



99TH GENERAL ASSEMBLY

State of Illinois

2015 and 2016

HB2629

by Rep. Jehan A. Gordon-Booth

SYNOPSIS AS INTRODUCED:

35 ILCS 105/3-5	
35 ILCS 105/3-50	from Ch. 120, par. 439.3-50
35 ILCS 105/3-85	
35 ILCS 110/2	from Ch. 120, par. 439.32
35 ILCS 110/3-70	
35 ILCS 115/2	from Ch. 120, par. 439.102
35 ILCS 115/9	from Ch. 120, par. 439.109
35 ILCS 120/2-5	
35 ILCS 120/2-45	from Ch. 120, par. 441-45
35 ILCS 120/3	from Ch. 120, par. 442

Amends the Use Tax Act, the Service Use Tax Act, the Service Occupation Tax Act, and the Retailers' Occupation Tax Act. Provides that the Manufacturer's Purchase Credit may only be used to satisfy the Use Tax or Service Use Tax liability incurred on production related tangible personal property purchased on or after September 1, 2004 and prior to August 31, 2015. Provides that the manufacturing and assembling machinery and equipment exemption includes production related tangible personal property. Effective July 1, 2015.

LRB099 03993 HLH 24010 b

FISCAL NOTE ACT
MAY APPLY

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 Sections
5 3-5, 3-50, and 3-85 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 hauling, processing, maintenance, and reclamation equipment,
21 including replacement parts and equipment, and including
22 equipment purchased for lease, but excluding motor vehicles
23 required to be registered under the Illinois Vehicle Code. The
24 changes made to this Section by Public Act 97-767 apply on and
25 after July 1, 2003, but no claim for credit or refund is
26 allowed on or after August 16, 2013 (the effective date of

1 Public Act 98-456) for such taxes paid during the period
2 beginning July 1, 2003 and ending on August 16, 2013 (the
3 effective date of Public Act 98-456).

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

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

1 customers through pipes, pipelines, or mains. The provisions of
2 Public Act 98-583 are declaratory of existing law as to the
3 meaning and scope of this exemption. On and after August 31,
4 2015, manufacturing and assembling machinery and equipment
5 includes production related tangible personal property, as
6 defined in Section 3-50 of this Act.

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 are declarative of existing
15 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 (Source: P.A. 97-38, eff. 6-28-11; 97-227, eff. 1-1-12; 97-431,
5 eff. 8-16-11; 97-636, eff. 6-1-12; 97-767, eff. 7-9-12; 98-104,
6 eff. 7-22-13; 98-422, eff. 8-16-13; 98-456, eff. 8-16-13;
7 98-534, eff. 8-23-13; 98-574, eff. 1-1-14; 98-583, eff. 1-1-14;
8 98-756, eff. 7-16-14.)

9 (35 ILCS 105/3-50) (from Ch. 120, par. 439.3-50)

10 Sec. 3-50. Manufacturing and assembly exemption. The
11 manufacturing and assembling machinery and equipment exemption
12 includes machinery and equipment that replaces machinery and
13 equipment in an existing manufacturing facility as well as
14 machinery and equipment that are for use in an expanded or new
15 manufacturing facility. The machinery and equipment exemption
16 also includes machinery and equipment used in the general
17 maintenance or repair of exempt machinery and equipment or for
18 in-house manufacture of exempt machinery and equipment. On and
19 after August 31, 2015, the manufacturing and assembling
20 machinery and equipment exemption also includes production
21 related tangible personal property, as defined in this Section.
22 The machinery and equipment exemption does not include
23 machinery and equipment used in (i) the generation of
24 electricity for wholesale or retail sale; (ii) the generation
25 or treatment of natural or artificial gas for wholesale or

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

8 (1) "Manufacturing process" means the production of an
9 article of tangible personal property, whether the article
10 is a finished product or an article for use in the process
11 of manufacturing or assembling a different article of
12 tangible personal property, by a procedure commonly
13 regarded as manufacturing, processing, fabricating, or
14 refining that changes some existing material into a
15 material with a different form, use, or name. In relation
16 to a recognized integrated business composed of a series of
17 operations that collectively constitute manufacturing, or
18 individually constitute manufacturing operations, the
19 manufacturing process commences with the first operation
20 or stage of production in the series and does not end until
21 the completion of the final product in the last operation
22 or stage of production in the series. For purposes of this
23 exemption, photoprocessing is a manufacturing process of
24 tangible personal property for wholesale or retail sale.

25 (2) "Assembling process" means the production of an
26 article of tangible personal property, whether the article

1 is a finished product or an article for use in the process
2 of manufacturing or assembling a different article of
3 tangible personal property, by the combination of existing
4 materials in a manner commonly regarded as assembling that
5 results in an article or material of a different form, use,
6 or name.

7 (3) "Machinery" means major mechanical machines or
8 major components of those machines contributing to a
9 manufacturing or assembling process.

10 (4) "Equipment" includes an independent device or tool
11 separate from machinery but essential to an integrated
12 manufacturing or assembly process; including computers
13 used primarily in a manufacturer's computer assisted
14 design, computer assisted manufacturing (CAD/CAM) system;
15 any subunit or assembly comprising a component of any
16 machinery or auxiliary, adjunct, or attachment parts of
17 machinery, such as tools, dies, jigs, fixtures, patterns,
18 and molds; and any parts that require periodic replacement
19 in the course of normal operation; but does not include
20 hand tools. Equipment includes chemicals or chemicals
21 acting as catalysts but only if the chemicals or chemicals
22 acting as catalysts effect a direct and immediate change
23 upon a product being manufactured or assembled for
24 wholesale or retail sale or lease.

25 (5) "Production related tangible personal property"
26 means all tangible personal property that is used or

1 consumed by the purchaser in a manufacturing facility in
2 which a manufacturing process takes place and includes,
3 without limitation, tangible personal property that is
4 purchased for incorporation into real estate within a
5 manufacturing facility and tangible personal property that
6 is used or consumed in ~~activities such as~~ research and
7 development, regardless of use within or without a
8 manufacturing facility, preproduction material handling,
9 receiving, quality control, inventory control, storage,
10 staging, and packaging for shipping and transportation
11 purposes. "Production related tangible personal property"
12 does not include (i) tangible personal property that is
13 used, within or without a manufacturing facility, in sales,
14 purchasing, accounting, fiscal management, marketing,
15 personnel recruitment or selection, or landscaping or (ii)
16 tangible personal property that is required to be titled or
17 registered with a department, agency, or unit of federal,
18 State, or local government.

19 ~~The manufacturing and assembling machinery and equipment~~
20 ~~exemption includes production related tangible personal~~
21 ~~property that is purchased on or after July 1, 2007 and on or~~
22 ~~before June 30, 2008. The exemption for production related~~
23 ~~tangible personal property is subject to both of the following~~
24 ~~limitations:~~

25 ~~(1) The maximum amount of the exemption for any one~~
26 ~~taxpayer may not exceed 5% of the purchase price of~~

1 ~~production related tangible personal property that is~~
2 ~~purchased on or after July 1, 2007 and on or before June~~
3 ~~30, 2008. A credit under Section 3-85 of this Act may not~~
4 ~~be earned by the purchase of production related tangible~~
5 ~~personal property for which an exemption is received under~~
6 ~~this Section.~~

7 ~~(2) The maximum aggregate amount of the exemptions for~~
8 ~~production related tangible personal property awarded~~
9 ~~under this Act and the Retailers' Occupation Tax Act to all~~
10 ~~taxpayers may not exceed \$10,000,000. If the claims for the~~
11 ~~exemption exceed \$10,000,000, then the Department shall~~
12 ~~reduce the amount of the exemption to each taxpayer on a~~
13 ~~pro rata basis.~~

14 The Department may adopt rules to implement and administer the
15 exemption for production related tangible personal property.

16 The manufacturing and assembling machinery and equipment
17 exemption includes the sale of materials to a purchaser who
18 produces exempted types of machinery, equipment, or tools and
19 who rents or leases that machinery, equipment, or tools to a
20 manufacturer of tangible personal property. This exemption
21 also includes the sale of materials to a purchaser who
22 manufactures those materials into an exempted type of
23 machinery, equipment, or tools that the purchaser uses himself
24 or herself in the manufacturing of tangible personal property.
25 This exemption includes the sale of exempted types of machinery
26 or equipment to a purchaser who is not the manufacturer, but

1 who rents or leases the use of the property to a manufacturer.
2 The purchaser of the machinery and equipment who has an active
3 resale registration number shall furnish that number to the
4 seller at the time of purchase. A user of the machinery,
5 equipment, or tools without an active resale registration
6 number shall prepare a certificate of exemption for each
7 transaction stating facts establishing the exemption for that
8 transaction, and that certificate shall be available to the
9 Department for inspection or audit. The Department shall
10 prescribe the form of the certificate. Informal rulings,
11 opinions, or letters issued by the Department in response to an
12 inquiry or request for an opinion from any person regarding the
13 coverage and applicability of this exemption to specific
14 devices shall be published, maintained as a public record, and
15 made available for public inspection and copying. If the
16 informal ruling, opinion, or letter contains trade secrets or
17 other confidential information, where possible, the Department
18 shall delete that information before publication. Whenever
19 informal rulings, opinions, or letters contain a policy of
20 general applicability, the Department shall formulate and
21 adopt that policy as a rule in accordance with the Illinois
22 Administrative Procedure Act.

23 (Source: P.A. 98-583, eff. 1-1-14.)

24 (35 ILCS 105/3-85)

25 Sec. 3-85. Manufacturer's Purchase Credit. For purchases

1 of machinery and equipment made on and after January 1, 1995
2 through June 30, 2003, and on and after September 1, 2004
3 through August 30, 2014, a purchaser of manufacturing machinery
4 and equipment that qualifies for the exemption provided by
5 paragraph (18) of Section 3-5 of this Act earns a credit in an
6 amount equal to a fixed percentage of the tax which would have
7 been incurred under this Act on those purchases. For purchases
8 of graphic arts machinery and equipment made on or after July
9 1, 1996 and through June 30, 2003, and on and after September
10 1, 2004 through August 30, 2014, a purchaser of graphic arts
11 machinery and equipment that qualifies for the exemption
12 provided by paragraph (6) of Section 3-5 of this Act earns a
13 credit in an amount equal to a fixed percentage of the tax that
14 would have been incurred under this Act on those purchases. The
15 credit earned for purchases of manufacturing machinery and
16 equipment or graphic arts machinery and equipment shall be
17 referred to as the Manufacturer's Purchase Credit. A graphic
18 arts producer is a person engaged in graphic arts production as
19 defined in Section 2-30 of the Retailers' Occupation Tax Act.
20 Beginning July 1, 1996, all references in this Section to
21 manufacturers or manufacturing shall also be deemed to refer to
22 graphic arts producers or graphic arts production.

23 The amount of credit shall be a percentage of the tax that
24 would have been incurred on the purchase of manufacturing
25 machinery and equipment or graphic arts machinery and equipment
26 if the exemptions provided by paragraph (6) or paragraph (18)

1 of Section 3-5 of this Act had not been applicable. The
2 percentage shall be as follows:

3 (1) 15% for purchases made on or before June 30, 1995.

4 (2) 25% for purchases made after June 30, 1995, and on
5 or before June 30, 1996.

6 (3) 40% for purchases made after June 30, 1996, and on
7 or before June 30, 1997.

8 (4) 50% for purchases made on or after July 1, 1997.

9 (a) Manufacturer's Purchase Credit earned prior to July 1,
10 2003. This subsection (a) applies to Manufacturer's Purchase
11 Credit earned prior to July 1, 2003. A purchaser of production
12 related tangible personal property desiring to use the
13 Manufacturer's Purchase Credit shall certify to the seller
14 prior to October 1, 2003 that the purchaser is satisfying all
15 or part of the liability under the Use Tax Act or the Service
16 Use Tax Act that is due on the purchase of the production
17 related tangible personal property by use of Manufacturer's
18 Purchase Credit. The Manufacturer's Purchase Credit
19 certification must be dated and shall include the name and
20 address of the purchaser, the purchaser's registration number,
21 if registered, the credit being applied, and a statement that
22 the State Use Tax or Service Use Tax liability is being
23 satisfied with the manufacturer's or graphic arts producer's
24 accumulated purchase credit. Certification may be incorporated
25 into the manufacturer's or graphic arts producer's purchase
26 order. Manufacturer's Purchase Credit certification provided

1 by the manufacturer or graphic arts producer prior to October
2 1, 2003 may be used to satisfy the retailer's or serviceman's
3 liability under the Retailers' Occupation Tax Act or Service
4 Occupation Tax Act for the credit claimed, not to exceed 6.25%
5 of the receipts subject to tax from a qualifying purchase, but
6 only if the retailer or serviceman reports the Manufacturer's
7 Purchase Credit claimed as required by the Department. A
8 Manufacturer's Purchase Credit reported on any original or
9 amended return filed under this Act after October 20, 2003
10 shall be disallowed. The Manufacturer's Purchase Credit earned
11 by purchase of exempt manufacturing machinery and equipment or
12 graphic arts machinery and equipment is a non-transferable
13 credit. A manufacturer or graphic arts producer that enters
14 into a contract involving the installation of tangible personal
15 property into real estate within a manufacturing or graphic
16 arts production facility may, prior to October 1, 2003,
17 authorize a construction contractor to utilize credit
18 accumulated by the manufacturer or graphic arts producer to
19 purchase the tangible personal property. A manufacturer or
20 graphic arts producer intending to use accumulated credit to
21 purchase such tangible personal property shall execute a
22 written contract authorizing the contractor to utilize a
23 specified dollar amount of credit. The contractor shall
24 furnish, prior to October 1, 2003, the supplier with the
25 manufacturer's or graphic arts producer's name, registration
26 or resale number, and a statement that a specific amount of the

1 Use Tax or Service Use Tax liability, not to exceed 6.25% of
2 the selling price, is being satisfied with the credit. The
3 manufacturer or graphic arts producer shall remain liable to
4 timely report all information required by the annual Report of
5 Manufacturer's Purchase Credit Used for all credit utilized by
6 a construction contractor.

