

# SB2672



## 98TH GENERAL ASSEMBLY

### State of Illinois

2013 and 2014

SB2672

Introduced 1/21/2014, by Sen. Michael W. Frerichs

#### 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, beginning July 1, 2014, child-sized and adult diapers are exempt from taxation under the Acts. Excludes that exemption from the Acts' automatic sunset provisions. Effective immediately.

LRB098 14576 HLH 49359 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 that is used for automobile renting,  
21 as defined in the Automobile Renting Occupation and Use Tax  
22 Act.

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

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

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

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

1 facilities, equipment, and activities such as, but not limited  
2 to, the collection, monitoring, and correlation of animal and  
3 crop data for the purpose of formulating animal diets and  
4 agricultural chemicals. This item (11) is exempt from the  
5 provisions of Section 3-90.

6 (12) Until June 30, 2013, fuel and petroleum products sold  
7 to or used by an air common carrier, certified by the carrier  
8 to be used for consumption, shipment, or storage in the conduct  
9 of its business as an air common carrier, for a flight destined  
10 for or returning from a location or locations outside the  
11 United States without regard to previous or subsequent domestic  
12 stopovers.

13 Beginning July 1, 2013, fuel and petroleum products sold to  
14 or used by an air carrier, certified by the carrier to be used  
15 for consumption, shipment, or storage in the conduct of its  
16 business as an air common carrier, for a flight that (i) is  
17 engaged in foreign trade or is engaged in trade between the  
18 United States and any of its possessions and (ii) transports at  
19 least one individual or package for hire from the city of  
20 origination to the city of final destination on the same  
21 aircraft, without regard to a change in the flight number of  
22 that aircraft.

23 (13) Proceeds of mandatory service charges separately  
24 stated on customers' bills for the purchase and consumption of  
25 food and beverages purchased at retail from a retailer, to the  
26 extent that the proceeds of the service charge are in fact

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

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

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

19 (16) Coal and aggregate exploration, mining, off-highway  
20 ~~off-highway~~ hauling, processing, maintenance, and reclamation  
21 equipment, including replacement parts and equipment, and  
22 including equipment purchased for lease, but excluding motor  
23 vehicles required to be registered under the Illinois Vehicle  
24 Code. The changes made to this Section by Public Act 97-767  
25 apply on and after July 1, 2003, but no claim for credit or  
26 refund is allowed on or after August 16, 2013 (the effective

1 date of Public Act 98-456 ~~this amendatory Act of the 98th~~  
2 ~~General Assembly~~ for such taxes paid during the period  
3 beginning July 1, 2003 and ending on August 16, 2013 (the  
4 effective date of Public Act 98-456) ~~this amendatory Act of the~~  
5 ~~98th General Assembly~~.

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

12 (18) Manufacturing and assembling machinery and equipment  
13 used primarily in the process of manufacturing or assembling  
14 tangible personal property for wholesale or retail sale or  
15 lease, whether that sale or lease is made directly by the  
16 manufacturer or by some other person, whether the materials  
17 used in the process are owned by the manufacturer or some other  
18 person, or whether that sale or lease is made apart from or as  
19 an incident to the seller's engaging in the service occupation  
20 of producing machines, tools, dies, jigs, patterns, gauges, or  
21 other similar items of no commercial value on special order for  
22 a particular purchaser. The exemption provided by this  
23 paragraph (18) does not include machinery and equipment used in  
24 (i) the generation of electricity for wholesale or retail sale;  
25 (ii) the generation or treatment of natural or artificial gas  
26 for wholesale or retail sale that is delivered to customers



1 through pipes, pipelines, or mains; or (iii) the treatment of  
2 water for wholesale or retail sale that is delivered to  
3 customers through pipes, pipelines, or mains. The provisions of  
4 Public Act 98-583 ~~this amendatory Act of the 98th General~~  
5 ~~Assembly~~ are declaratory of existing law as to the meaning and  
6 scope of this exemption.

