property sold to a lessor who leases the

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

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

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

1 declared disaster area within 6 months after the disaster.

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

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

24 (22) Beginning January 1, 2000, personal property,
25 including food, purchased through fundraising events for the
26 benefit of a public or private elementary or secondary school,

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

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

22 (24) Beginning on the effective date of this amendatory Act
23 of the 92nd General Assembly, computers and communications
24 equipment utilized for any hospital purpose and equipment used
25 in the diagnosis, analysis, or treatment of hospital patients
26 sold to a lessor who leases the equipment, under a lease of one

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

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

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

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

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

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

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

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

1 service pursuant to authority issued under Part 121 or Part 129
2 of the Federal Aviation Regulations.

3 (30) Tangible personal property that (i) is not otherwise
4 exempt under this Section and (ii) is purchased by a veteran
5 who is participating in the Soldiers to Farmers Program
6 established under the Soldiers to Farmers Program Act for use
7 in a farming or agricultural business operated by the veteran.
8 The exemption under this item (30) shall extend for a period of
9 not more than 5 years commencing on the date of enrollment of
10 the veteran in the Program. No exemption for a veteran
11 participating in the Program shall be claimed under this item
12 (30) without an exemption certificate properly executed and
13 furnished by the Department of Veterans' Affairs. This item
14 (30) is exempt from the provisions of Section 3-55.

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; 97-767, eff.
19 7-9-12.)

20 Section 30. The Retailers' Occupation Tax Act is amended by
21 changing Section 2-5 as follows:

22 (35 ILCS 120/2-5)

23 Sec. 2-5. Exemptions. Gross receipts from proceeds from the
24 sale of the following tangible personal property are exempt

1 from the tax imposed by this Act:

2 (1) Farm chemicals.

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

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

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

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

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

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

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

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

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

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

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

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

18 (11) Personal property sold to a governmental body, to a
19 corporation, society, association, foundation, or institution
20 organized and operated exclusively for charitable, religious,
21 or educational purposes, or to a not-for-profit corporation,
22 society, association, foundation, institution, or organization
23 that has no compensated officers or employees and that is
24 organized and operated primarily for the recreation of persons
25 55 years of age or older. A limited liability company may
26 qualify for the exemption under this paragraph only if the

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

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

15 (12-5) On and after July 1, 2003 and through June 30, 2004,
16 motor vehicles of the second division with a gross vehicle
17 weight in excess of 8,000 pounds that are subject to the
18 commercial distribution fee imposed under Section 3-815.1 of
19 the Illinois Vehicle Code. Beginning on July 1, 2004 and
20 through June 30, 2005, the use in this State of motor vehicles
21 of the second division: (i) with a gross vehicle weight rating
22 in excess of 8,000 pounds; (ii) that are subject to the
23 commercial distribution fee imposed under Section 3-815.1 of
24 the Illinois Vehicle Code; and (iii) that are primarily used
25 for commercial purposes. Through June 30, 2005, this exemption
26 applies to repair and replacement parts added after the initial

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

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

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

26 (15) Proceeds of mandatory service charges separately

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

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

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

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

22 (19) Until July 1 2003, oil field exploration, drilling,
23 and production equipment, including (i) rigs and parts of rigs,
24 rotary rigs, cable tool rigs, and workover rigs, (ii) pipe and
25 tubular goods, including casing and drill strings, (iii) pumps
26 and pump-jack units, (iv) storage tanks and flow lines, (v) any

1 individual replacement part for oil field exploration,
2 drilling, and production equipment, and (vi) machinery and
3 equipment purchased for lease; but excluding motor vehicles
4 required to be registered under the Illinois Vehicle Code.

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

10 (21) Until July 1, 2003, and beginning again on the
11 effective date of this amendatory Act of the 97th General
12 Assembly and thereafter, coal and aggregate exploration,
13 mining, offhighway hauling, processing, maintenance, and
14 reclamation equipment, including replacement parts and
15 equipment, and including equipment purchased for lease, but
16 excluding motor vehicles required to be registered under the
17 Illinois Vehicle Code.

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

24 (23) A transaction in which the purchase order is received
25 by a florist who is located outside Illinois, but who has a
26 florist located in Illinois deliver the property to the

1 purchaser or the purchaser's donee in Illinois.