7 No Manufacturer's Purchase Credit earned prior to July 1,
8 2003 may be used after October 1, 2003. The Manufacturer's
9 Purchase Credit may be used to satisfy liability under the Use
10 Tax Act or the Service Use Tax Act due on the purchase of
11 production related tangible personal property (including
12 purchases by a manufacturer, by a graphic arts producer, or by
13 a lessor who rents or leases the use of the property to a
14 manufacturer or graphic arts producer) that does not otherwise
15 qualify for the manufacturing machinery and equipment
16 exemption or the graphic arts machinery and equipment
17 exemption. "Production related tangible personal property"
18 means (i) all tangible personal property used or consumed by
19 the purchaser in a manufacturing facility in which a
20 manufacturing process described in Section 2-45 of the
21 Retailers' Occupation Tax Act takes place, including tangible
22 personal property purchased for incorporation into real estate
23 within a manufacturing facility and including, but not limited
24 to, tangible personal property used or consumed in activities
25 such as preproduction material handling, receiving, quality
26 control, inventory control, storage, staging, and packaging

1 for shipping and transportation purposes; (ii) all tangible
2 personal property used or consumed by the purchaser in a
3 graphic arts facility in which graphic arts production as
4 described in Section 2-30 of the Retailers' Occupation Tax Act
5 takes place, including tangible personal property purchased
6 for incorporation into real estate within a graphic arts
7 facility and including, but not limited to, all tangible
8 personal property used or consumed in activities such as
9 graphic arts preliminary or pre-press production,
10 pre-production material handling, receiving, quality control,
11 inventory control, storage, staging, sorting, labeling,
12 mailing, tying, wrapping, and packaging; and (iii) all tangible
13 personal property used or consumed by the purchaser for
14 research and development. "Production related tangible
15 personal property" does not include (i) tangible personal
16 property used, within or without a manufacturing facility, in
17 sales, purchasing, accounting, fiscal management, marketing,
18 personnel recruitment or selection, or landscaping or (ii)
19 tangible personal property required to be titled or registered
20 with a department, agency, or unit of federal, state, or local
21 government. The Manufacturer's Purchase Credit may be used,
22 prior to October 1, 2003, to satisfy the tax arising either
23 from the purchase of machinery and equipment on or after
24 January 1, 1995 for which the exemption provided by paragraph
25 (18) of Section 3-5 of this Act was erroneously claimed, or the
26 purchase of machinery and equipment on or after July 1, 1996

1 for which the exemption provided by paragraph (6) of Section
2 3-5 of this Act was erroneously claimed, but not in
3 satisfaction of penalty, if any, and interest for failure to
4 pay the tax when due. A purchaser of production related
5 tangible personal property who is required to pay Illinois Use
6 Tax or Service Use Tax on the purchase directly to the
7 Department may, prior to October 1, 2003, utilize the
8 Manufacturer's Purchase Credit in satisfaction of the tax
9 arising from that purchase, but not in satisfaction of penalty
10 and interest. A purchaser who uses the Manufacturer's Purchase
11 Credit to purchase property which is later determined not to be
12 production related tangible personal property may be liable for
13 tax, penalty, and interest on the purchase of that property as
14 of the date of purchase but shall be entitled to use the
15 disallowed Manufacturer's Purchase Credit, so long as it has
16 not expired and is used prior to October 1, 2003, on qualifying
17 purchases of production related tangible personal property not
18 previously subject to credit usage. The Manufacturer's
19 Purchase Credit earned by a manufacturer or graphic arts
20 producer expires the last day of the second calendar year
21 following the calendar year in which the credit arose. No
22 Manufacturer's Purchase Credit may be used after September 30,
23 2003 regardless of when that credit was earned.

24 A purchaser earning Manufacturer's Purchase Credit shall
25 sign and file an annual Report of Manufacturer's Purchase
26 Credit Earned for each calendar year no later than the last day

1 of the sixth month following the calendar year in which a
2 Manufacturer's Purchase Credit is earned. A Report of
3 Manufacturer's Purchase Credit Earned shall be filed on forms
4 as prescribed or approved by the Department and shall state,
5 for each month of the calendar year: (i) the total purchase
6 price of all purchases of exempt manufacturing or graphic arts
7 machinery on which the credit was earned; (ii) the total State
8 Use Tax or Service Use Tax which would have been due on those
9 items; (iii) the percentage used to calculate the amount of
10 credit earned; (iv) the amount of credit earned; and (v) such
11 other information as the Department may reasonably require. A
12 purchaser earning Manufacturer's Purchase Credit shall
13 maintain records which identify, as to each purchase of
14 manufacturing or graphic arts machinery and equipment on which
15 the purchaser earned Manufacturer's Purchase Credit, the
16 vendor (including, if applicable, either the vendor's
17 registration number or Federal Employer Identification
18 Number), the purchase price, and the amount of Manufacturer's
19 Purchase Credit earned on each purchase.

20 A purchaser using Manufacturer's Purchase Credit shall
21 sign and file an annual Report of Manufacturer's Purchase
22 Credit Used for each calendar year no later than the last day
23 of the sixth month following the calendar year in which a
24 Manufacturer's Purchase Credit is used. A Report of
25 Manufacturer's Purchase Credit Used shall be filed on forms as
26 prescribed or approved by the Department and shall state, for

1 each month of the calendar year: (i) the total purchase price
2 of production related tangible personal property purchased
3 from Illinois suppliers; (ii) the total purchase price of
4 production related tangible personal property purchased from
5 out-of-state suppliers; (iii) the total amount of credit used
6 during such month; and (iv) such other information as the
7 Department may reasonably require. A purchaser using
8 Manufacturer's Purchase Credit shall maintain records that
9 identify, as to each purchase of production related tangible
10 personal property on which the purchaser used Manufacturer's
11 Purchase Credit, the vendor (including, if applicable, either
12 the vendor's registration number or Federal Employer
13 Identification Number), the purchase price, and the amount of
14 Manufacturer's Purchase Credit used on each purchase.

15 No annual report shall be filed before May 1, 1996 or after
16 June 30, 2004. A purchaser that fails to file an annual Report
17 of Manufacturer's Purchase Credit Earned or an annual Report of
18 Manufacturer's Purchase Credit Used by the last day of the
19 sixth month following the end of the calendar year shall
20 forfeit all Manufacturer's Purchase Credit for that calendar
21 year unless it establishes that its failure to file was due to
22 reasonable cause. Manufacturer's Purchase Credit reports may
23 be amended to report and claim credit on qualifying purchases
24 not previously reported at any time before the credit would
25 have expired, unless both the Department and the purchaser have
26 agreed to an extension of the statute of limitations for the

1 issuance of a notice of tax liability as provided in Section 4
2 of the Retailers' Occupation Tax Act. If the time for
3 assessment or refund has been extended, then amended reports
4 for a calendar year may be filed at any time prior to the date
5 to which the statute of limitations for the calendar year or
6 portion thereof has been extended. No Manufacturer's Purchase
7 Credit report filed with the Department for periods prior to
8 January 1, 1995 shall be approved. Manufacturer's Purchase
9 Credit claimed on an amended report may be used, until October
10 1, 2003, to satisfy tax liability under the Use Tax Act or the
11 Service Use Tax Act (i) on qualifying purchases of production
12 related tangible personal property made after the date the
13 amended report is filed or (ii) assessed by the Department on
14 qualifying purchases of production related tangible personal
15 property made in the case of manufacturers on or after January
16 1, 1995, or in the case of graphic arts producers on or after
17 July 1, 1996.

18 If the purchaser is not the manufacturer or a graphic arts
19 producer, but rents or leases the use of the property to a
20 manufacturer or graphic arts producer, the purchaser may earn,
21 report, and use Manufacturer's Purchase Credit in the same
22 manner as a manufacturer or graphic arts producer.

23 A purchaser shall not be entitled to any Manufacturer's
24 Purchase Credit for a purchase that is required to be reported
25 and is not timely reported as provided in this Section. A
26 purchaser remains liable for (i) any tax that was satisfied by

1 use of a Manufacturer's Purchase Credit, as of the date of
2 purchase, if that use is not timely reported as required in
3 this Section and (ii) for any applicable penalties and interest
4 for failing to pay the tax when due. No Manufacturer's Purchase
5 Credit may be used after September 30, 2003 to satisfy any tax
6 liability imposed under this Act, including any audit
7 liability.

8 (b) Manufacturer's Purchase Credit earned on and after
9 September 1, 2004 and through August 30, 2015. This subsection

10 (b) applies to Manufacturer's Purchase Credit earned on and
11 after September 1, 2004 and through August 30, 2015.

12 Manufacturer's Purchase Credit earned on or after September 1,
13 2004 and through August 30, 2015 may only be used to satisfy

14 the Use Tax or Service Use Tax liability incurred on production
15 related tangible personal property purchased on or after
16 September 1, 2004 and through August 30, 2015. Any

17 Manufacturer's Purchase Credit reported on any original return
18 filed under this Act after September 20, 2015 shall be

19 disallowed. Any Manufacturer's Purchase Credit reported on an
20 amended return filed under this Act after December 31, 2015

21 shall be disallowed. No Manufacturer's Purchase Credit may be
22 used after December 31, 2015 to satisfy any audit liability. A

23 purchaser of production related tangible personal property
24 desiring to use the Manufacturer's Purchase Credit shall
25 certify to the seller that the purchaser is satisfying all or
26 part of the liability under the Use Tax Act or the Service Use

1 Tax Act that is due on the purchase of the production related
2 tangible personal property by use of Manufacturer's Purchase
3 Credit. The Manufacturer's Purchase Credit certification must
4 be dated and shall include the name and address of the
5 purchaser, the purchaser's registration number, if registered,
6 the credit being applied, and a statement that the State Use
7 Tax or Service Use Tax liability is being satisfied with the
8 manufacturer's or graphic arts producer's accumulated purchase
9 credit. Certification may be incorporated into the
10 manufacturer's or graphic arts producer's purchase order.
11 Manufacturer's Purchase Credit certification provided by the
12 manufacturer or graphic arts producer may be used to satisfy
13 the retailer's or serviceman's liability under the Retailers'
14 Occupation Tax Act or Service Occupation Tax Act for the credit
15 claimed, not to exceed 6.25% of the receipts subject to tax
16 from a qualifying purchase, but only if the retailer or
17 serviceman reports the Manufacturer's Purchase Credit claimed
18 as required by the Department. The Manufacturer's Purchase
19 Credit earned by purchase of exempt manufacturing machinery and
20 equipment or graphic arts machinery and equipment is a
21 non-transferable credit. A manufacturer or graphic arts
22 producer that enters into a contract involving the installation
23 of tangible personal property into real estate within a
24 manufacturing or graphic arts production facility may, on or
25 after September 1, 2004, authorize a construction contractor to
26 utilize credit accumulated by the manufacturer or graphic arts

1 producer to purchase the tangible personal property, provided
2 that no such credit may be used on or after August 31, 2015. A
3 manufacturer or graphic arts producer intending to use
4 accumulated credit to purchase such tangible personal property
5 shall execute a written contract authorizing the contractor to
6 utilize a specified dollar amount of credit. The contractor
7 shall furnish the supplier with the manufacturer's or graphic
8 arts producer's name, registration or resale number, and a
9 statement that a specific amount of the Use Tax or Service Use
10 Tax liability, not to exceed 6.25% of the selling price, is
11 being satisfied with the credit. The manufacturer or graphic
12 arts producer shall remain liable to timely report all
13 information required by the annual Report of Manufacturer's
14 Purchase Credit Used for all credit utilized by a construction
15 contractor.