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

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

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

25 (22) 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 Service Use Tax Act, as the  
11 case may be, based on the fair market value of the property at  
12 the time the non-qualifying use occurs. No lessor shall collect  
13 or attempt to collect an amount (however designated) that  
14 purports to reimburse that lessor for the tax imposed by this  
15 Act or the Service Use Tax Act, as the case may be, if the tax  
16 has not been paid by the lessor. If a lessor improperly  
17 collects any such amount from the lessee, the lessee shall have  
18 a legal right to claim a refund of that amount from the lessor.  
19 If, however, that amount is not refunded to the lessee for any  
20 reason, the lessor is liable to pay that amount to the  
21 Department.

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

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

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

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

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

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

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

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

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

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

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

6 (30) Beginning January 1, 2001 and through June 30, 2016,  
7 food for human consumption that is to be consumed off the  
8 premises where it is sold (other than alcoholic beverages, soft  
9 drinks, and food that has been prepared for immediate  
10 consumption) and prescription and nonprescription medicines,  
11 drugs, medical appliances, and insulin, urine testing  
12 materials, syringes, and needles used by diabetics, for human  
13 use, when purchased for use by a person receiving medical  
14 assistance under Article V of the Illinois Public Aid Code who  
15 resides in a licensed long-term care facility, as defined in  
16 the Nursing Home Care Act, or in a licensed facility as defined  
17 in the ID/DD Community Care Act or the Specialized Mental  
18 Health Rehabilitation Act of 2013.

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

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

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

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

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



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

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

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

1 limited to, adhesive, tape, sandpaper, general purpose  
2 lubricants, cleaning solution, latex gloves, and protective  
3 films. This exemption applies only to the use of qualifying  
4 tangible personal property by persons who modify, refurbish,  
5 complete, repair, replace, or maintain aircraft and who (i)  
6 hold an Air Agency Certificate and are empowered to operate an  
7 approved repair station by the Federal Aviation  
8 Administration, (ii) have a Class IV Rating, and (iii) conduct  
9 operations in accordance with Part 145 of the Federal Aviation  
10 Regulations. The exemption does not include aircraft operated  
11 by a commercial air carrier providing scheduled passenger air  
12 service pursuant to authority issued under Part 121 or Part 129  
13 of the Federal Aviation Regulations. The changes made to this  
14 paragraph (35) by Public Act 98-534 ~~this amendatory Act of the~~  
15 ~~98th General Assembly~~ are declarative of existing law.

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

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

4 (37) Beginning July 1, 2014, child-sized and adult diapers.  
5 This paragraph is exempt from the provisions of Section 3-90.

6 (Source: P.A. 97-38, eff. 6-28-11; 97-227, eff. 1-1-12; 97-431,  
7 eff. 8-16-11; 97-636, eff. 6-1-12; 97-767, eff. 7-9-12; 98-104,  
8 eff. 7-22-13; 98-422, eff. 8-16-13; 98-456, eff. 8-16-13;  
9 98-534, eff. 8-23-13; 98-574, eff. 1-1-14; 98-583, eff. 1-1-14;  
10 revised 9-9-13.)

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

13 (35 ILCS 110/3-5)

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

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

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

1 promoting the county fair.

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

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

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

1 chemicals or chemicals acting as catalysts but only if the  
2 chemicals or chemicals acting as catalysts effect a direct and  
3 immediate change upon a graphic arts product.

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

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

26 Farm machinery and equipment shall include precision

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

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

16 (8) Until June 30, 2013, fuel and petroleum products sold  
17 to or used by an air common carrier, certified by the carrier  
18 to be used for consumption, shipment, or storage in the conduct  
19 of its business as an air common carrier, for a flight destined  
20 for or returning from a location or locations outside the  
21 United States without regard to previous or subsequent domestic  
22 stopovers.

23 Beginning July 1, 2013, fuel and petroleum products sold to  
24 or used by an air carrier, certified by the carrier to be used  
25 for consumption, shipment, or storage in the conduct of its  
26 business as an air common carrier, for a flight that (i) is

1 engaged in foreign trade or is engaged in trade between the  
2 United States and any of its possessions and (ii) transports at  
3 least one individual or package for hire from the city of  
4 origination to the city of final destination on the same  
5 aircraft, without regard to a change in the flight number of  
6 that aircraft.