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

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

20 (25-5) The exemption under item (25) does not apply if the
21 state in which the motor vehicle will be titled does not allow
22 a reciprocal exemption for a motor vehicle sold and delivered
23 in that state to an Illinois resident but titled in Illinois.
24 The tax collected under this Act on the sale of a motor vehicle
25 in this State to a resident of another state that does not
26 allow a reciprocal exemption shall be imposed at a rate equal

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

22 (25-7) Beginning on July 1, 2007, no tax is imposed under
23 this Act on the sale of an aircraft, as defined in Section 3 of
24 the Illinois Aeronautics Act, if all of the following
25 conditions are met:

26 (1) the aircraft leaves this State within 15 days after

1 the later of either the issuance of the final billing for
2 the sale of the aircraft, or the authorized approval for
3 return to service, completion of the maintenance record
4 entry, and completion of the test flight and ground test
5 for inspection, as required by 14 C.F.R. 91.407;

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

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

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

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

23 "Registered in this State" means an aircraft registered
24 with the Department of Transportation, Aeronautics Division,
25 or titled or registered with the Federal Aviation
26 Administration to an address located in this State.

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

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

5 (27) 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 (27) is exempt from the provisions
11 of Section 2-70, and the exemption provided for under this item
12 (27) applies for all periods beginning May 30, 1995, but no
13 claim for credit or refund is allowed on or after January 1,
14 2008 (the effective date of Public Act 95-88) for such taxes
15 paid during the period beginning May 30, 2000 and ending on
16 January 1, 2008 (the effective date of Public Act 95-88).

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

25 (29) Personal property sold to a lessor who leases the
26 property, under a lease of one year or longer executed or in

1 effect at the time of the purchase, to a governmental body that
2 has been issued an active tax exemption identification number
3 by the Department under Section 1g of this Act.

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

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

26 (32) Beginning July 1, 1999, game or game birds sold at a

1 "game breeding and hunting preserve area" as that term is used
2 in the Wildlife Code. This paragraph is exempt from the
3 provisions of Section 2-70.

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

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

1 district that consists primarily of volunteers and includes
2 parents and teachers of the school children. This paragraph
3 does not apply to fundraising events (i) for the benefit of
4 private home instruction or (ii) for which the fundraising
5 entity purchases the personal property sold at the events from
6 another individual or entity that sold the property for the
7 purpose of resale by the fundraising entity and that profits
8 from the sale to the fundraising entity. This paragraph is
9 exempt from the provisions of Section 2-70.

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

20 (35-5) Beginning August 23, 2001 and through June 30, 2016,
21 food for human consumption that is to be consumed off the
22 premises where it is sold (other than alcoholic beverages, soft
23 drinks, and food that has been prepared for immediate
24 consumption) and prescription and nonprescription medicines,
25 drugs, medical appliances, and insulin, urine testing
26 materials, syringes, and needles used by diabetics, for human

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

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

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

23 (38) Beginning on January 1, 2002 and through June 30,
24 2016, tangible personal property purchased from an Illinois
25 retailer by a taxpayer engaged in centralized purchasing
26 activities in Illinois who will, upon receipt of the property

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

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

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

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

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

12 (42) Tangible personal property that (i) is not otherwise
13 exempt under this Section and (ii) is purchased by a veteran
14 who is participating in the Soldiers to Farmers Program
15 established under the Soldiers to Farmers Program Act for use
16 in a farming or agricultural business operated by the veteran.
17 The exemption under this item (42) shall extend for a period of
18 not more than 5 years commencing on the date of enrollment of
19 the veteran in the Program. No exemption for a veteran
20 participating in the Program shall be claimed under this item
21 (42) without an exemption certificate properly executed and
22 furnished by the Department of Veterans' Affairs. This item
23 (42) is exempt from the provisions of Section 2-70.

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

1 1-1-12; 97-431, eff. 8-16-11; 97-636, eff. 6-1-12; 97-767, eff.
2 7-9-12.)

3 Section 35. The Motor Fuel Tax Law is amended by changing
4 Section 13 as follows:

5 (35 ILCS 505/13) (from Ch. 120, par. 429)

6 Sec. 13. Refund of tax paid. Any person other than a
7 distributor or supplier, who loses motor fuel through any cause
8 or uses motor fuel (upon which he has paid the amount required
9 to be collected under Section 2 of this Act) for any purpose
10 other than operating a motor vehicle upon the public highways
11 or waters, shall be reimbursed and repaid the amount so paid.