16 The Manufacturer's Purchase Credit may be used to satisfy
17 liability under the Use Tax Act or the Service Use Tax Act due
18 on the purchase, made on or after September 1, 2004, of
19 production related tangible personal property (including
20 purchases by a manufacturer, by a graphic arts producer, or by
21 a lessor who rents or leases the use of the property to a
22 manufacturer or graphic arts producer) that does not otherwise
23 qualify for the manufacturing machinery and equipment
24 exemption or the graphic arts machinery and equipment
25 exemption. "Production related tangible personal property"
26 means (i) all tangible personal property used or consumed by

1 the purchaser in a manufacturing facility in which a
2 manufacturing process described in Section 2-45 of the
3 Retailers' Occupation Tax Act takes place, including tangible
4 personal property purchased for incorporation into real estate
5 within a manufacturing facility and including, but not limited
6 to, tangible personal property used or consumed in activities
7 such as preproduction material handling, receiving, quality
8 control, inventory control, storage, staging, and packaging
9 for shipping and transportation purposes; (ii) all tangible
10 personal property used or consumed by the purchaser in a
11 graphic arts facility in which graphic arts production as
12 described in Section 2-30 of the Retailers' Occupation Tax Act
13 takes place, including tangible personal property purchased
14 for incorporation into real estate within a graphic arts
15 facility and including, but not limited to, all tangible
16 personal property used or consumed in activities such as
17 graphic arts preliminary or pre-press production,
18 pre-production material handling, receiving, quality control,
19 inventory control, storage, staging, sorting, labeling,
20 mailing, tying, wrapping, and packaging; and (iii) all tangible
21 personal property used or consumed by the purchaser for
22 research and development. "Production related tangible
23 personal property" does not include (i) tangible personal
24 property used, within or without a manufacturing facility, in
25 sales, purchasing, accounting, fiscal management, marketing,
26 personnel recruitment or selection, or landscaping or (ii)

1 tangible personal property required to be titled or registered
2 with a department, agency, or unit of federal, state, or local
3 government. The Manufacturer's Purchase Credit may be used to
4 satisfy the tax arising either from the purchase of machinery
5 and equipment on or after September 1, 2004 for which the
6 exemption provided by paragraph (18) of Section 3-5 of this Act
7 was erroneously claimed, or the purchase of machinery and
8 equipment on or after September 1, 2004 for which the exemption
9 provided by paragraph (6) of Section 3-5 of this Act was
10 erroneously claimed, but not in satisfaction of penalty, if
11 any, and interest for failure to pay the tax when due. A
12 purchaser of production related tangible personal property
13 that is purchased on or after September 1, 2004 who is required
14 to pay Illinois Use Tax or Service Use Tax on the purchase
15 directly to the Department may utilize the Manufacturer's
16 Purchase Credit in satisfaction of the tax arising from that
17 purchase, but not in satisfaction of penalty and interest. A
18 purchaser who uses the Manufacturer's Purchase Credit to
19 purchase property on and after September 1, 2004 which is later
20 determined not to be production related tangible personal
21 property may be liable for tax, penalty, and interest on the
22 purchase of that property as of the date of purchase but shall
23 be entitled to use the disallowed Manufacturer's Purchase
24 Credit, so long as it has not expired and is used on qualifying
25 purchases of production related tangible personal property not
26 previously subject to credit usage. The Manufacturer's

1 Purchase Credit earned by a manufacturer or graphic arts
2 producer expires the last day of the second calendar year
3 following the calendar year in which the credit arose. A
4 purchaser earning Manufacturer's Purchase Credit shall sign
5 and file an annual Report of Manufacturer's Purchase Credit
6 Earned for each calendar year no later than the last day of the
7 sixth month following the calendar year in which a
8 Manufacturer's Purchase Credit is earned. A Report of
9 Manufacturer's Purchase Credit Earned shall be filed on forms
10 as prescribed or approved by the Department and shall state,
11 for each month of the calendar year: (i) the total purchase
12 price of all purchases of exempt manufacturing or graphic arts
13 machinery on which the credit was earned; (ii) the total State
14 Use Tax or Service Use Tax which would have been due on those
15 items; (iii) the percentage used to calculate the amount of
16 credit earned; (iv) the amount of credit earned; and (v) such
17 other information as the Department may reasonably require. A
18 purchaser earning Manufacturer's Purchase Credit shall
19 maintain records which identify, as to each purchase of
20 manufacturing or graphic arts machinery and equipment on which
21 the purchaser earned Manufacturer's Purchase Credit, the
22 vendor (including, if applicable, either the vendor's
23 registration number or Federal Employer Identification
24 Number), the purchase price, and the amount of Manufacturer's
25 Purchase Credit earned on each purchase. A purchaser using
26 Manufacturer's Purchase Credit shall sign and file an annual

1 Report of Manufacturer's Purchase Credit Used for each calendar
2 year no later than the last day of the sixth month following
3 the calendar year in which a Manufacturer's Purchase Credit is
4 used. A Report of Manufacturer's Purchase Credit Used shall be
5 filed on forms as prescribed or approved by the Department and
6 shall state, for each month of the calendar year: (i) the total
7 purchase price of production related tangible personal
8 property purchased from Illinois suppliers; (ii) the total
9 purchase price of production related tangible personal
10 property purchased from out-of-state suppliers; (iii) the
11 total amount of credit used during such month; and (iv) such
12 other information as the Department may reasonably require. A
13 purchaser using Manufacturer's Purchase Credit shall maintain
14 records that identify, as to each purchase of production
15 related tangible personal property on which the purchaser used
16 Manufacturer's Purchase Credit, the vendor (including, if
17 applicable, either the vendor's registration number or Federal
18 Employer Identification Number), the purchase price, and the
19 amount of Manufacturer's Purchase Credit used on each purchase.

20 No annual report shall be filed after June 30, 2016. A
21 purchaser that fails to file an annual Report of Manufacturer's
22 Purchase Credit Earned or an annual Report of Manufacturer's
23 Purchase Credit Used by the last day of the sixth month
24 following the end of the calendar year shall forfeit all
25 Manufacturer's Purchase Credit for that calendar year unless it
26 establishes that its failure to file was due to reasonable

1 cause. Manufacturer's Purchase Credit reports may be amended to
2 report and claim credit on qualifying purchases not previously
3 reported at any time before the credit would have expired,
4 unless both the Department and the purchaser have agreed to an
5 extension of the statute of limitations for the issuance of a
6 notice of tax liability as provided in Section 4 of the
7 Retailers' Occupation Tax Act. If the time for assessment or
8 refund has been extended, then amended reports for a calendar
9 year may be filed at any time prior to the date to which the
10 statute of limitations for the calendar year or portion thereof
11 has been extended. Manufacturer's Purchase Credit claimed on an
12 amended report may be used to satisfy tax liability under the
13 Use Tax Act or the Service Use Tax Act (i) on qualifying
14 purchases of production related tangible personal property
15 made after the date the amended report is filed or (ii)
16 assessed by the Department on qualifying production related
17 tangible personal property purchased on or after September 1,
18 2004. If the purchaser is not the manufacturer or a graphic
19 arts producer, but rents or leases the use of the property to a
20 manufacturer or graphic arts producer, the purchaser may earn,
21 report, and use Manufacturer's Purchase Credit in the same
22 manner as a manufacturer or graphic arts producer. A purchaser
23 shall not be entitled to any Manufacturer's Purchase Credit for
24 a purchase that is required to be reported and is not timely
25 reported as provided in this Section. A purchaser remains
26 liable for (i) any tax that was satisfied by use of a

1 Manufacturer's Purchase Credit, as of the date of purchase, if
2 that use is not timely reported as required in this Section and
3 (ii) for any applicable penalties and interest for failing to
4 pay the tax when due.

5 (Source: P.A. 96-116, eff. 7-31-09.)

6 Section 10. The Service Use Tax Act is amended by changing
7 Sections 2 and 3-70 as follows:

8 (35 ILCS 110/2) (from Ch. 120, par. 439.32)

9 Sec. 2. Definitions.

10 "Use" means the exercise by any person of any right or
11 power over tangible personal property incident to the ownership
12 of that property, but does not include the sale or use for
13 demonstration by him of that property in any form as tangible
14 personal property in the regular course of business. "Use" does
15 not mean the interim use of tangible personal property nor the
16 physical incorporation of tangible personal property, as an
17 ingredient or constituent, into other tangible personal
18 property, (a) which is sold in the regular course of business
19 or (b) which the person incorporating such ingredient or
20 constituent therein has undertaken at the time of such purchase
21 to cause to be transported in interstate commerce to
22 destinations outside the State of Illinois.

23 "Purchased from a serviceman" means the acquisition of the
24 ownership of, or title to, tangible personal property through a

1 sale of service.

2 "Purchaser" means any person who, through a sale of
3 service, acquires the ownership of, or title to, any tangible
4 personal property.

5 "Cost price" means the consideration paid by the serviceman
6 for a purchase valued in money, whether paid in money or
7 otherwise, including cash, credits and services, and shall be
8 determined without any deduction on account of the supplier's
9 cost of the property sold or on account of any other expense
10 incurred by the supplier. When a serviceman contracts out part
11 or all of the services required in his sale of service, it
12 shall be presumed that the cost price to the serviceman of the
13 property transferred to him or her by his or her subcontractor
14 is equal to 50% of the subcontractor's charges to the
15 serviceman in the absence of proof of the consideration paid by
16 the subcontractor for the purchase of such property.

17 "Selling price" means the consideration for a sale valued
18 in money whether received in money or otherwise, including
19 cash, credits and service, and shall be determined without any
20 deduction on account of the serviceman's cost of the property
21 sold, the cost of materials used, labor or service cost or any
22 other expense whatsoever, but does not include interest or
23 finance charges which appear as separate items on the bill of
24 sale or sales contract nor charges that are added to prices by
25 sellers on account of the seller's duty to collect, from the
26 purchaser, the tax that is imposed by this Act.

1 "Department" means the Department of Revenue.

2 "Person" means any natural individual, firm, partnership,
3 association, joint stock company, joint venture, public or
4 private corporation, limited liability company, and any
5 receiver, executor, trustee, guardian or other representative
6 appointed by order of any court.

7 "Sale of service" means any transaction except:

8 (1) a retail sale of tangible personal property taxable
9 under the Retailers' Occupation Tax Act or under the Use
10 Tax Act.

11 (2) a sale of tangible personal property for the
12 purpose of resale made in compliance with Section 2c of the
13 Retailers' Occupation Tax Act.

14 (3) except as hereinafter provided, a sale or transfer
15 of tangible personal property as an incident to the
16 rendering of service for or by any governmental body, or
17 for or by any corporation, society, association,
18 foundation or institution organized and operated
19 exclusively for charitable, religious or educational
20 purposes or any not-for-profit corporation, society,
21 association, foundation, institution or organization which
22 has no compensated officers or employees and which is
23 organized and operated primarily for the recreation of
24 persons 55 years of age or older. A limited liability
25 company may qualify for the exemption under this paragraph
26 only if the limited liability company is organized and

1 operated exclusively for educational purposes.

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

14 (4a) a sale or transfer of tangible personal property
15 as an incident to the rendering of service for owners,
16 lessors, or shippers of tangible personal property which is
17 utilized by interstate carriers for hire for use as rolling
18 stock moving in interstate commerce so long as so used by
19 interstate carriers for hire, and equipment operated by a
20 telecommunications provider, licensed as a common carrier
21 by the Federal Communications Commission, which is
22 permanently installed in or affixed to aircraft moving in
23 interstate commerce.

24 (4a-5) on and after July 1, 2003 and through June 30,
25 2004, a sale or transfer of a motor vehicle of the second
26 division with a gross vehicle weight in excess of 8,000

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

19 (5) a sale or transfer of machinery and equipment used
20 primarily in the process of the manufacturing or
21 assembling, either in an existing, an expanded or a new
22 manufacturing facility, of tangible personal property for
23 wholesale or retail sale or lease, whether such sale or
24 lease is made directly by the manufacturer or by some other
25 person, whether the materials used in the process are owned
26 by the manufacturer or some other person, or whether such

1 sale or lease is made apart from or as an incident to the
2 seller's engaging in a service occupation and the
3 applicable tax is a Service Use Tax or Service Occupation
4 Tax, rather than Use Tax or Retailers' Occupation Tax. The
5 exemption provided by this paragraph (5) does not include
6 machinery and equipment used in (i) the generation of
7 electricity for wholesale or retail sale; (ii) the
8 generation or treatment of natural or artificial gas for
9 wholesale or retail sale that is delivered to customers
10 through pipes, pipelines, or mains; or (iii) the treatment
11 of water for wholesale or retail sale that is delivered to
12 customers through pipes, pipelines, or mains. The
13 provisions of this amendatory Act of the 98th General
14 Assembly are declaratory of existing law as to the meaning
15 and scope of this exemption.

16 (5a) the repairing, reconditioning or remodeling, for
17 a common carrier by rail, of tangible personal property
18 which belongs to such carrier for hire, and as to which
19 such carrier receives the physical possession of the
20 repaired, reconditioned or remodeled item of tangible
21 personal property in Illinois, and which such carrier
22 transports, or shares with another common carrier in the
23 transportation of such property, out of Illinois on a
24 standard uniform bill of lading showing the person who
25 repaired, reconditioned or remodeled the property to a
26 destination outside Illinois, for use outside Illinois.

1 (5b) a sale or transfer of tangible personal property
2 which is produced by the seller thereof on special order in
3 such a way as to have made the applicable tax the Service
4 Occupation Tax or the Service Use Tax, rather than the
5 Retailers' Occupation Tax or the Use Tax, for an interstate
6 carrier by rail which receives the physical possession of
7 such property in Illinois, and which transports such
8 property, or shares with another common carrier in the
9 transportation of such property, out of Illinois on a
10 standard uniform bill of lading showing the seller of the
11 property as the shipper or consignor of such property to a
12 destination outside Illinois, for use outside Illinois.

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

21 (7) at the election of any serviceman not required to
22 be otherwise registered as a retailer under Section 2a of
23 the Retailers' Occupation Tax Act, made for each fiscal
24 year sales of service in which the aggregate annual cost
25 price of tangible personal property transferred as an
26 incident to the sales of service is less than 35%, or 75%

1 in the case of servicemen transferring prescription drugs
2 or servicemen engaged in graphic arts production, of the
3 aggregate annual total gross receipts from all sales of
4 service. The purchase of such tangible personal property by
5 the serviceman shall be subject to tax under the Retailers'
6 Occupation Tax Act and the Use Tax Act. However, if a
7 primary serviceman who has made the election described in
8 this paragraph subcontracts service work to a secondary
9 serviceman who has also made the election described in this
10 paragraph, the primary serviceman does not incur a Use Tax
11 liability if the secondary serviceman (i) has paid or will
12 pay Use Tax on his or her cost price of any tangible
13 personal property transferred to the primary serviceman
14 and (ii) certifies that fact in writing to the primary
15 serviceman.