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

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

25 (11) Proceeds from the sale of photoprocessing machinery  
26 and equipment, including repair and replacement parts, both new

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

5 (12) Coal and aggregate exploration, mining, off-highway  
6 ~~offhighway~~ hauling, processing, maintenance, and reclamation  
7 equipment, including replacement parts and equipment, and  
8 including equipment purchased for lease, but excluding motor  
9 vehicles required to be registered under the Illinois Vehicle  
10 Code. The changes made to this Section by Public Act 97-767  
11 apply on and after July 1, 2003, but no claim for credit or  
12 refund is allowed on or after August 16, 2013 (the effective  
13 date of Public Act 98-456) ~~this amendatory Act of the 98th~~  
14 ~~General Assembly~~ for such taxes paid during the period  
15 beginning July 1, 2003 and ending on August 16, 2013 (the  
16 effective date of Public Act 98-456) ~~this amendatory Act of the~~  
17 ~~98th General Assembly~~.

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

20 (14) Horses, or interests in horses, registered with and  
21 meeting the requirements of any of the Arabian Horse Club  
22 Registry of America, Appaloosa Horse Club, American Quarter  
23 Horse Association, United States Trotting Association, or  
24 Jockey Club, as appropriate, used for purposes of breeding or  
25 racing for prizes. This item (14) is exempt from the provisions  
26 of Section 3-75, and the exemption provided for under this item



1 (14) applies for all periods beginning May 30, 1995, but no  
2 claim for credit or refund is allowed on or after the effective  
3 date of this amendatory Act of the 95th General Assembly for  
4 such taxes paid during the period beginning May 30, 2000 and  
5 ending on the effective date of this amendatory Act of the 95th  
6 General Assembly.

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

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

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

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

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

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

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

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

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

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

1 from the sale to the fundraising entity. This paragraph is  
2 exempt from the provisions of Section 3-75.

3 (22) Beginning January 1, 2000 and through December 31,  
4 2001, new or used automatic vending machines that prepare and  
5 serve hot food and beverages, including coffee, soup, and other  
6 items, and replacement parts for these machines. Beginning  
7 January 1, 2002 and through June 30, 2003, machines and parts  
8 for machines used in commercial, coin-operated amusement and  
9 vending business if a use or occupation tax is paid on the  
10 gross receipts derived from the use of the commercial,  
11 coin-operated amusement and vending machines. This paragraph  
12 is exempt from the provisions of Section 3-75.

13 (23) Beginning August 23, 2001 and through June 30, 2016,  
14 food for human consumption that is to be consumed off the  
15 premises where it is sold (other than alcoholic beverages, soft  
16 drinks, and food that has been prepared for immediate  
17 consumption) and prescription and nonprescription medicines,  
18 drugs, medical appliances, and insulin, urine testing  
19 materials, syringes, and needles used by diabetics, for human  
20 use, when purchased for use by a person receiving medical  
21 assistance under Article V of the Illinois Public Aid Code who  
22 resides in a licensed long-term care facility, as defined in  
23 the Nursing Home Care Act, or in a licensed facility as defined  
24 in the ID/DD Community Care Act or the Specialized Mental  
25 Health Rehabilitation Act of 2013.

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

1 of the 92nd General Assembly, computers and communications  
2 equipment utilized for any hospital purpose and equipment used  
3 in the diagnosis, analysis, or treatment of hospital patients  
4 purchased by a lessor who leases the equipment, under a lease  
5 of one year or longer executed or in effect at the time the  
6 lessor would otherwise be subject to the tax imposed by this  
7 Act, to a hospital that has been issued an active tax exemption  
8 identification number by the Department under Section 1g of the  
9 Retailers' Occupation Tax Act. If the equipment is leased in a  
10 manner that does not qualify for this exemption or is used in  
11 any other nonexempt manner, the lessor shall be liable for the  
12 tax imposed under this Act or the Use Tax Act, as the case may  
13 be, based on the fair market value of the property at the time  
14 the nonqualifying use occurs. No lessor shall collect or  
15 attempt to collect an amount (however designated) that purports  
16 to reimburse that lessor for the tax imposed by this Act or the  
17 Use Tax Act, as the case may be, if the tax has not been paid by  
18 the lessor. If a lessor improperly collects any such amount  
19 from the lessee, the lessee shall have a legal right to claim a  
20 refund of that amount from the lessor. If, however, that amount  
21 is not refunded to the lessee for any reason, the lessor is  
22 liable to pay that amount to the Department. This paragraph is  
23 exempt from the provisions of Section 3-75.