12 Any person who purchases motor fuel in Illinois and uses
13 that motor fuel in another state and that other state imposes a
14 tax on the use of such motor fuel shall be reimbursed and
15 repaid the amount of Illinois tax paid under Section 2 of this
16 Act on the motor fuel used in such other state. Reimbursement
17 and repayment shall be made by the Department upon receipt of
18 adequate proof of taxes directly paid to another state and the
19 amount of motor fuel used in that state.

20 Claims based in whole or in part on taxes paid to another
21 state shall include (i) a certified copy of the tax return
22 filed with such other state by the claimant; (ii) a copy of
23 either the cancelled check paying the tax due on such return,
24 or a receipt acknowledging payment of the tax due on such tax

1 return; and (iii) such other information as the Department may
2 reasonably require. This paragraph shall not apply to taxes
3 paid on returns filed under Section 13a.3 of this Act.

4 Any person who purchases motor fuel use tax decals as
5 required by Section 13a.4 and pays an amount of fees for such
6 decals that exceeds the amount due shall be reimbursed and
7 repaid the amount of the decal fees that are deemed by the
8 department to be in excess of the amount due.

9 Claims for such reimbursement must be made to the
10 Department of Revenue, duly verified by the claimant (or by the
11 claimant's legal representative if the claimant has died or
12 become a person under legal disability), upon forms prescribed
13 by the Department. The claim must state such facts relating to
14 the purchase, importation, manufacture or production of the
15 motor fuel by the claimant as the Department may deem
16 necessary, and the time when, and the circumstances of its loss
17 or the specific purpose for which it was used (as the case may
18 be), together with such other information as the Department may
19 reasonably require. No claim based upon idle time shall be
20 allowed. Claims for reimbursement for overpayment of decal fees
21 shall be made to the Department of Revenue, duly verified by
22 the claimant (or by the claimant's legal representative if the
23 claimant has died or become a person under legal disability),
24 upon forms prescribed by the Department. The claim shall state
25 facts relating to the overpayment of decal fees, together with
26 such other information as the Department may reasonably

1 require. Claims for reimbursement of overpayment of decal fees
2 paid on or after January 1, 2011 must be filed not later than
3 one year after the date on which the fees were paid by the
4 claimant. If it is determined that the Department should
5 reimburse a claimant for overpayment of decal fees, the
6 Department shall first apply the amount of such refund against
7 any tax or penalty or interest due by the claimant under
8 Section 13a of this Act.

9 Claims for full reimbursement for taxes paid on or before
10 December 31, 1999 must be filed not later than one year after
11 the date on which the tax was paid by the claimant. If,
12 however, a claim for such reimbursement otherwise meeting the
13 requirements of this Section is filed more than one year but
14 less than 2 years after that date, the claimant shall be
15 reimbursed at the rate of 80% of the amount to which he would
16 have been entitled if his claim had been timely filed.

17 Claims for full reimbursement for taxes paid on or after
18 January 1, 2000 must be filed not later than 2 years after the
19 date on which the tax was paid by the claimant.

20 The Department may make such investigation of the
21 correctness of the facts stated in such claims as it deems
22 necessary. When the Department has approved any such claim, it
23 shall pay to the claimant (or to the claimant's legal
24 representative, as such if the claimant has died or become a
25 person under legal disability) the reimbursement provided in
26 this Section, out of any moneys appropriated to it for that

1 purpose.

2 Any distributor or supplier who has paid the tax imposed by
3 Section 2 of this Act upon motor fuel lost or used by such
4 distributor or supplier for any purpose other than operating a
5 motor vehicle upon the public highways or waters may file a
6 claim for credit or refund to recover the amount so paid. Such
7 claims shall be filed on forms prescribed by the Department.
8 Such claims shall be made to the Department, duly verified by
9 the claimant (or by the claimant's legal representative if the
10 claimant has died or become a person under legal disability),
11 upon forms prescribed by the Department. The claim shall state
12 such facts relating to the purchase, importation, manufacture
13 or production of the motor fuel by the claimant as the
14 Department may deem necessary and the time when the loss or
15 nontaxable use occurred, and the circumstances of its loss or
16 the specific purpose for which it was used (as the case may
17 be), together with such other information as the Department may
18 reasonably require. Claims must be filed not later than one
19 year after the date on which the tax was paid by the claimant.

