



98TH GENERAL ASSEMBLY

State of Illinois

2013 and 2014

SB1801

Introduced 2/15/2013, by Sen. James F. Clayborne, Jr.

SYNOPSIS AS INTRODUCED:

35 ILCS 105/3-5
35 ILCS 110/3-5
35 ILCS 115/3-5
35 ILCS 120/2-5

Amends the Use Tax Act, the Service Use Tax Act, the Service Occupation Tax Act, and the Retailers' Occupation Tax Act. Provides that an exemption for materials, parts, equipment, components, and furnishings incorporated into an aircraft applies only to the use of qualifying tangible personal property by persons who modify, refurbish, complete, repair, replace, or maintain aircraft (instead of "organizations"). Provides that the changes are declarative of existing law and are not a new enactment. Effective immediately.

LRB098 04082 HLH 34105 b

FISCAL NOTE ACT
MAY APPLY

A BILL FOR

1 AN ACT concerning revenue.

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

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

6 (35 ILCS 105/3-5)

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

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

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

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

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

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

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

1 the car is subject to the Replacement Vehicle Tax.

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

12 (7) Farm chemicals.

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

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

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

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

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

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

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

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

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

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

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

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

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

17 (16) Until July 1, 2003, 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 the use of qualifying
13 tangible personal property by persons who modify, refurbish,
14 complete, repair, replace, or maintain aircraft and who ~~those~~
15 ~~organizations that~~ (i) hold an Air Agency Certificate and are
16 empowered to operate an approved repair station by the Federal
17 Aviation Administration, (ii) have a Class IV Rating, and (iii)
18 conduct operations in accordance with Part 145 of the Federal
19 Aviation Regulations. The exemption does not include aircraft
20 operated by a commercial air carrier providing scheduled
21 passenger air service pursuant to authority issued under Part
22 121 or Part 129 of the Federal Aviation Regulations. The
23 changes made to this paragraph (35) by this amendatory Act of
24 the 98th General Assembly are declarative of existing law and
25 are not a new enactment.

26 (36) Tangible personal property purchased by a

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

14 (Source: P.A. 96-116, eff. 7-31-09; 96-339, eff. 7-1-10;
15 96-532, eff. 8-14-09; 96-759, eff. 1-1-10; 96-1000, eff.
16 7-2-10; 97-38, eff. 6-28-11; 97-227, eff. 1-1-12; 97-431, eff.
17 8-16-11; 97-636, eff. 6-1-12; 97-767, eff. 7-9-12.)

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

20 (35 ILCS 110/3-5)

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

23 (1) Personal property purchased from a corporation,
24 society, association, foundation, institution, or

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

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

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

24 (4) Legal tender, currency, medallions, or gold or silver
25 coinage issued by the State of Illinois, the government of the
26 United States of America, or the government of any foreign

1 country, and bullion.

2 (5) 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 or
6 purchased for lease, certified by the purchaser to be used
7 primarily for graphic arts production. Equipment includes
8 chemicals or chemicals acting as catalysts but only if the
9 chemicals or chemicals acting as catalysts effect a direct and
10 immediate change upon a graphic arts product.

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

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

1 plants shall be considered farm machinery and equipment under
2 this item (7). Agricultural chemical tender tanks and dry boxes
3 shall include units sold separately from a motor vehicle
4 required to be licensed and units sold mounted on a motor
5 vehicle required to be licensed if the selling price of the
6 tender is separately stated.

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

15 Farm machinery and equipment also includes computers,
16 sensors, software, and related equipment used primarily in the
17 computer-assisted operation of production agriculture
18 facilities, equipment, and activities such as, but not limited
19 to, the collection, monitoring, and correlation of animal and
20 crop data for the purpose of formulating animal diets and
21 agricultural chemicals. This item (7) is exempt from the
22 provisions of Section 3-75.

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

1 returning from a location or locations outside the United
2 States without regard to previous or subsequent domestic
3 stopovers.

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

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

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

1 equipment purchased for lease.

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

10 (13) Semen used for artificial insemination of livestock
11 for direct agricultural production.

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

25 (15) Computers and communications equipment utilized for
26 any hospital purpose and equipment used in the diagnosis,

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

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

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

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

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

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

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

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

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

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

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

1 vending business if a use or occupation tax is paid on the
2 gross receipts derived from the use of the commercial,
3 coin-operated amusement and vending machines. This paragraph
4 is exempt from the provisions of Section 3-75.