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

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

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

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



1 paragraph (27) by Public Act 98-534 ~~this amendatory Act of the~~  
2 ~~98th General Assembly~~ are declarative of existing law.

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

17 (29) Beginning July 1, 2014, child-sized and adult diapers.  
18 This paragraph is exempt from the provisions of Section 3-75.

19 (Source: P.A. 97-38, eff. 6-28-11; 97-227, eff. 1-1-12; 97-431,  
20 eff. 8-16-11; 97-636, eff. 6-1-12; 97-767, eff. 7-9-12; 98-104,  
21 eff. 7-22-13; 98-422, eff. 8-16-13; 98-456, eff. 8-16-13;  
22 98-534, eff. 8-23-13; revised 9-9-13.)

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

1 (35 ILCS 115/3-5)

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

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

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

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

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

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

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

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

19 (7) Farm machinery and equipment, both new and used,  
20 including that manufactured on special order, certified by the  
21 purchaser to be used primarily for production agriculture or  
22 State or federal agricultural programs, including individual  
23 replacement parts for the machinery and equipment, including  
24 machinery and equipment purchased for lease, and including  
25 implements of husbandry defined in Section 1-130 of the  
26 Illinois Vehicle Code, farm machinery and agricultural

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

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

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

1 provisions of Section 3-55.

2 (8) Until June 30, 2013, fuel and petroleum products sold  
3 to or used by an air common carrier, certified by the carrier  
4 to be used for consumption, shipment, or storage in the conduct  
5 of its business as an air common carrier, for a flight destined  
6 for or returning from a location or locations outside the  
7 United States without regard to previous or subsequent domestic  
8 stopovers.

9 Beginning July 1, 2013, fuel and petroleum products sold to  
10 or used by an air carrier, certified by the carrier to be used  
11 for consumption, shipment, or storage in the conduct of its  
12 business as an air common carrier, for a flight that (i) is  
13 engaged in foreign trade or is engaged in trade between the  
14 United States and any of its possessions and (ii) transports at  
15 least one individual or package for hire from the city of  
16 origination to the city of final destination on the same  
17 aircraft, without regard to a change in the flight number of  
18 that aircraft.

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

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

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

15 (12) Coal and aggregate exploration, mining, off-highway  
16 ~~off-highway~~ hauling, processing, maintenance, and reclamation  
17 equipment, including replacement parts and equipment, and  
18 including equipment purchased for lease, but excluding motor  
19 vehicles required to be registered under the Illinois Vehicle  
20 Code. The changes made to this Section by Public Act 97-767  
21 apply on and after July 1, 2003, but no claim for credit or  
22 refund is allowed on or after August 16, 2013 (the effective  
23 date of Public Act 98-456) ~~this amendatory Act of the 98th~~  
24 ~~General Assembly~~ for such taxes paid during the period  
25 beginning July 1, 2003 and ending on August 16, 2013 (the  
26 effective date of Public Act 98-456) ~~this amendatory Act of the~~

1 ~~98th General Assembly.~~

2 (13) Beginning January 1, 1992 and through June 30, 2016,  
3 food for human consumption that is to be consumed off the  
4 premises where it is sold (other than alcoholic beverages, soft  
5 drinks and food that has been prepared for immediate  
6 consumption) and prescription and non-prescription medicines,  
7 drugs, medical appliances, and insulin, urine testing  
8 materials, syringes, and needles used by diabetics, for human  
9 use, when purchased for use by a person receiving medical  
10 assistance under Article V of the Illinois Public Aid Code who  
11 resides in a licensed long-term care facility, as defined in  
12 the Nursing Home Care Act, or in a licensed facility as defined  
13 in the ID/DD Community Care Act or the Specialized Mental  
14 Health Rehabilitation Act of 2013.