20 The Department may make such investigation of the
21 correctness of the facts stated in such claims as it deems
22 necessary. When the Department approves a claim, the Department
23 shall issue a refund or credit memorandum as requested by the
24 taxpayer, to the distributor or supplier who made the payment
25 for which the refund or credit is being given or, if the
26 distributor or supplier has died or become incompetent, to such

1 distributor's or supplier's legal representative, as such. The
2 amount of such credit memorandum shall be credited against any
3 tax due or to become due under this Act from the distributor or
4 supplier who made the payment for which credit has been given.

5 Any credit or refund that is allowed under this Section
6 shall bear interest at the rate and in the manner specified in
7 the Uniform Penalty and Interest Act.

8 In case the distributor or supplier requests and the
9 Department determines that the claimant is entitled to a
10 refund, such refund shall be made only from such appropriation
11 as may be available for that purpose. If it appears unlikely
12 that the amount appropriated would permit everyone having a
13 claim allowed during the period covered by such appropriation
14 to elect to receive a cash refund, the Department, by rule or
15 regulation, shall provide for the payment of refunds in
16 hardship cases and shall define what types of cases qualify as
17 hardship cases.

18 In any case in which there has been an erroneous refund of
19 tax or fees payable under this Section, a notice of tax
20 liability may be issued at any time within 3 years from the
21 making of that refund, or within 5 years from the making of
22 that refund if it appears that any part of the refund was
23 induced by fraud or the misrepresentation of material fact. The
24 amount of any proposed assessment set forth by the Department
25 shall be limited to the amount of the erroneous refund.

26 If no tax is due and no proceeding is pending to determine

1 whether such distributor or supplier is indebted to the
2 Department for tax, the credit memorandum so issued may be
3 assigned and set over by the lawful holder thereof, subject to
4 reasonable rules of the Department, to any other licensed
5 distributor or supplier who is subject to this Act, and the
6 amount thereof applied by the Department against any tax due or
7 to become due under this Act from such assignee.

8 If the payment for which the distributor's or supplier's
9 claim is filed is held in the protest fund of the State
10 Treasury during the pendency of the claim for credit
11 proceedings pursuant to the order of the court in accordance
12 with Section 2a of the State Officers and Employees Money
13 Disposition Act and if it is determined by the Department or by
14 the final order of a reviewing court under the Administrative
15 Review Law that the claimant is entitled to all or a part of
16 the credit claimed, the claimant, instead of receiving a credit
17 memorandum from the Department, shall receive a cash refund
18 from the protest fund as provided for in Section 2a of the
19 State Officers and Employees Money Disposition Act.

20 If any person ceases to be licensed as a distributor or
21 supplier while still holding an unused credit memorandum issued
22 under this Act, such person may, at his election (instead of
23 assigning the credit memorandum to a licensed distributor or
24 licensed supplier under this Act), surrender such unused credit
25 memorandum to the Department and receive a refund of the amount
26 to which such person is entitled.

1 For claims based upon taxes paid on or before December 31,
2 2000, a claim based upon the use of undyed diesel fuel shall
3 not be allowed except (i) if allowed under the following
4 paragraph or (ii) for undyed diesel fuel used by a commercial
5 vehicle, as that term is defined in Section 1-111.8 of the
6 Illinois Vehicle Code, for any purpose other than operating the
7 commercial vehicle upon the public highways and unlicensed
8 commercial vehicles operating on private property. Claims
9 shall be limited to commercial vehicles that are operated for
10 both highway purposes and any purposes other than operating
11 such vehicles upon the public highways.

12 For claims based upon taxes paid on or after January 1,
13 2000, a claim based upon the use of undyed diesel fuel shall
14 not be allowed except (i) if allowed under the preceding
15 paragraph or (ii) for claims for the following:

16 (1) Undyed diesel fuel used (i) in a manufacturing
17 process, as defined in Section 2-45 of the Retailers'
18 Occupation Tax Act, wherein the undyed diesel fuel becomes
19 a component part of a product or by-product, other than
20 fuel or motor fuel, when the use of dyed diesel fuel in
21 that manufacturing process results in a product that is
22 unsuitable for its intended use or (ii) for testing
23 machinery and equipment in a manufacturing process, as
24 defined in Section 2-45 of the Retailers' Occupation Tax
25 Act, wherein the testing takes place on private property.