16 Tangible personal property transferred incident to the
17 completion of a maintenance agreement is exempt from the tax
18 imposed pursuant to this Act.

19 Exemption (5) also includes machinery and equipment used in
20 the general maintenance or repair of such exempt machinery and
21 equipment or for in-house manufacture of exempt machinery and
22 equipment. On and after August 31, 2015, exemption (5) also
23 includes production related tangible personal property, as
24 defined in this Section. The machinery and equipment exemption
25 does not include machinery and equipment used in (i) the
26 generation of electricity for wholesale or retail sale; (ii)

1 the generation or treatment of natural or artificial gas for
2 wholesale or retail sale that is delivered to customers through
3 pipes, pipelines, or mains; or (iii) the treatment of water for
4 wholesale or retail sale that is delivered to customers through
5 pipes, pipelines, or mains. The provisions of this amendatory
6 Act of the 98th General Assembly are declaratory of existing
7 law as to the meaning and scope of this exemption. For the
8 purposes of exemption (5), each of these terms shall have the
9 following meanings: (1) "manufacturing process" shall mean the
10 production of any article of tangible personal property,
11 whether such article is a finished product or an article for
12 use in the process of manufacturing or assembling a different
13 article of tangible personal property, by procedures commonly
14 regarded as manufacturing, processing, fabricating, or
15 refining which changes some existing material or materials into
16 a material with a different form, use or name. In relation to a
17 recognized integrated business composed of a series of
18 operations which collectively constitute manufacturing, or
19 individually constitute manufacturing operations, the
20 manufacturing process shall be deemed to commence with the
21 first operation or stage of production in the series, and shall
22 not be deemed to end until the completion of the final product
23 in the last operation or stage of production in the series; and
24 further, for purposes of exemption (5), photoprocessing is
25 deemed to be a manufacturing process of tangible personal
26 property for wholesale or retail sale; (2) "assembling process"

1 shall mean the production of any article of tangible personal
2 property, whether such article is a finished product or an
3 article for use in the process of manufacturing or assembling a
4 different article of tangible personal property, by the
5 combination of existing materials in a manner commonly regarded
6 as assembling which results in a material of a different form,
7 use or name; (3) "machinery" shall mean major mechanical
8 machines or major components of such machines contributing to a
9 manufacturing or assembling process; ~~and~~ (4) "equipment" shall
10 include any independent device or tool separate from any
11 machinery but essential to an integrated manufacturing or
12 assembly process; including computers used primarily in a
13 manufacturer's computer assisted design, computer assisted
14 manufacturing (CAD/CAM) system; or any subunit or assembly
15 comprising a component of any machinery or auxiliary, adjunct
16 or attachment parts of machinery, such as tools, dies, jigs,
17 fixtures, patterns and molds; or any parts which require
18 periodic replacement in the course of normal operation; but
19 shall not include hand tools; "equipment" ~~Equipment~~ includes
20 chemicals or chemicals acting as catalysts but only if the
21 chemicals or chemicals acting as catalysts effect a direct and
22 immediate change upon a product being manufactured or assembled
23 for wholesale or retail sale or lease; and (5) "production
24 related tangible personal property" means all tangible
25 personal property that is used or consumed by the purchaser in
26 a manufacturing facility in which a manufacturing process takes

1 place and includes, without limitation, tangible personal
2 property that is purchased for incorporation into real estate
3 within a manufacturing facility and tangible personal property
4 that is used or consumed in research and development regardless
5 of use within or without a manufacturing facility,
6 preproduction material handling, receiving, quality control,
7 inventory control, storage, staging, and packaging for
8 shipping and transportation purposes. "Production related
9 tangible personal property" does not include (i) tangible
10 personal property that is used, within or without a
11 manufacturing facility, in sales, purchasing, accounting,
12 fiscal management, marketing, personnel recruitment or
13 selection, or landscaping or (ii) tangible personal property
14 that is required to be titled or registered with a department,
15 agency, or unit of federal, State, or local government. The
16 purchaser of such machinery and equipment who has an active
17 resale registration number shall furnish such number to the
18 seller at the time of purchase. The user of such machinery and
19 equipment and tools without an active resale registration
20 number shall prepare a certificate of exemption for each
21 transaction stating facts establishing the exemption for that
22 transaction, which certificate shall be available to the
23 Department for inspection or audit. The Department shall
24 prescribe the form of the certificate.

25 Any informal rulings, opinions or letters issued by the
26 Department in response to an inquiry or request for any opinion

1 from any person regarding the coverage and applicability of
2 exemption (5) to specific devices shall be published,
3 maintained as a public record, and made available for public
4 inspection and copying. If the informal ruling, opinion or
5 letter contains trade secrets or other confidential
6 information, where possible the Department shall delete such
7 information prior to publication. Whenever such informal
8 rulings, opinions, or letters contain any policy of general
9 applicability, the Department shall formulate and adopt such
10 policy as a rule in accordance with the provisions of the
11 Illinois Administrative Procedure Act.

12 On and after July 1, 1987, no entity otherwise eligible
13 under exemption (3) of this Section shall make tax free
14 purchases unless it has an active exemption identification
15 number issued by the Department.

16 The purchase, employment and transfer of such tangible
17 personal property as newsprint and ink for the primary purpose
18 of conveying news (with or without other information) is not a
19 purchase, use or sale of service or of tangible personal
20 property within the meaning of this Act.

21 "Serviceman" means any person who is engaged in the
22 occupation of making sales of service.

23 "Sale at retail" means "sale at retail" as defined in the
24 Retailers' Occupation Tax Act.

25 "Supplier" means any person who makes sales of tangible
26 personal property to servicemen for the purpose of resale as an

1 incident to a sale of service.

2 "Serviceman maintaining a place of business in this State",
3 or any like term, means and includes any serviceman:

4 1. having or maintaining within this State, directly or
5 by a subsidiary, an office, distribution house, sales
6 house, warehouse or other place of business, or any agent
7 or other representative operating within this State under
8 the authority of the serviceman or its subsidiary,
9 irrespective of whether such place of business or agent or
10 other representative is located here permanently or
11 temporarily, or whether such serviceman or subsidiary is
12 licensed to do business in this State;

13 1.1. having a contract with a person located in this
14 State under which the person, for a commission or other
15 consideration based on the sale of service by the
16 serviceman, directly or indirectly refers potential
17 customers to the serviceman by providing to the potential
18 customers a promotional code or other mechanism that allows
19 the serviceman to track purchases referred by such persons.
20 Examples of mechanisms that allow the serviceman to track
21 purchases referred by such persons include but are not
22 limited to the use of a link on the person's Internet
23 website, promotional codes distributed through the
24 person's hand-delivered or mailed material, and
25 promotional codes distributed by the person through radio
26 or other broadcast media. The provisions of this paragraph

1 1.1 shall apply only if the cumulative gross receipts from
2 sales of service by the serviceman to customers who are
3 referred to the serviceman by all persons in this State
4 under such contracts exceed \$10,000 during the preceding 4
5 quarterly periods ending on the last day of March, June,
6 September, and December; a serviceman meeting the
7 requirements of this paragraph 1.1 shall be presumed to be
8 maintaining a place of business in this State but may rebut
9 this presumption by submitting proof that the referrals or
10 other activities pursued within this State by such persons
11 were not sufficient to meet the nexus standards of the
12 United States Constitution during the preceding 4
13 quarterly periods;

14 1.2. beginning July 1, 2011, having a contract with a
15 person located in this State under which:

16 A. the serviceman sells the same or substantially
17 similar line of services as the person located in this
18 State and does so using an identical or substantially
19 similar name, trade name, or trademark as the person
20 located in this State; and

21 B. the serviceman provides a commission or other
22 consideration to the person located in this State based
23 upon the sale of services by the serviceman.

24 The provisions of this paragraph 1.2 shall apply only if
25 the cumulative gross receipts from sales of service by the
26 serviceman to customers in this State under all such

1 contracts exceed \$10,000 during the preceding 4 quarterly
2 periods ending on the last day of March, June, September,
3 and December;

4 2. soliciting orders for tangible personal property by
5 means of a telecommunication or television shopping system
6 (which utilizes toll free numbers) which is intended by the
7 retailer to be broadcast by cable television or other means
8 of broadcasting, to consumers located in this State;

9 3. pursuant to a contract with a broadcaster or
10 publisher located in this State, soliciting orders for
11 tangible personal property by means of advertising which is
12 disseminated primarily to consumers located in this State
13 and only secondarily to bordering jurisdictions;

14 4. soliciting orders for tangible personal property by
15 mail if the solicitations are substantial and recurring and
16 if the retailer benefits from any banking, financing, debt
17 collection, telecommunication, or marketing activities
18 occurring in this State or benefits from the location in
19 this State of authorized installation, servicing, or
20 repair facilities;

21 5. being owned or controlled by the same interests
22 which own or control any retailer engaging in business in
23 the same or similar line of business in this State;

24 6. having a franchisee or licensee operating under its
25 trade name if the franchisee or licensee is required to
26 collect the tax under this Section;

1 7. pursuant to a contract with a cable television
2 operator located in this State, soliciting orders for
3 tangible personal property by means of advertising which is
4 transmitted or distributed over a cable television system
5 in this State; or

6 8. engaging in activities in Illinois, which
7 activities in the state in which the supply business
8 engaging in such activities is located would constitute
9 maintaining a place of business in that state.

10 (Source: P.A. 98-583, eff. 1-1-14; 98-1089, eff. 1-1-15.)

11 (35 ILCS 110/3-70)

12 Sec. 3-70. Manufacturer's Purchase Credit. For purchases
13 of machinery and equipment made on and after January 1, 1995
14 and through June 30, 2003, and on and after September 1, 2004
15 through August 30, 2014, a purchaser of manufacturing machinery
16 and equipment that qualifies for the exemption provided by
17 Section 2 of this Act earns a credit in an amount equal to a
18 fixed percentage of the tax which would have been incurred
19 under this Act on those purchases. For purchases of graphic
20 arts machinery and equipment made on or after July 1, 1996
21 through June 30, 2003, and on and after September 1, 2004
22 through August 30, 2014, a purchase of graphic arts machinery
23 and equipment that qualifies for the exemption provided by
24 paragraph (5) of Section 3-5 of this Act earns a credit in an
25 amount equal to a fixed percentage of the tax that would have

1 been incurred under this Act on those purchases. The credit
2 earned for the purchase of manufacturing machinery and
3 equipment and graphic arts machinery and equipment shall be
4 referred to as the Manufacturer's Purchase Credit. A graphic
5 arts producer is a person engaged in graphic arts production as
6 defined in Section 3-30 of the Service Occupation Tax Act.
7 Beginning July 1, 1996, all references in this Section to
8 manufacturers or manufacturing shall also refer to graphic arts
9 producers or graphic arts production.

10 The amount of credit shall be a percentage of the tax that
11 would have been incurred on the purchase of the manufacturing
12 machinery and equipment or graphic arts machinery and equipment
13 if the exemptions provided by Section 2 or paragraph (5) of
14 Section 3-5 of this Act had not been applicable.

15 All purchases prior to October 1, 2003 and on or after
16 September 1, 2004 through August 30, 2015 of manufacturing
17 machinery and equipment and graphic arts machinery and
18 equipment that qualify for the exemptions provided by paragraph
19 (5) of Section 2 or paragraph (5) of Section 3-5 of this Act
20 qualify for the credit without regard to whether the serviceman
21 elected, or could have elected, under paragraph (7) of Section
22 2 of this Act to exclude the transaction from this Act. If the
23 serviceman's billing to the service customer separately states
24 a selling price for the exempt manufacturing machinery or
25 equipment or the exempt graphic arts machinery and equipment,
26 the credit shall be calculated, as otherwise provided herein,

1 based on that selling price. If the serviceman's billing does
2 not separately state a selling price for the exempt
3 manufacturing machinery and equipment or the exempt graphic
4 arts machinery and equipment, the credit shall be calculated,
5 as otherwise provided herein, based on 50% of the entire
6 billing. If the serviceman contracts to design, develop, and
7 produce special order manufacturing machinery and equipment or
8 special order graphic arts machinery and equipment, and the
9 billing does not separately state a selling price for such
10 special order machinery and equipment, the credit shall be
11 calculated, as otherwise provided herein, based on 50% of the
12 entire billing. The provisions of this paragraph are effective
13 for purchases made on or after January 1, 1995.

14 The percentage shall be as follows:

15 (1) 15% for purchases made on or before June 30, 1995.

16 (2) 25% for purchases made after June 30, 1995, and on
17 or before June 30, 1996.

18 (3) 40% for purchases made after June 30, 1996, and on
19 or before June 30, 1997.

20 (4) 50% for purchases made on or after July 1, 1997.