15 (14) Semen used for artificial insemination of livestock  
16 for direct agricultural production.

17 (15) Horses, or interests in horses, registered with and  
18 meeting the requirements of any of the Arabian Horse Club  
19 Registry of America, Appaloosa Horse Club, American Quarter  
20 Horse Association, United States Trotting Association, or  
21 Jockey Club, as appropriate, used for purposes of breeding or  
22 racing for prizes. This item (15) is exempt from the provisions  
23 of Section 3-55, and the exemption provided for under this item  
24 (15) applies for all periods beginning May 30, 1995, but no  
25 claim for credit or refund is allowed on or after January 1,  
26 2008 (the effective date of Public Act 95-88) for such taxes

1 paid during the period beginning May 30, 2000 and ending on  
2 January 1, 2008 (the effective date of Public Act 95-88).

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

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

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



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

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

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

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

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

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

1 January 1, 2002 and through June 30, 2003, machines and parts  
2 for machines used in commercial, coin-operated amusement and  
3 vending business if a use or occupation tax is paid on the  
4 gross receipts derived from the use of the commercial,  
5 coin-operated amusement and vending machines. This paragraph  
6 is exempt from the provisions of Section 3-55.

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

17 (25) Beginning on the effective date of this amendatory Act  
18 of the 92nd General Assembly, personal property sold to a  
19 lessor who leases the property, under a lease of one year or  
20 longer executed or in effect at the time of the purchase, 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. This paragraph is exempt from  
24 the provisions of Section 3-55.

25 (26) Beginning on January 1, 2002 and through June 30,  
26 2016, tangible personal property purchased from an Illinois

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

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

1 Title IV of the Environmental Protection Act. This paragraph is  
2 exempt from the provisions of Section 3-55.

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

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

1 engines or power plants are installed or uninstalled upon any  
2 such aircraft. "Consumable supplies" include, but are not  
3 limited to, adhesive, tape, sandpaper, general purpose  
4 lubricants, cleaning solution, latex gloves, and protective  
5 films. This exemption applies only to the transfer of  
6 qualifying tangible personal property incident to the  
7 modification, refurbishment, completion, replacement, repair,  
8 or maintenance of an aircraft by persons who (i) hold an Air  
9 Agency Certificate and are empowered to operate an approved  
10 repair station by the Federal Aviation Administration, (ii)  
11 have a Class IV Rating, and (iii) conduct operations in  
12 accordance with Part 145 of the Federal Aviation Regulations.  
13 The exemption does not include aircraft operated by a  
14 commercial air carrier providing scheduled passenger air  
15 service pursuant to authority issued under Part 121 or Part 129  
16 of the Federal Aviation Regulations. The changes made to this  
17 paragraph (29) by Public Act 98-534 ~~this amendatory Act of the~~  
18 ~~98th General Assembly~~ are declarative of existing law.

19 (30) Beginning July 1, 2014, child-sized and adult diapers.  
20 This paragraph is exempt from the provisions of Section 3-55.

21 (Source: P.A. 97-38, eff. 6-28-11; 97-73, eff. 6-30-11; 97-227,  
22 eff. 1-1-12; 97-431, eff. 8-16-11; 97-636, eff. 6-1-12; 97-767,  
23 eff. 7-9-12; 98-104, eff. 7-22-13; 98-422, eff. 8-16-13;  
24 98-456, eff. 8-16-13; 98-534, eff. 8-23-13; revised 9-9-13.)

25 Section 20. The Retailers' Occupation Tax Act is amended by

1 changing Section 2-5 as follows:

2 (35 ILCS 120/2-5)

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

6 (1) Farm chemicals.

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

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

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

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

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



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

6 (5) A motor vehicle that is used for automobile renting, as  
7 defined in the Automobile Renting Occupation and Use Tax Act.  
8 This paragraph is exempt from the provisions of Section 2-70.

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

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

15 (8) Personal property sold to an Illinois county fair  
16 association for use in conducting, operating, or promoting the  
17 county fair.