26 (2) Undyed diesel fuel used by a manufacturer on

1 private property in the research and development, as
2 defined in Section 1.29, of machinery or equipment intended
3 for manufacture.

4 (3) Undyed diesel fuel used by a single unit
5 self-propelled agricultural fertilizer implement, designed
6 for on and off road use, equipped with flotation tires and
7 specially adapted for the application of plant food
8 materials or agricultural chemicals.

9 (4) Undyed diesel fuel used by a commercial motor
10 vehicle for any purpose other than operating the commercial
11 motor vehicle upon the public highways. Claims shall be
12 limited to commercial motor vehicles that are operated for
13 both highway purposes and any purposes other than operating
14 such vehicles upon the public highways.

15 (5) Undyed diesel fuel used by a unit of local
16 government in its operation of an airport if the undyed
17 diesel fuel is used directly in airport operations on
18 airport property.

19 (6) Undyed diesel fuel used by refrigeration units that
20 are permanently mounted to a semitrailer, as defined in
21 Section 1.28 of this Law, wherein the refrigeration units
22 have a fuel supply system dedicated solely for the
23 operation of the refrigeration units.

24 (7) Undyed diesel fuel used by power take-off equipment
25 as defined in Section 1.27 of this Law.

26 (8) Beginning on the effective date of this amendatory

1 Act of the 94th General Assembly, undyed diesel fuel used
2 by tugs and spotter equipment to shift vehicles or parcels
3 on both private and airport property. Any claim under this
4 item (8) may be made only by a claimant that owns tugs and
5 spotter equipment and operates that equipment on both
6 private and airport property. The aggregate of all credits
7 or refunds resulting from claims filed under this item (8)
8 by a claimant in any calendar year may not exceed \$100,000.
9 A claim may not be made under this item (8) by the same
10 claimant more often than once each quarter. For the
11 purposes of this item (8), "tug" means a vehicle designed
12 for use on airport property that shifts custom-designed
13 containers of parcels from loading docks to aircraft, and
14 "spotter equipment" means a vehicle designed for use on
15 both private and airport property that shifts trailers
16 containing parcels between staging areas and loading
17 docks.

18 (9) Undyed diesel fuel that (i) is not otherwise
19 eligible for a claim under this Section and (ii) is
20 purchased by a veteran who is participating in the Soldiers
21 to Farmers Program established under the Soldiers to
22 Farmers Program Act for use in a farming or agricultural
23 business operated by the veteran. Claims may be made under
24 this item (9) for a period of not more than 5 years
25 commencing on the date of enrollment of the veteran in the
26 Program. No claim by a veteran participating in the Program

1 shall be made under this item (9) without a certificate
2 properly executed and furnished by the Department of
3 Veterans' Affairs.

4 Any person who has paid the tax imposed by Section 2 of
5 this Law upon undyed diesel fuel that is unintentionally mixed
6 with dyed diesel fuel and who owns or controls the mixture of
7 undyed diesel fuel and dyed diesel fuel may file a claim for
8 refund to recover the amount paid. The amount of undyed diesel
9 fuel unintentionally mixed must equal 500 gallons or more. Any
10 claim for refund of unintentionally mixed undyed diesel fuel
11 and dyed diesel fuel shall be supported by documentation
12 showing the date and location of the unintentional mixing, the
13 number of gallons involved, the disposition of the mixed diesel
14 fuel, and any other information that the Department may
15 reasonably require. Any unintentional mixture of undyed diesel
16 fuel and dyed diesel fuel shall be sold or used only for
17 non-highway purposes.

18 The Department shall promulgate regulations establishing
19 specific limits on the amount of undyed diesel fuel that may be
20 claimed for refund.

21 For purposes of claims for refund, "loss" means the
22 reduction of motor fuel resulting from fire, theft, spillage,
23 spoilage, leakage, or any other provable cause, but does not
24 include a reduction resulting from evaporation, or shrinkage
25 due to temperature variations. In the case of losses due to
26 fire or theft, the claimant must include fire department or

1 police department reports and any other documentation that the
2 Department may require.

3 (Source: P.A. 96-1384, eff. 7-29-10.)