21 (a) Manufacturer's Purchase Credit earned prior to July 1,
22 2003. This subsection (a) applies to Manufacturer's Purchase
23 Credit earned prior to July 1, 2003. A purchaser of production
24 related tangible personal property desiring to use the
25 Manufacturer's Purchase Credit shall certify to the seller
26 prior to October 1, 2003 that the purchaser is satisfying all

1 or part of the liability under the Use Tax Act or the Service
2 Use Tax Act that is due on the purchase of the production
3 related tangible personal property by use of a Manufacturer's
4 Purchase Credit. The Manufacturer's Purchase Credit
5 certification must be dated and shall include the name and
6 address of the purchaser, the purchaser's registration number,
7 if registered, the credit being applied, and a statement that
8 the State Use Tax or Service Use Tax liability is being
9 satisfied with the manufacturer's or graphic arts producer's
10 accumulated purchase credit. Certification may be incorporated
11 into the manufacturer's or graphic arts producer's purchase
12 order. Manufacturer's Purchase Credit certification provided
13 by the manufacturer or graphic arts producer prior to October
14 1, 2003 may be used to satisfy the retailer's or serviceman's
15 liability under the Retailers' Occupation Tax Act or Service
16 Occupation Tax Act for the credit claimed, not to exceed 6.25%
17 of the receipts subject to tax from a qualifying purchase, but
18 only if the retailer or serviceman reports the Manufacturer's
19 Purchase Credit claimed as required by the Department. A
20 Manufacturer's Purchase Credit reported on any original or
21 amended return filed under this Act after October 20, 2003
22 shall be disallowed. The Manufacturer's Purchase Credit earned
23 by purchase of exempt manufacturing machinery and equipment or
24 graphic arts machinery and equipment is a non-transferable
25 credit. A manufacturer or graphic arts producer that enters
26 into a contract involving the installation of tangible personal

1 property into real estate within a manufacturing or graphic
2 arts production facility, prior to October 1, 2003, may
3 authorize a construction contractor to utilize credit
4 accumulated by the manufacturer or graphic arts producer to
5 purchase the tangible personal property. A manufacturer or
6 graphic arts producer intending to use accumulated credit to
7 purchase such tangible personal property shall execute a
8 written contract authorizing the contractor to utilize a
9 specified dollar amount of credit. The contractor shall
10 furnish, prior to October 1, 2003, the supplier with the
11 manufacturer's or graphic arts producer's name, registration
12 or resale number, and a statement that a specific amount of the
13 Use Tax or Service Use Tax liability, not to exceed 6.25% of
14 the selling price, is being satisfied with the credit. The
15 manufacturer or graphic arts producer shall remain liable to
16 timely report all information required by the annual Report of
17 Manufacturer's Purchase Credit Used for credit utilized by a
18 construction contractor.

19 No Manufacturer's Purchase Credit earned prior to July 1,
20 2003 may be used after October 1, 2003. The Manufacturer's
21 Purchase Credit may be used to satisfy liability under the Use
22 Tax Act or the Service Use Tax Act due on the purchase of
23 production related tangible personal property (including
24 purchases by a manufacturer, by a graphic arts producer, or a
25 lessor who rents or leases the use of the property to a
26 manufacturer or graphic arts producer) that does not otherwise

1 qualify for the manufacturing machinery and equipment
2 exemption or the graphic arts machinery and equipment
3 exemption. "Production related tangible personal property"
4 means (i) all tangible personal property used or consumed by
5 the purchaser in a manufacturing facility in which a
6 manufacturing process described in Section 2-45 of the
7 Retailers' Occupation Tax Act takes place, including tangible
8 personal property purchased for incorporation into real estate
9 within a manufacturing facility and including, but not limited
10 to, tangible personal property used or consumed in activities
11 such as pre-production material handling, receiving, quality
12 control, inventory control, storage, staging, and packaging
13 for shipping and transportation purposes; (ii) all tangible
14 personal property used or consumed by the purchaser in a
15 graphic arts facility in which graphic arts production as
16 described in Section 2-30 of the Retailers' Occupation Tax Act
17 takes place, including tangible personal property purchased
18 for incorporation into real estate within a graphic arts
19 facility and including, but not limited to, all tangible
20 personal property used or consumed in activities such as
21 graphic arts preliminary or pre-press production,
22 pre-production material handling, receiving, quality control,
23 inventory control, storage, staging, sorting, labeling,
24 mailing, tying, wrapping, and packaging; and (iii) all tangible
25 personal property used or consumed by the purchaser for
26 research and development. "Production related tangible

1 personal property" does not include (i) tangible personal
2 property used, within or without a manufacturing or graphic
3 arts facility, in sales, purchasing, accounting, fiscal
4 management, marketing, personnel recruitment or selection, or
5 landscaping or (ii) tangible personal property required to be
6 titled or registered with a department, agency, or unit of
7 federal, state, or local government. The Manufacturer's
8 Purchase Credit may be used, prior to October 1, 2003, to
9 satisfy the tax arising either from the purchase of machinery
10 and equipment on or after January 1, 1995 for which the
11 manufacturing machinery and equipment exemption provided by
12 Section 2 of this Act was erroneously claimed, or the purchase
13 of machinery and equipment on or after July 1, 1996 for which
14 the exemption provided by paragraph (5) of Section 3-5 of this
15 Act was erroneously claimed, but not in satisfaction of
16 penalty, if any, and interest for failure to pay the tax when
17 due. A purchaser of production related tangible personal
18 property who is required to pay Illinois Use Tax or Service Use
19 Tax on the purchase directly to the Department may, prior to
20 October 1, 2003, utilize the Manufacturer's Purchase Credit in
21 satisfaction of the tax arising from that purchase, but not in
22 satisfaction of penalty and interest. A purchaser who uses the
23 Manufacturer's Purchase Credit to purchase property which is
24 later determined not to be production related tangible personal
25 property may be liable for tax, penalty, and interest on the
26 purchase of that property as of the date of purchase but shall

1 be entitled to use the disallowed Manufacturer's Purchase
2 Credit, so long as it has not expired and is used prior to
3 October 1, 2003, on qualifying purchases of production related
4 tangible personal property not previously subject to credit
5 usage. The Manufacturer's Purchase Credit earned by a
6 manufacturer or graphic arts producer expires the last day of
7 the second calendar year following the calendar year in which
8 the credit arose. No Manufacturer's Purchase Credit may be used
9 after September 30, 2003 regardless of when that credit was
10 earned.

11 A purchaser earning Manufacturer's Purchase Credit shall
12 sign and file an annual Report of Manufacturer's Purchase
13 Credit Earned for each calendar year no later than the last day
14 of the sixth month following the calendar year in which a
15 Manufacturer's Purchase Credit is earned. A Report of
16 Manufacturer's Purchase Credit Earned shall be filed on forms
17 as prescribed or approved by the Department and shall state,
18 for each month of the calendar year: (i) the total purchase
19 price of all purchases of exempt manufacturing or graphic arts
20 machinery on which the credit was earned; (ii) the total State
21 Use Tax or Service Use Tax which would have been due on those
22 items; (iii) the percentage used to calculate the amount of
23 credit earned; (iv) the amount of credit earned; and (v) such
24 other information as the Department may reasonably require. A
25 purchaser earning Manufacturer's Purchase Credit shall
26 maintain records which identify, as to each purchase of

1 manufacturing or graphic arts machinery and equipment on which
2 the purchaser earned Manufacturer's Purchase Credit, the
3 vendor (including, if applicable, either the vendor's
4 registration number or Federal Employer Identification
5 Number), the purchase price, and the amount of Manufacturer's
6 Purchase Credit earned on each purchase.

7 A purchaser using Manufacturer's Purchase Credit shall
8 sign and file an annual Report of Manufacturer's Purchase
9 Credit Used for each calendar year no later than the last day
10 of the sixth month following the calendar year in which a
11 Manufacturer's Purchase Credit is used. A Report of
12 Manufacturer's Purchase Credit Used shall be filed on forms as
13 prescribed or approved by the Department and shall state, for
14 each month of the calendar year: (i) the total purchase price
15 of production related tangible personal property purchased
16 from Illinois suppliers; (ii) the total purchase price of
17 production related tangible personal property purchased from
18 out-of-state suppliers; (iii) the total amount of credit used
19 during such month; and (iv) such other information as the
20 Department may reasonably require. A purchaser using
21 Manufacturer's Purchase Credit shall maintain records that
22 identify, as to each purchase of production related tangible
23 personal property on which the purchaser used Manufacturer's
24 Purchase Credit, the vendor (including, if applicable, either
25 the vendor's registration number or Federal Employer
26 Identification Number), the purchase price, and the amount of

1 Manufacturer's Purchase Credit used on each purchase.

2 No annual report shall be filed before May 1, 1996 or after
3 June 30, 2004. A purchaser that fails to file an annual Report
4 of Manufacturer's Purchase Credit Earned or an annual Report of
5 Manufacturer's Purchase Credit Used by the last day of the
6 sixth month following the end of the calendar year shall
7 forfeit all Manufacturer's Purchase Credit for that calendar
8 year unless it establishes that its failure to file was due to
9 reasonable cause. Manufacturer's Purchase Credit reports may
10 be amended to report and claim credit on qualifying purchases
11 not previously reported at any time before the credit would
12 have expired, unless both the Department and the purchaser have
13 agreed to an extension of the statute of limitations for the
14 issuance of a notice of tax liability as provided in Section 4
15 of the Retailers' Occupation Tax Act. If the time for
16 assessment or refund has been extended, then amended reports
17 for a calendar year may be filed at any time prior to the date
18 to which the statute of limitations for the calendar year or
19 portion thereof has been extended. No Manufacturer's Purchase
20 Credit report filed with the Department for periods prior to
21 January 1, 1995 shall be approved. Manufacturer's Purchase
22 Credit claimed on an amended report may be used, prior to
23 October 1, 2003, to satisfy tax liability under the Use Tax Act
24 or the Service Use Tax Act (i) on qualifying purchases of
25 production related tangible personal property made after the
26 date the amended report is filed or (ii) assessed by the

1 Department on qualifying purchases of production related
2 tangible personal property made in the case of manufacturers on
3 or after January 1, 1995, or in the case of graphic arts
4 producers on or after July 1, 1996.

5 If the purchaser is not the manufacturer or a graphic arts
6 producer, but rents or leases the use of the property to a
7 manufacturer or a graphic arts producer, the purchaser may
8 earn, report, and use Manufacturer's Purchase Credit in the
9 same manner as a manufacturer or graphic arts producer.

10 A purchaser shall not be entitled to any Manufacturer's
11 Purchase Credit for a purchase that is required to be reported
12 and is not timely reported as provided in this Section. A
13 purchaser remains liable for (i) any tax that was satisfied by
14 use of a Manufacturer's Purchase Credit, as of the date of
15 purchase, if that use is not timely reported as required in
16 this Section and (ii) for any applicable penalties and interest
17 for failing to pay the tax when due. No Manufacturer's Purchase
18 Credit may be used after September 30, 2003 to satisfy any tax
19 liability imposed under this Act, including any audit
20 liability.

21 (b) Manufacturer's Purchase Credit earned on and after
22 September 1, 2004 and through August 30, 2015. This subsection
23 (b) applies to Manufacturer's Purchase Credit earned on or
24 after September 1, 2004 and through August 30, 2015.
25 Manufacturer's Purchase Credit earned on or after September 1,
26 2004 and through August 30, 2015 may only be used to satisfy

1 the Use Tax or Service Use Tax liability incurred on production
2 related tangible personal property purchased on or after
3 September 1, 2004 and through August 30, 2015. Manufacturer's
4 Purchase Credit reported on any original return filed under
5 this Act after September 20, 2015 shall be disallowed.
6 Manufacturer's Purchase Credit reported on any amended return
7 filed under this Act after December 31, 2015 shall be
8 disallowed. No Manufacturer's Purchase Credit may be used after
9 December 31, 2015 to satisfy any audit liability. A purchaser
10 of production related tangible personal property desiring to
11 use the Manufacturer's Purchase Credit shall certify to the
12 seller that the purchaser is satisfying all or part of the
13 liability under the Use Tax Act or the Service Use Tax Act that
14 is due on the purchase of the production related tangible
15 personal property by use of a Manufacturer's Purchase Credit.
16 The Manufacturer's Purchase Credit certification must be dated
17 and shall include the name and address of the purchaser, the
18 purchaser's registration number, if registered, the credit
19 being applied, and a statement that the State Use Tax or
20 Service Use Tax liability is being satisfied with the
21 manufacturer's or graphic arts producer's accumulated purchase
22 credit. Certification may be incorporated into the
23 manufacturer's or graphic arts producer's purchase order.
24 Manufacturer's Purchase Credit certification provided by the
25 manufacturer or graphic arts producer may be used to satisfy
26 the retailer's or serviceman's liability under the Retailers'

1 Occupation Tax Act or Service Occupation Tax Act for the credit
2 claimed, not to exceed 6.25% of the receipts subject to tax
3 from a qualifying purchase, but only if the retailer or
4 serviceman reports the Manufacturer's Purchase Credit claimed
5 as required by the Department. The Manufacturer's Purchase
6 Credit earned by purchase of exempt manufacturing machinery and
7 equipment or graphic arts machinery and equipment is a
8 non-transferable credit. A manufacturer or graphic arts
9 producer that enters into a contract involving the installation
10 of tangible personal property into real estate within a
11 manufacturing or graphic arts production facility may, on or
12 after September 1, 2004, authorize a construction contractor to
13 utilize credit accumulated by the manufacturer or graphic arts
14 producer to purchase the tangible personal property, provided
15 that no such credit may be used on or after August 31, 2015. A
16 manufacturer or graphic arts producer intending to use
17 accumulated credit to purchase such tangible personal property
18 shall execute a written contract authorizing the contractor to
19 utilize a specified dollar amount of credit. The contractor
20 shall furnish the supplier with the manufacturer's or graphic
21 arts producer's name, registration or resale number, and a
22 statement that a specific amount of the Use Tax or Service Use
23 Tax liability, not to exceed 6.25% of the selling price, is
24 being satisfied with the credit. The manufacturer or graphic
25 arts producer shall remain liable to timely report all
26 information required by the annual Report of Manufacturer's