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

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

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

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

1 identification number issued by the Department.

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

11 (12-5) On and after July 1, 2003 and through June 30, 2004,  
12 motor vehicles of the second division with a gross vehicle  
13 weight in excess of 8,000 pounds that are subject to the  
14 commercial distribution fee imposed under Section 3-815.1 of  
15 the Illinois Vehicle Code. Beginning on July 1, 2004 and  
16 through June 30, 2005, the use in this State of motor vehicles  
17 of the second division: (i) with a gross vehicle weight rating  
18 in excess of 8,000 pounds; (ii) that are subject to the  
19 commercial distribution fee imposed under Section 3-815.1 of  
20 the Illinois Vehicle Code; and (iii) that are primarily used  
21 for commercial purposes. Through June 30, 2005, this exemption  
22 applies to repair and replacement parts added after the initial  
23 purchase of such a motor vehicle if that motor vehicle is used  
24 in a manner that would qualify for the rolling stock exemption  
25 otherwise provided for in this Act. For purposes of this  
26 paragraph, "used for commercial purposes" means the

1 transportation of persons or property in furtherance of any  
2 commercial or industrial enterprise whether for-hire or not.

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

10 (14) Machinery and equipment that will be used by the  
11 purchaser, or a lessee of the purchaser, primarily in the  
12 process of manufacturing or assembling tangible personal  
13 property for wholesale or retail sale or lease, whether the  
14 sale or lease is made directly by the manufacturer or by some  
15 other person, whether the materials used in the process are  
16 owned by the manufacturer or some other person, or whether the  
17 sale or lease is made apart from or as an incident to the  
18 seller's engaging in the service occupation of producing  
19 machines, tools, dies, jigs, patterns, gauges, or other similar  
20 items of no commercial value on special order for a particular  
21 purchaser. The exemption provided by this paragraph (14) does  
22 not include machinery and equipment used in (i) the generation  
23 of electricity for wholesale or retail sale; (ii) the  
24 generation or treatment of natural or artificial gas for  
25 wholesale or retail sale that is delivered to customers through  
26 pipes, pipelines, or mains; or (iii) the treatment of water for

1 wholesale or retail sale that is delivered to customers through  
2 pipes, pipelines, or mains. The provisions of Public Act 98-583  
3 ~~this amendatory Act of the 98th General Assembly~~ are  
4 declaratory of existing law as to the meaning and scope of this  
5 exemption.

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

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

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

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

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

16 (21) Coal and aggregate exploration, mining, off-highway  
17 ~~offhighway~~ hauling, processing, maintenance, and reclamation  
18 equipment, including replacement parts and equipment, and  
19 including equipment purchased for lease, but excluding motor  
20 vehicles required to be registered under the Illinois Vehicle  
21 Code. The changes made to this Section by Public Act 97-767  
22 apply on and after July 1, 2003, but no claim for credit or  
23 refund is allowed on or after August 16, 2013 (the effective  
24 date of Public Act 98-456) ~~this amendatory Act of the 98th~~  
25 ~~General Assembly~~ for such taxes paid during the period  
26 beginning July 1, 2003 and ending on August 16, 2013 (the

1 effective date of Public Act 98-456) ~~this amendatory Act of the~~  
2 ~~98th General Assembly.~~

3 (22) Until June 30, 2013, fuel and petroleum products sold  
4 to or used by an air carrier, certified by the carrier to be  
5 used for consumption, shipment, or storage in the conduct of  
6 its business as an air common carrier, for a flight destined  
7 for or returning from a location or locations outside the  
8 United States without regard to previous or subsequent domestic  
9 stopovers.

10 Beginning July 1, 2013, fuel and petroleum products sold to  
11 or used by an air carrier, certified by the carrier to be used  
12 for consumption, shipment, or storage in the conduct of its  
13 business as an air common carrier, for a flight that (i) is  
14 engaged in foreign trade or is engaged in trade between the  
15 United States and any of its possessions and (ii) transports at  
16 least one individual or package for hire from the city of  
17 origination to the city of final destination on the same  
18 aircraft, without regard to a change in the flight number of  
19 that aircraft.