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

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

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

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

1 be, based on the fair market value of the property at the time
2 the nonqualifying use occurs. No lessor shall collect or
3 attempt to collect an amount (however designated) that purports
4 to reimburse that lessor for the tax imposed by this Act or the
5 Use Tax Act, as the case may be, if the tax has not been paid by
6 the lessor. If a lessor improperly collects any such amount
7 from the lessee, the lessee shall have a legal right to claim a
8 refund of that amount from the lessor. If, however, that amount
9 is not refunded to the lessee for any reason, the lessor is
10 liable to pay that amount to the Department. This paragraph is
11 exempt from the provisions of Section 3-75.

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

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

1 supplies used in the modification, replacement, repair, and
2 maintenance of aircraft engines or power plants, whether such
3 engines or power plants are installed or uninstalled upon any
4 such aircraft. "Consumable supplies" include, but are not
5 limited to, adhesive, tape, sandpaper, general purpose
6 lubricants, cleaning solution, latex gloves, and protective
7 films. This exemption applies only to the use of qualifying
8 tangible personal property transferred incident to the
9 modification, refurbishment, completion, replacement, repair,
10 or maintenance of aircraft by persons who ~~those organizations~~
11 ~~that~~ (i) hold an Air Agency Certificate and are empowered to
12 operate an approved repair station by the Federal Aviation
13 Administration, (ii) have a Class IV Rating, and (iii) conduct
14 operations in accordance with Part 145 of the Federal Aviation
15 Regulations. The exemption does not include aircraft operated
16 by a commercial air carrier providing scheduled passenger air
17 service pursuant to authority issued under Part 121 or Part 129
18 of the Federal Aviation Regulations. The changes made to this
19 paragraph (27) by this amendatory Act of the 98th General
20 Assembly are declarative of existing law and are not a new
21 enactment.

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

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

10 (Source: P.A. 96-116, eff. 7-31-09; 96-339, eff. 7-1-10;
11 96-532, eff. 8-14-09; 96-759, eff. 1-1-10; 96-1000, eff.
12 7-2-10; 97-38, eff. 6-28-11; 97-227, eff. 1-1-12; 97-431, eff.
13 8-16-11; 97-636, eff. 6-1-12; 97-767, eff. 7-9-12.)

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

16 (35 ILCS 115/3-5)

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

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

1 by the enterprise.

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

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

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

24 (5) Until July 1, 2003 and beginning again on September 1,
25 2004 through August 30, 2014, graphic arts machinery and
26 equipment, including repair and replacement parts, both new and

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

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

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

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

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

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

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

26 (9) Proceeds of mandatory service charges separately

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

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

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

22 (12) Until July 1, 2003, and beginning again on the
23 effective date of this amendatory Act of the 97th General
24 Assembly and thereafter, coal and aggregate exploration,
25 mining, offhighway hauling, processing, maintenance, and
26 reclamation equipment, including replacement parts and

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 supplies used in the modification, replacement, repair, and
2 maintenance of aircraft engines or power plants, whether such
3 engines or power plants are installed or uninstalled upon any
4 such aircraft. "Consumable supplies" include, but are not
5 limited to, adhesive, tape, sandpaper, general purpose
6 lubricants, cleaning solution, latex gloves, and protective
7 films. This exemption applies only to the transfer of
8 qualifying tangible personal property incident to the
9 modification, refurbishment, completion, replacement, repair,
10 or maintenance of an aircraft to persons who ~~those~~
11 ~~organizations that~~ (i) hold an Air Agency Certificate and are
12 empowered to operate an approved repair station by the Federal
13 Aviation Administration, (ii) have a Class IV Rating, and (iii)
14 conduct operations in accordance with Part 145 of the Federal
15 Aviation Regulations. The exemption does not include aircraft
16 operated by a commercial air carrier providing scheduled
17 passenger air service pursuant to authority issued under Part
18 121 or Part 129 of the Federal Aviation Regulations. The
19 changes made to this paragraph (29) by this amendatory Act of
20 the 98th General Assembly are declarative of existing law and
21 are not a new enactment.

22 (Source: P.A. 96-116, eff. 7-31-09; 96-339, eff. 7-1-10;
23 96-532, eff. 8-14-09; 96-759, eff. 1-1-10; 96-1000, eff.
24 7-2-10; 97-38, eff. 6-28-11; 97-73, eff. 6-30-11; 97-227, eff.
25 1-1-12; 97-431, eff. 8-16-11; 97-636, eff. 6-1-12; 97-767, eff.
26 7-9-12.)