1 Purchase Credit Used for credit utilized by a construction
2 contractor.

3 The Manufacturer's Purchase Credit may be used to satisfy
4 liability under the Use Tax Act or the Service Use Tax Act due
5 on the purchase, made on or after September 1, 2004, of
6 production related tangible personal property (including
7 purchases by a manufacturer, by a graphic arts producer, or a
8 lessor who rents or leases the use of the property to a
9 manufacturer or graphic arts producer) that does not otherwise
10 qualify for the manufacturing machinery and equipment
11 exemption or the graphic arts machinery and equipment
12 exemption. "Production related tangible personal property"
13 means (i) all tangible personal property used or consumed by
14 the purchaser in a manufacturing facility in which a
15 manufacturing process described in Section 2-45 of the
16 Retailers' Occupation Tax Act takes place, including tangible
17 personal property purchased for incorporation into real estate
18 within a manufacturing facility and including, but not limited
19 to, tangible personal property used or consumed in activities
20 such as pre-production material handling, receiving, quality
21 control, inventory control, storage, staging, and packaging
22 for shipping and transportation purposes; (ii) all tangible
23 personal property used or consumed by the purchaser in a
24 graphic arts facility in which graphic arts production as
25 described in Section 2-30 of the Retailers' Occupation Tax Act
26 takes place, including tangible personal property purchased

1 for incorporation into real estate within a graphic arts
2 facility and including, but not limited to, all tangible
3 personal property used or consumed in activities such as
4 graphic arts preliminary or pre-press production,
5 pre-production material handling, receiving, quality control,
6 inventory control, storage, staging, sorting, labeling,
7 mailing, tying, wrapping, and packaging; and (iii) all tangible
8 personal property used or consumed by the purchaser for
9 research and development. "Production related tangible
10 personal property" does not include (i) tangible personal
11 property used, within or without a manufacturing or graphic
12 arts facility, in sales, purchasing, accounting, fiscal
13 management, marketing, personnel recruitment or selection, or
14 landscaping or (ii) tangible personal property required to be
15 titled or registered with a department, agency, or unit of
16 federal, state, or local government. The Manufacturer's
17 Purchase Credit may be used to satisfy the tax arising either
18 from the purchase of machinery and equipment on or after
19 September 1, 2004 for which the manufacturing machinery and
20 equipment exemption provided by Section 2 of this Act was
21 erroneously claimed, or the purchase of machinery and equipment
22 on or after September 1, 2004 for which the exemption provided
23 by paragraph (5) of Section 3-5 of this Act was erroneously
24 claimed, but not in satisfaction of penalty, if any, and
25 interest for failure to pay the tax when due. A purchaser of
26 production related tangible personal property that is

1 purchased on or after September 1, 2004 who is required to pay
2 Illinois Use Tax or Service Use Tax on the purchase directly to
3 the Department may utilize the Manufacturer's Purchase Credit
4 in satisfaction of the tax arising from that purchase, but not
5 in satisfaction of penalty and interest. A purchaser who uses
6 the Manufacturer's Purchase Credit to purchase property on and
7 after September 1, 2004 which is later determined not to be
8 production related tangible personal property may be liable for
9 tax, penalty, and interest on the purchase of that property as
10 of the date of purchase but shall be entitled to use the
11 disallowed Manufacturer's Purchase Credit, so long as it has
12 not expired, on qualifying purchases of production related
13 tangible personal property not previously subject to credit
14 usage. The Manufacturer's Purchase Credit earned by a
15 manufacturer or graphic arts producer expires the last day of
16 the second calendar year following the calendar year in which
17 the credit arose.

18 A purchaser earning Manufacturer's Purchase Credit shall
19 sign and file an annual Report of Manufacturer's Purchase
20 Credit Earned for each calendar year no later than the last day
21 of the sixth month following the calendar year in which a
22 Manufacturer's Purchase Credit is earned. A Report of
23 Manufacturer's Purchase Credit Earned shall be filed on forms
24 as prescribed or approved by the Department and shall state,
25 for each month of the calendar year: (i) the total purchase
26 price of all purchases of exempt manufacturing or graphic arts

1 machinery on which the credit was earned; (ii) the total State
2 Use Tax or Service Use Tax which would have been due on those
3 items; (iii) the percentage used to calculate the amount of
4 credit earned; (iv) the amount of credit earned; and (v) such
5 other information as the Department may reasonably require. A
6 purchaser earning Manufacturer's Purchase Credit shall
7 maintain records which identify, as to each purchase of
8 manufacturing or graphic arts machinery and equipment on which
9 the purchaser earned Manufacturer's Purchase Credit, the
10 vendor (including, if applicable, either the vendor's
11 registration number or Federal Employer Identification
12 Number), the purchase price, and the amount of Manufacturer's
13 Purchase Credit earned on each purchase.

14 A purchaser using Manufacturer's Purchase Credit shall
15 sign and file an annual Report of Manufacturer's Purchase
16 Credit Used for each calendar year no later than the last day
17 of the sixth month following the calendar year in which a
18 Manufacturer's Purchase Credit is used. A Report of
19 Manufacturer's Purchase Credit Used shall be filed on forms as
20 prescribed or approved by the Department and shall state, for
21 each month of the calendar year: (i) the total purchase price
22 of production related tangible personal property purchased
23 from Illinois suppliers; (ii) the total purchase price of
24 production related tangible personal property purchased from
25 out-of-state suppliers; (iii) the total amount of credit used
26 during such month; and (iv) such other information as the

1 Department may reasonably require. A purchaser using
2 Manufacturer's Purchase Credit shall maintain records that
3 identify, as to each purchase of production related tangible
4 personal property on which the purchaser used Manufacturer's
5 Purchase Credit, the vendor (including, if applicable, either
6 the vendor's registration number or Federal Employer
7 Identification Number), the purchase price, and the amount of
8 Manufacturer's Purchase Credit used on each purchase.

9 No annual report shall be filed after June 30, 2016. A
10 purchaser that fails to file an annual Report of Manufacturer's
11 Purchase Credit Earned or an annual Report of Manufacturer's
12 Purchase Credit Used by the last day of the sixth month
13 following the end of the calendar year shall forfeit all
14 Manufacturer's Purchase Credit for that calendar year unless it
15 establishes that its failure to file was due to reasonable
16 cause. Manufacturer's Purchase Credit reports may be amended to
17 report and claim credit on qualifying purchases not previously
18 reported at any time before the credit would have expired,
19 unless both the Department and the purchaser have agreed to an
20 extension of the statute of limitations for the issuance of a
21 notice of tax liability as provided in Section 4 of the
22 Retailers' Occupation Tax Act. If the time for assessment or
23 refund has been extended, then amended reports for a calendar
24 year may be filed at any time prior to the date to which the
25 statute of limitations for the calendar year or portion thereof
26 has been extended. Manufacturer's Purchase Credit claimed on an

1 amended report may be used to satisfy tax liability under the
2 Use Tax Act or the Service Use Tax Act (i) on qualifying
3 purchases of production related tangible personal property
4 made after the date the amended report is filed or (ii)
5 assessed by the Department on qualifying production related
6 tangible personal property purchased on or after September 1,
7 2004.

8 If the purchaser is not the manufacturer or a graphic arts
9 producer, but rents or leases the use of the property to a
10 manufacturer or a graphic arts producer, the purchaser may
11 earn, report, and use Manufacturer's Purchase Credit in the
12 same manner as a manufacturer or graphic arts producer. A
13 purchaser shall not be entitled to any Manufacturer's Purchase
14 Credit for a purchase that is required to be reported and is
15 not timely reported as provided in this Section. A purchaser
16 remains liable for (i) any tax that was satisfied by use of a
17 Manufacturer's Purchase Credit, as of the date of purchase, if
18 that use is not timely reported as required in this Section and
19 (ii) for any applicable penalties and interest for failing to
20 pay the tax when due.

21 (Source: P.A. 96-116, eff. 7-31-09.)

22 Section 15. The Service Occupation Tax Act is amended by
23 changing Sections 2 and 9 as follows:

24 (35 ILCS 115/2) (from Ch. 120, par. 439.102)

1 Sec. 2. "Transfer" means any transfer of the title to
2 property or of the ownership of property whether or not the
3 transferor retains title as security for the payment of amounts
4 due him from the transferee.

5 "Cost Price" means the consideration paid by the serviceman
6 for a purchase valued in money, whether paid in money or
7 otherwise, including cash, credits and services, and shall be
8 determined without any deduction on account of the supplier's
9 cost of the property sold or on account of any other expense
10 incurred by the supplier. When a serviceman contracts out part
11 or all of the services required in his sale of service, it
12 shall be presumed that the cost price to the serviceman of the
13 property transferred to him by his or her subcontractor is
14 equal to 50% of the subcontractor's charges to the serviceman
15 in the absence of proof of the consideration paid by the
16 subcontractor for the purchase of such property.

17 "Department" means the Department of Revenue.

18 "Person" means any natural individual, firm, partnership,
19 association, joint stock company, joint venture, public or
20 private corporation, limited liability company, and any
21 receiver, executor, trustee, guardian or other representative
22 appointed by order of any court.

23 "Sale of Service" means any transaction except:

24 (a) A retail sale of tangible personal property taxable
25 under the Retailers' Occupation Tax Act or under the Use Tax
26 Act.

1 (b) A sale of tangible personal property for the purpose of
2 resale made in compliance with Section 2c of the Retailers'
3 Occupation Tax Act.

4 (c) Except as hereinafter provided, a sale or transfer of
5 tangible personal property as an incident to the rendering of
6 service for or by any governmental body or for or by any
7 corporation, society, association, foundation or institution
8 organized and operated exclusively for charitable, religious
9 or educational purposes or any not-for-profit corporation,
10 society, association, foundation, institution or organization
11 which has no compensated officers or employees and which is
12 organized and operated primarily for the recreation of persons
13 55 years of age or older. A limited liability company may
14 qualify for the exemption under this paragraph only if the
15 limited liability company is organized and operated
16 exclusively for educational purposes.

17 (d) A sale or transfer of tangible personal property as an
18 incident to the rendering of service for interstate carriers
19 for hire for use as rolling stock moving in interstate commerce
20 or lessors under leases of one year or longer, executed or in
21 effect at the time of purchase, to interstate carriers for hire
22 for use as rolling stock moving in interstate commerce, and
23 equipment operated by a telecommunications provider, licensed
24 as a common carrier by the Federal Communications Commission,
25 which is permanently installed in or affixed to aircraft moving
26 in interstate commerce.

1 (d-1) A sale or transfer of tangible personal property as
2 an incident to the rendering of service for owners, lessors or
3 shippers of tangible personal property which is utilized by
4 interstate carriers for hire for use as rolling stock moving in
5 interstate commerce, and equipment operated by a
6 telecommunications provider, licensed as a common carrier by
7 the Federal Communications Commission, which is permanently
8 installed in or affixed to aircraft moving in interstate
9 commerce.

10 (d-1.1) On and after July 1, 2003 and through June 30,
11 2004, a sale or transfer of a motor vehicle of the second
12 division with a gross vehicle weight in excess of 8,000 pounds
13 as an incident to the rendering of service if that motor
14 vehicle is subject to the commercial distribution fee imposed
15 under Section 3-815.1 of the Illinois Vehicle Code. Beginning
16 on July 1, 2004 and through June 30, 2005, the use in this
17 State of motor vehicles of the second division: (i) with a
18 gross vehicle weight rating in excess of 8,000 pounds; (ii)
19 that are subject to the commercial distribution fee imposed
20 under Section 3-815.1 of the Illinois Vehicle Code; and (iii)
21 that are primarily used for commercial purposes. Through June
22 30, 2005, this exemption applies to repair and replacement
23 parts added after the initial purchase of such a motor vehicle
24 if that motor vehicle is used in a manner that would qualify
25 for the rolling stock exemption otherwise provided for in this
26 Act. For purposes of this paragraph, "used for commercial

1 purposes" means the transportation of persons or property in
2 furtherance of any commercial or industrial enterprise whether
3 for-hire or not.

4 (d-2) The repairing, reconditioning or remodeling, for a
5 common carrier by rail, of tangible personal property which
6 belongs to such carrier for hire, and as to which such carrier
7 receives the physical possession of the repaired,
8 reconditioned or remodeled item of tangible personal property
9 in Illinois, and which such carrier transports, or shares with
10 another common carrier in the transportation of such property,
11 out of Illinois on a standard uniform bill of lading showing
12 the person who repaired, reconditioned or remodeled the
13 property as the shipper or consignor of such property to a
14 destination outside Illinois, for use outside Illinois.