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

24 (24) Fuel consumed or used in the operation of ships,  
25 barges, or vessels that are used primarily in or for the  
26 transportation of property or the conveyance of persons for

1 hire on rivers bordering on this State if the fuel is delivered  
2 by the seller to the purchaser's barge, ship, or vessel while  
3 it is afloat upon that bordering river.

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

16 (25-5) The exemption under item (25) does not apply if the  
17 state in which the motor vehicle will be titled does not allow  
18 a reciprocal exemption for a motor vehicle sold and delivered  
19 in that state to an Illinois resident but titled in Illinois.  
20 The tax collected under this Act on the sale of a motor vehicle  
21 in this State to a resident of another state that does not  
22 allow a reciprocal exemption shall be imposed at a rate equal  
23 to the state's rate of tax on taxable property in the state in  
24 which the purchaser is a resident, except that the tax shall  
25 not exceed the tax that would otherwise be imposed under this  
26 Act. At the time of the sale, the purchaser shall execute a



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

18 (25-7) Beginning on July 1, 2007, no tax is imposed under  
19 this Act on the sale of an aircraft, as defined in Section 3 of  
20 the Illinois Aeronautics Act, if all of the following  
21 conditions are met:

22 (1) the aircraft leaves this State within 15 days after  
23 the later of either the issuance of the final billing for  
24 the sale of the aircraft, or the authorized approval for  
25 return to service, completion of the maintenance record  
26 entry, and completion of the test flight and ground test

1 for inspection, as required by 14 C.F.R. 91.407;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 entity purchases the personal property sold at the events from  
2 another individual or entity that sold the property for the  
3 purpose of resale by the fundraising entity and that profits  
4 from the sale to the fundraising entity. This paragraph is  
5 exempt from the provisions of Section 2-70.

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

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

1 the ID/DD Community Care Act or the Specialized Mental Health  
2 Rehabilitation Act of 2013.

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

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

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

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

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

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



1 aircraft. This exemption includes consumable supplies used in  
2 the modification, refurbishment, completion, replacement,  
3 repair, and maintenance of aircraft, but excludes any  
4 materials, parts, equipment, components, and consumable  
5 supplies used in the modification, replacement, repair, and  
6 maintenance of aircraft engines or power plants, whether such  
7 engines or power plants are installed or uninstalled upon any  
8 such aircraft. "Consumable supplies" include, but are not  
9 limited to, adhesive, tape, sandpaper, general purpose  
10 lubricants, cleaning solution, latex gloves, and protective  
11 films. This exemption applies only to the sale of qualifying  
12 tangible personal property to persons who modify, refurbish,  
13 complete, replace, or maintain an aircraft and who (i) hold an  
14 Air Agency Certificate and are empowered to operate an approved  
15 repair station by the Federal Aviation Administration, (ii)  
16 have a Class IV Rating, and (iii) conduct operations in  
17 accordance with Part 145 of the Federal Aviation Regulations.  
18 The exemption does not include aircraft operated by a  
19 commercial air carrier providing scheduled passenger air  
20 service pursuant to authority issued under Part 121 or Part 129  
21 of the Federal Aviation Regulations. The changes made to this  
22 paragraph (40) by Public Act 98-534 ~~this amendatory Act of the~~  
23 ~~98th General Assembly~~ are declarative of existing law.

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

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

12 (42) Beginning July 1, 2014, child-sized and adult diapers.  
13 This paragraph is exempt from the provisions of Section 2-70.

14 (Source: P.A. 97-38, eff. 6-28-11; 97-73, eff. 6-30-11; 97-227,  
15 eff. 1-1-12; 97-431, eff. 8-16-11; 97-636, eff. 6-1-12; 97-767,  
16 eff. 7-9-12; 98-104, eff. 7-22-13; 98-422, eff. 8-16-13;  
17 98-456, eff. 8-16-13; 98-534, eff. 8-23-13; 98-574, eff.  
18 1-1-14; 98-583, eff. 1-1-14; revised 9-9-13.)

19 Section 99. Effective date. This Act takes effect upon  
20 becoming law.