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

3 (35 ILCS 120/2-5)

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

7 (1) Farm chemicals.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

25 (11) Personal property sold to a governmental body, to a
26 corporation, society, association, foundation, or institution

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

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

22 (12-5) On and after July 1, 2003 and through June 30, 2004,
23 motor vehicles of the second division with a gross vehicle
24 weight in excess of 8,000 pounds that are subject to the
25 commercial distribution fee imposed under Section 3-815.1 of
26 the Illinois Vehicle Code. Beginning on July 1, 2004 and

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

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

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

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

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

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

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

25 (18) Legal tender, currency, medallions, or gold or silver
26 coinage issued by the State of Illinois, the government of the

1 United States of America, or the government of any foreign
2 country, and bullion.

3 (19) 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 (20) 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 (21) 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 (22) Fuel and petroleum products sold to or used by an air
26 carrier, certified by the carrier to be used for consumption,

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

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

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

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

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

1 distributed as if the tax were collected at the 6.25% general
2 rate imposed under this Act.

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

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

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

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

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

26 "Based in this State" means hangared, stored, or otherwise

1 used, excluding post-sale customizations as defined in this
2 Section, for 10 or more days in each 12-month period
3 immediately following the date of the sale of the aircraft.

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

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

10 (26) Semen used for artificial insemination of livestock
11 for direct agricultural production.

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

24 (28) Computers and communications equipment utilized for
25 any hospital purpose and equipment used in the diagnosis,
26 analysis, or treatment of hospital patients sold to a lessor

1 who leases the equipment, under a lease of one year or longer
2 executed or in effect at the time of the purchase, to a
3 hospital that has been issued an active tax exemption
4 identification number by the Department under Section 1g of
5 this Act.

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

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

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

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

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

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

1 follow a trade or to pursue a manual, technical, mechanical,
2 industrial, business, or commercial occupation.

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

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

1 (35-5) Beginning August 23, 2001 and through June 30, 2016,
2 food for human consumption that is to be consumed off the
3 premises where it is sold (other than alcoholic beverages, soft
4 drinks, and food that has been prepared for immediate
5 consumption) and prescription and nonprescription medicines,
6 drugs, medical appliances, and insulin, urine testing
7 materials, syringes, and needles used by diabetics, for human
8 use, when purchased for use by a person receiving medical
9 assistance under Article V of the Illinois Public Aid Code who
10 resides in a licensed long-term care facility, as defined in
11 the Nursing Home Care Act, or a licensed facility as defined in
12 the ID/DD Community Care Act or the Specialized Mental Health
13 Rehabilitation Act.

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

23 (37) Beginning August 2, 2001, personal property sold to a
24 lessor who leases the property, under a lease of one year or
25 longer executed or in effect at the time of the purchase, to a
26 governmental body that has been issued an active tax exemption

1 identification number by the Department under Section 1g of
2 this Act. This paragraph is exempt from the provisions of
3 Section 2-70.

4 (38) Beginning on January 1, 2002 and through June 30,
5 2016, tangible personal property purchased from an Illinois
6 retailer by a taxpayer engaged in centralized purchasing
7 activities in Illinois who will, upon receipt of the property
8 in Illinois, temporarily store the property in Illinois (i) for
9 the purpose of subsequently transporting it outside this State
10 for use or consumption thereafter solely outside this State or
11 (ii) for the purpose of being processed, fabricated, or
12 manufactured into, attached to, or incorporated into other
13 tangible personal property to be transported outside this State
14 and thereafter used or consumed solely outside this State. The
15 Director of Revenue shall, pursuant to rules adopted in
16 accordance with the Illinois Administrative Procedure Act,
17 issue a permit to any taxpayer in good standing with the
18 Department who is eligible for the exemption under this
19 paragraph (38). The permit issued under this paragraph (38)
20 shall authorize the holder, to the extent and in the manner
21 specified in the rules adopted under this Act, to purchase
22 tangible personal property from a retailer exempt from the
23 taxes imposed by this Act. Taxpayers shall maintain all
24 necessary books and records to substantiate the use and
25 consumption of all such tangible personal property outside of
26 the State of Illinois.

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

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

1 empowered to operate an approved repair station by the Federal
2 Aviation Administration, (ii) have a Class IV Rating, and (iii)
3 conduct operations in accordance with Part 145 of the Federal
4 Aviation Regulations. The exemption does not include aircraft
5 operated by a commercial air carrier providing scheduled
6 passenger air service pursuant to authority issued under Part
7 121 or Part 129 of the Federal Aviation Regulations. The
8 changes made to this paragraph (40) by this amendatory Act of
9 the 98th General Assembly are declarative of existing law and
10 are not a new enactment.

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

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

1 7-2-10; 97-38, eff. 6-28-11; 97-73, eff. 6-30-11; 97-227, eff.
2 1-1-12; 97-431, eff. 8-16-11; 97-636, eff. 6-1-12; 97-767, eff.
3 7-9-12.)

4 Section 99. Effective date. This Act takes effect upon
5 becoming law.