15 (d-3) A sale or transfer of tangible personal property
16 which is produced by the seller thereof on special order in
17 such a way as to have made the applicable tax the Service
18 Occupation Tax or the Service Use Tax, rather than the
19 Retailers' Occupation Tax or the Use Tax, for an interstate
20 carrier by rail which receives the physical possession of such
21 property in Illinois, and which transports such property, or
22 shares with another common carrier in the transportation of
23 such property, out of Illinois on a standard uniform bill of
24 lading showing the seller of the property as the shipper or
25 consignor of such property to a destination outside Illinois,
26 for use outside Illinois.

1 (d-4) Until January 1, 1997, a sale, by a registered
2 serviceman paying tax under this Act to the Department, of
3 special order printed materials delivered outside Illinois and
4 which are not returned to this State, if delivery is made by
5 the seller or agent of the seller, including an agent who
6 causes the product to be delivered outside Illinois by a common
7 carrier or the U.S. postal service.

8 (e) A sale or transfer of machinery and equipment used
9 primarily in the process of the manufacturing or assembling,
10 either in an existing, an expanded or a new manufacturing
11 facility, of tangible personal property for wholesale or retail
12 sale or lease, whether such sale or lease is made directly by
13 the manufacturer or by some other person, whether the materials
14 used in the process are owned by the manufacturer or some other
15 person, or whether such sale or lease is made apart from or as
16 an incident to the seller's engaging in a service occupation
17 and the applicable tax is a Service Occupation Tax or Service
18 Use Tax, rather than Retailers' Occupation Tax or Use Tax. The
19 exemption provided by this paragraph (e) does not include
20 machinery and equipment used in (i) the generation of
21 electricity for wholesale or retail sale; (ii) the generation
22 or treatment of natural or artificial gas for wholesale or
23 retail sale that is delivered to customers through pipes,
24 pipelines, or mains; or (iii) the treatment of water for
25 wholesale or retail sale that is delivered to customers through
26 pipes, pipelines, or mains. The provisions of this amendatory

1 Act of the 98th General Assembly are declaratory of existing
2 law as to the meaning and scope of this exemption.

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

10 (g) At the election of any serviceman not required to be
11 otherwise registered as a retailer under Section 2a of the
12 Retailers' Occupation Tax Act, made for each fiscal year sales
13 of service in which the aggregate annual cost price of tangible
14 personal property transferred as an incident to the sales of
15 service is less than 35% (75% in the case of servicemen
16 transferring prescription drugs or servicemen engaged in
17 graphic arts production) of the aggregate annual total gross
18 receipts from all sales of service. The purchase of such
19 tangible personal property by the serviceman shall be subject
20 to tax under the Retailers' Occupation Tax Act and the Use Tax
21 Act. However, if a primary serviceman who has made the election
22 described in this paragraph subcontracts service work to a
23 secondary serviceman who has also made the election described
24 in this paragraph, the primary serviceman does not incur a Use
25 Tax liability if the secondary serviceman (i) has paid or will
26 pay Use Tax on his or her cost price of any tangible personal

1 property transferred to the primary serviceman and (ii)
2 certifies that fact in writing to the primary serviceman.

3 Tangible personal property transferred incident to the
4 completion of a maintenance agreement is exempt from the tax
5 imposed pursuant to this Act.

6 Exemption (e) also includes machinery and equipment used in
7 the general maintenance or repair of such exempt machinery and
8 equipment or for in-house manufacture of exempt machinery and
9 equipment. On and after August 31, 2015, exemption (e) also
10 includes production related tangible personal property as
11 defined in this Section. The machinery and equipment exemption
12 does not include machinery and equipment used in (i) the
13 generation of electricity for wholesale or retail sale; (ii)
14 the generation or treatment of natural or artificial gas for
15 wholesale or retail sale that is delivered to customers through
16 pipes, pipelines, or mains; or (iii) the treatment of water for
17 wholesale or retail sale that is delivered to customers through
18 pipes, pipelines, or mains. The provisions of this amendatory
19 Act of the 98th General Assembly are declaratory of existing
20 law as to the meaning and scope of this exemption. For the
21 purposes of exemption (e), each of these terms shall have the
22 following meanings: (1) "manufacturing process" shall mean the
23 production of any article of tangible personal property,
24 whether such article is a finished product or an article for
25 use in the process of manufacturing or assembling a different
26 article of tangible personal property, by procedures commonly

1 regarded as manufacturing, processing, fabricating, or
2 refining which changes some existing material or materials into
3 a material with a different form, use or name. In relation to a
4 recognized integrated business composed of a series of
5 operations which collectively constitute manufacturing, or
6 individually constitute manufacturing operations, the
7 manufacturing process shall be deemed to commence with the
8 first operation or stage of production in the series, and shall
9 not be deemed to end until the completion of the final product
10 in the last operation or stage of production in the series; and
11 further for purposes of exemption (e), photoprocessing is
12 deemed to be a manufacturing process of tangible personal
13 property for wholesale or retail sale; (2) "assembling process"
14 shall mean the production of any article of tangible personal
15 property, whether such article is a finished product or an
16 article for use in the process of manufacturing or assembling a
17 different article of tangible personal property, by the
18 combination of existing materials in a manner commonly regarded
19 as assembling which results in a material of a different form,
20 use or name; (3) "machinery" shall mean major mechanical
21 machines or major components of such machines contributing to a
22 manufacturing or assembling process; and (4) "equipment" shall
23 include any independent device or tool separate from any
24 machinery but essential to an integrated manufacturing or
25 assembly process; including computers used primarily in a
26 manufacturer's computer assisted design, computer assisted

1 manufacturing (CAD/CAM) system; or any subunit or assembly
2 comprising a component of any machinery or auxiliary, adjunct
3 or attachment parts of machinery, such as tools, dies, jigs,
4 fixtures, patterns and molds; or any parts which require
5 periodic replacement in the course of normal operation; but
6 shall not include hand tools; "equipment" ~~Equipment~~ includes
7 chemicals or chemicals acting as catalysts but only if the
8 chemicals or chemicals acting as catalysts effect a direct and
9 immediate change upon a product being manufactured or assembled
10 for wholesale or retail sale or lease; and (5) "production
11 related tangible personal property" means all tangible
12 personal property that is used or consumed by the purchaser in
13 a manufacturing facility in which a manufacturing process takes
14 place and includes, without limitation, tangible personal
15 property that is purchased for incorporation into real estate
16 within a manufacturing facility and tangible personal property
17 that is used or consumed in research and development regardless
18 of use within or without a manufacturing facility,
19 preproduction material handling, receiving, quality control,
20 inventory control, storage, staging, packaging for shipping
21 and transportation purposes. "Production related tangible
22 personal property" does not include (i) tangible personal
23 property that is used, within or without a manufacturing
24 facility, in sales, purchasing, accounting, fiscal management,
25 marketing, personnel recruitment or selection, or landscaping
26 or (ii) tangible personal property that is required to be

1 titled or registered with a department, agency, or unit of
2 federal, State or local government. The purchaser of such
3 machinery and equipment who has an active resale registration
4 number shall furnish such number to the seller at the time of
5 purchase. The purchaser of such machinery and equipment and
6 tools without an active resale registration number shall
7 furnish to the seller a certificate of exemption for each
8 transaction stating facts establishing the exemption for that
9 transaction, which certificate shall be available to the
10 Department for inspection or audit.

11 Except as provided in Section 2d of this Act, the rolling
12 stock exemption applies to rolling stock used by an interstate
13 carrier for hire, even just between points in Illinois, if such
14 rolling stock transports, for hire, persons whose journeys or
15 property whose shipments originate or terminate outside
16 Illinois.

17 Any informal rulings, opinions or letters issued by the
18 Department in response to an inquiry or request for any opinion
19 from any person regarding the coverage and applicability of
20 exemption (e) to specific devices shall be published,
21 maintained as a public record, and made available for public
22 inspection and copying. If the informal ruling, opinion or
23 letter contains trade secrets or other confidential
24 information, where possible the Department shall delete such
25 information prior to publication. Whenever such informal
26 rulings, opinions, or letters contain any policy of general

1 applicability, the Department shall formulate and adopt such
2 policy as a rule in accordance with the provisions of the
3 Illinois Administrative Procedure Act.

4 On and after July 1, 1987, no entity otherwise eligible
5 under exemption (c) of this Section shall make tax free
6 purchases unless it has an active exemption identification
7 number issued by the Department.

8 "Serviceman" means any person who is engaged in the
9 occupation of making sales of service.

10 "Sale at Retail" means "sale at retail" as defined in the
11 Retailers' Occupation Tax Act.

12 "Supplier" means any person who makes sales of tangible
13 personal property to servicemen for the purpose of resale as an
14 incident to a sale of service.

15 (Source: P.A. 98-583, eff. 1-1-14.)

16 (35 ILCS 115/9) (from Ch. 120, par. 439.109)

17 Sec. 9. Each serviceman required or authorized to collect
18 the tax herein imposed shall pay to the Department the amount
19 of such tax at the time when he is required to file his return
20 for the period during which such tax was collectible, less a
21 discount of 2.1% prior to January 1, 1990, and 1.75% on and
22 after January 1, 1990, or \$5 per calendar year, whichever is
23 greater, which is allowed to reimburse the serviceman for
24 expenses incurred in collecting the tax, keeping records,
25 preparing and filing returns, remitting the tax and supplying

1 data to the Department on request. The Department may disallow
2 the discount for servicemen whose certificate of registration
3 is revoked at the time the return is filed, but only if the
4 Department's decision to revoke the certificate of
5 registration has become final.

6 Where such tangible personal property is sold under a
7 conditional sales contract, or under any other form of sale
8 wherein the payment of the principal sum, or a part thereof, is
9 extended beyond the close of the period for which the return is
10 filed, the serviceman, in collecting the tax may collect, for
11 each tax return period, only the tax applicable to the part of
12 the selling price actually received during such tax return
13 period.

14 Except as provided hereinafter in this Section, on or
15 before the twentieth day of each calendar month, such
16 serviceman shall file a return for the preceding calendar month
17 in accordance with reasonable rules and regulations to be
18 promulgated by the Department of Revenue. Such return shall be
19 filed on a form prescribed by the Department and shall contain
20 such information as the Department may reasonably require.

21 The Department may require returns to be filed on a
22 quarterly basis. If so required, a return for each calendar
23 quarter shall be filed on or before the twentieth day of the
24 calendar month following the end of such calendar quarter. The
25 taxpayer shall also file a return with the Department for each
26 of the first two months of each calendar quarter, on or before

1 the twentieth day of the following calendar month, stating:

2 1. The name of the seller;

3 2. The address of the principal place of business from
4 which he engages in business as a serviceman in this State;

5 3. The total amount of taxable receipts received by him
6 during the preceding calendar month, including receipts
7 from charge and time sales, but less all deductions allowed
8 by law;

9 4. The amount of credit provided in Section 2d of this
10 Act;

11 5. The amount of tax due;

12 5-5. The signature of the taxpayer; and

13 6. Such other reasonable information as the Department
14 may require.

15 If a taxpayer fails to sign a return within 30 days after
16 the proper notice and demand for signature by the Department,
17 the return shall be considered valid and any amount shown to be
18 due on the return shall be deemed assessed.

19 Prior to October 1, 2003, and on and after September 1,
20 2004 and through August 30, 2015, a serviceman may accept a
21 Manufacturer's Purchase Credit certification from a purchaser
22 in satisfaction of Service Use Tax as provided in Section 3-70
23 of the Service Use Tax Act if the purchaser provides the
24 appropriate documentation as required by Section 3-70 of the
25 Service Use Tax Act. A Manufacturer's Purchase Credit
26 certification, accepted prior to October 1, 2003 or on or after

1 September 1, 2004 and through August 30, 2015 by a serviceman
2 as provided in Section 3-70 of the Service Use Tax Act, may be
3 used through September 20, 2015 by that serviceman to satisfy
4 Service Occupation Tax liability in the amount claimed in the
5 certification, not to exceed 6.25% of the receipts subject to
6 tax from a qualifying purchase. A Manufacturer's Purchase
7 Credit reported on any original or amended return filed under
8 this Act after October 20, 2003 for reporting periods prior to
9 September 1, 2004 shall be disallowed. Manufacturer's Purchase
10 Credit reported on any original return filed under this Act
11 after September 20, 2015 shall be disallowed. Manufacturer's
12 Purchase Credit reported on annual returns due on or after
13 January 1, 2005 will be disallowed for periods prior to
14 September 1, 2004. Manufacturer's Purchase Credit reported on
15 annual returns due on or after January 1, 2016 will be
16 disallowed for periods after August 30, 2015. Manufacturer's
17 Purchase Credit reported on any amended return filed under this
18 Act after December 31, 2015 shall be disallowed. No
19 Manufacturer's Purchase Credit may be used after September 30,
20 2003 through August 31, 2004, or after December 31, 2015, to
21 satisfy ~~any tax liability imposed under this Act, including~~ any
22 audit liability.

23 If the serviceman's average monthly tax liability to the
24 Department does not exceed \$200, the Department may authorize
25 his returns to be filed on a quarter annual basis, with the
26 return for January, February and March of a given year being

1 due by April 20 of such year; with the return for April, May
2 and June of a given year being due by July 20 of such year; with
3 the return for July, August and September of a given year being
4 due by October 20 of such year, and with the return for
5 October, November and December of a given year being due by
6 January 20 of the following year.

7 If the serviceman's average monthly tax liability to the
8 Department does not exceed \$50, the Department may authorize
9 his returns to be filed on an annual basis, with the return for
10 a given year being due by January 20 of the following year.

11 Such quarter annual and annual returns, as to form and
12 substance, shall be subject to the same requirements as monthly
13 returns.

14 Notwithstanding any other provision in this Act concerning
15 the time within which a serviceman may file his return, in the
16 case of any serviceman who ceases to engage in a kind of
17 business which makes him responsible for filing returns under
18 this Act, such serviceman shall file a final return under this
19 Act with the Department not more than 1 month after
20 discontinuing such business.

21 Beginning October 1, 1993, a taxpayer who has an average
22 monthly tax liability of \$150,000 or more shall make all
23 payments required by rules of the Department by electronic
24 funds transfer. Beginning October 1, 1994, a taxpayer who has
25 an average monthly tax liability of \$100,000 or more shall make
26 all payments required by rules of the Department by electronic

1 funds transfer. Beginning October 1, 1995, a taxpayer who has
2 an average monthly tax liability of \$50,000 or more shall make
3 all payments required by rules of the Department by electronic
4 funds transfer. Beginning October 1, 2000, a taxpayer who has
5 an annual tax liability of \$200,000 or more shall make all
6 payments required by rules of the Department by electronic
7 funds transfer. The term "annual tax liability" shall be the
8 sum of the taxpayer's liabilities under this Act, and under all
9 other State and local occupation and use tax laws administered
10 by the Department, for the immediately preceding calendar year.
11 The term "average monthly tax liability" means the sum of the
12 taxpayer's liabilities under this Act, and under all other
13 State and local occupation and use tax laws administered by the
14 Department, for the immediately preceding calendar year
15 divided by 12. Beginning on October 1, 2002, a taxpayer who has
16 a tax liability in the amount set forth in subsection (b) of
17 Section 2505-210 of the Department of Revenue Law shall make
18 all payments required by rules of the Department by electronic
19 funds transfer.

20 Before August 1 of each year beginning in 1993, the
21 Department shall notify all taxpayers required to make payments
22 by electronic funds transfer. All taxpayers required to make
23 payments by electronic funds transfer shall make those payments
24 for a minimum of one year beginning on October 1.

25 Any taxpayer not required to make payments by electronic
26 funds transfer may make payments by electronic funds transfer

1 with the permission of the Department.

2 All taxpayers required to make payment by electronic funds
3 transfer and any taxpayers authorized to voluntarily make
4 payments by electronic funds transfer shall make those payments
5 in the manner authorized by the Department.

6 The Department shall adopt such rules as are necessary to
7 effectuate a program of electronic funds transfer and the
8 requirements of this Section.

9 Where a serviceman collects the tax with respect to the
10 selling price of tangible personal property which he sells and
11 the purchaser thereafter returns such tangible personal
12 property and the serviceman refunds the selling price thereof
13 to the purchaser, such serviceman shall also refund, to the
14 purchaser, the tax so collected from the purchaser. When filing
15 his return for the period in which he refunds such tax to the
16 purchaser, the serviceman may deduct the amount of the tax so
17 refunded by him to the purchaser from any other Service
18 Occupation Tax, Service Use Tax, Retailers' Occupation Tax or
19 Use Tax which such serviceman may be required to pay or remit
20 to the Department, as shown by such return, provided that the
21 amount of the tax to be deducted shall previously have been
22 remitted to the Department by such serviceman. If the
23 serviceman shall not previously have remitted the amount of
24 such tax to the Department, he shall be entitled to no
25 deduction hereunder upon refunding such tax to the purchaser.

26 If experience indicates such action to be practicable, the

1 Department may prescribe and furnish a combination or joint
2 return which will enable servicemen, who are required to file
3 returns hereunder and also under the Retailers' Occupation Tax
4 Act, the Use Tax Act or the Service Use Tax Act, to furnish all
5 the return information required by all said Acts on the one
6 form.

7 Where the serviceman has more than one business registered
8 with the Department under separate registrations hereunder,
9 such serviceman shall file separate returns for each registered
10 business.

11 Beginning January 1, 1990, each month the Department shall
12 pay into the Local Government Tax Fund the revenue realized for
13 the preceding month from the 1% tax on sales of food for human
14 consumption which is to be consumed off the premises where it
15 is sold (other than alcoholic beverages, soft drinks and food
16 which has been prepared for immediate consumption) and
17 prescription and nonprescription medicines, drugs, medical
18 appliances and insulin, urine testing materials, syringes and
19 needles used by diabetics.

20 Beginning January 1, 1990, each month the Department shall
21 pay into the County and Mass Transit District Fund 4% of the
22 revenue realized for the preceding month from the 6.25% general
23 rate.

24 Beginning August 1, 2000, each month the Department shall
25 pay into the County and Mass Transit District Fund 20% of the
26 net revenue realized for the preceding month from the 1.25%

1 rate on the selling price of motor fuel and gasohol.

2 Beginning January 1, 1990, each month the Department shall
3 pay into the Local Government Tax Fund 16% of the revenue
4 realized for the preceding month from the 6.25% general rate on
5 transfers of tangible personal property.

6 Beginning August 1, 2000, each month the Department shall
7 pay into the Local Government Tax Fund 80% of the net revenue
8 realized for the preceding month from the 1.25% rate on the
9 selling price of motor fuel and gasohol.

10 Beginning October 1, 2009, each month the Department shall
11 pay into the Capital Projects Fund an amount that is equal to
12 an amount estimated by the Department to represent 80% of the
13 net revenue realized for the preceding month from the sale of
14 candy, grooming and hygiene products, and soft drinks that had
15 been taxed at a rate of 1% prior to September 1, 2009 but that
16 are now taxed at 6.25%.

17 Beginning July 1, 2013, each month the Department shall pay
18 into the Underground Storage Tank Fund from the proceeds
19 collected under this Act, the Use Tax Act, the Service Use Tax
20 Act, and the Retailers' Occupation Tax Act an amount equal to
21 the average monthly deficit in the Underground Storage Tank
22 Fund during the prior year, as certified annually by the
23 Illinois Environmental Protection Agency, but the total
24 payment into the Underground Storage Tank Fund under this Act,
25 the Use Tax Act, the Service Use Tax Act, and the Retailers'
26 Occupation Tax Act shall not exceed \$18,000,000 in any State

1 fiscal year. As used in this paragraph, the "average monthly
2 deficit" shall be equal to the difference between the average
3 monthly claims for payment by the fund and the average monthly
4 revenues deposited into the fund, excluding payments made
5 pursuant to this paragraph.

6 Of the remainder of the moneys received by the Department
7 pursuant to this Act, (a) 1.75% thereof shall be paid into the
8 Build Illinois Fund and (b) prior to July 1, 1989, 2.2% and on
9 and after July 1, 1989, 3.8% thereof shall be paid into the
10 Build Illinois Fund; provided, however, that if in any fiscal
11 year the sum of (1) the aggregate of 2.2% or 3.8%, as the case
12 may be, of the moneys received by the Department and required
13 to be paid into the Build Illinois Fund pursuant to Section 3
14 of the Retailers' Occupation Tax Act, Section 9 of the Use Tax
15 Act, Section 9 of the Service Use Tax Act, and Section 9 of the
16 Service Occupation Tax Act, such Acts being hereinafter called
17 the "Tax Acts" and such aggregate of 2.2% or 3.8%, as the case
18 may be, of moneys being hereinafter called the "Tax Act
19 Amount", and (2) the amount transferred to the Build Illinois
20 Fund from the State and Local Sales Tax Reform Fund shall be
21 less than the Annual Specified Amount (as defined in Section 3
22 of the Retailers' Occupation Tax Act), an amount equal to the
23 difference shall be immediately paid into the Build Illinois
24 Fund from other moneys received by the Department pursuant to
25 the Tax Acts; and further provided, that if on the last
26 business day of any month the sum of (1) the Tax Act Amount

1 required to be deposited into the Build Illinois Account in the
2 Build Illinois Fund during such month and (2) the amount
3 transferred during such month to the Build Illinois Fund from
4 the State and Local Sales Tax Reform Fund shall have been less
5 than 1/12 of the Annual Specified Amount, an amount equal to
6 the difference shall be immediately paid into the Build
7 Illinois Fund from other moneys received by the Department
8 pursuant to the Tax Acts; and, further provided, that in no
9 event shall the payments required under the preceding proviso
10 result in aggregate payments into the Build Illinois Fund
11 pursuant to this clause (b) for any fiscal year in excess of
12 the greater of (i) the Tax Act Amount or (ii) the Annual
13 Specified Amount for such fiscal year; and, further provided,
14 that the amounts payable into the Build Illinois Fund under
15 this clause (b) shall be payable only until such time as the
16 aggregate amount on deposit under each trust indenture securing
17 Bonds issued and outstanding pursuant to the Build Illinois
18 Bond Act is sufficient, taking into account any future
19 investment income, to fully provide, in accordance with such
20 indenture, for the defeasance of or the payment of the
21 principal of, premium, if any, and interest on the Bonds
22 secured by such indenture and on any Bonds expected to be
23 issued thereafter and all fees and costs payable with respect
24 thereto, all as certified by the Director of the Bureau of the
25 Budget (now Governor's Office of Management and Budget). If on
26 the last business day of any month in which Bonds are

1 outstanding pursuant to the Build Illinois Bond Act, the
2 aggregate of the moneys deposited in the Build Illinois Bond
3 Account in the Build Illinois Fund in such month shall be less
4 than the amount required to be transferred in such month from
5 the Build Illinois Bond Account to the Build Illinois Bond
6 Retirement and Interest Fund pursuant to Section 13 of the
7 Build Illinois Bond Act, an amount equal to such deficiency
8 shall be immediately paid from other moneys received by the
9 Department pursuant to the Tax Acts to the Build Illinois Fund;
10 provided, however, that any amounts paid to the Build Illinois
11 Fund in any fiscal year pursuant to this sentence shall be
12 deemed to constitute payments pursuant to clause (b) of the
13 preceding sentence and shall reduce the amount otherwise
14 payable for such fiscal year pursuant to clause (b) of the
15 preceding sentence. The moneys received by the Department
16 pursuant to this Act and required to be deposited into the
17 Build Illinois Fund are subject to the pledge, claim and charge
18 set forth in Section 12 of the Build Illinois Bond Act.

19 Subject to payment of amounts into the Build Illinois Fund
20 as provided in the preceding paragraph or in any amendment
21 thereto hereafter enacted, the following specified monthly
22 installment of the amount requested in the certificate of the
23 Chairman of the Metropolitan Pier and Exposition Authority
24 provided under Section 8.25f of the State Finance Act, but not
25 in excess of the sums designated as "Total Deposit", shall be
26 deposited in the aggregate from collections under Section 9 of

1 the Use Tax Act, Section 9 of the Service Use Tax Act, Section
2 9 of the Service Occupation Tax Act, and Section 3 of the
3 Retailers' Occupation Tax Act into the McCormick Place
4 Expansion Project Fund in the specified fiscal years.

	Fiscal Year	Total Deposit
5		
6	1993	\$0
7	1994	53,000,000
8	1995	58,000,000
9	1996	61,000,000
10	1997	64,000,000
11	1998	68,000,000
12	1999	71,000,000
13	2000	75,000,000
14	2001	80,000,000
15	2002	93,000,000
16	2003	99,000,000
17	2004	103,000,000
18	2005	108,000,000
19	2006	113,000,000
20	2007	119,000,000
21	2008	126,000,000
22	2009	132,000,000
23	2010	139,000,000
24	2011	146,000,000
25	2012	153,000,000

1	2013	161,000,000
2	2014	170,000,000
3	2015	179,000,000
4	2016	189,000,000
5	2017	199,000,000
6	2018	210,000,000
7	2019	221,000,000
8	2020	233,000,000
9	2021	246,000,000
10	2022	260,000,000
11	2023	275,000,000
12	2024	275,000,000
13	2025	275,000,000
14	2026	279,000,000
15	2027	292,000,000
16	2028	307,000,000
17	2029	322,000,000
18	2030	338,000,000
19	2031	350,000,000
20	2032	350,000,000

21 and
22 each fiscal year
23 thereafter that bonds
24 are outstanding under
25 Section 13.2 of the
26 Metropolitan Pier and

1 Exposition Authority Act,
2 but not after fiscal year 2060.

3 Beginning July 20, 1993 and in each month of each fiscal
4 year thereafter, one-eighth of the amount requested in the
5 certificate of the Chairman of the Metropolitan Pier and
6 Exposition Authority for that fiscal year, less the amount
7 deposited into the McCormick Place Expansion Project Fund by
8 the State Treasurer in the respective month under subsection
9 (g) of Section 13 of the Metropolitan Pier and Exposition
10 Authority Act, plus cumulative deficiencies in the deposits
11 required under this Section for previous months and years,
12 shall be deposited into the McCormick Place Expansion Project
13 Fund, until the full amount requested for the fiscal year, but
14 not in excess of the amount specified above as "Total Deposit",
15 has been deposited.

16 Subject to payment of amounts into the Build Illinois Fund
17 and the McCormick Place Expansion Project Fund pursuant to the
18 preceding paragraphs or in any amendments thereto hereafter
19 enacted, beginning July 1, 1993 and ending on September 30,
20 2013, the Department shall each month pay into the Illinois Tax
21 Increment Fund 0.27% of 80% of the net revenue realized for the
22 preceding month from the 6.25% general rate on the selling
23 price of tangible personal property.

24 Subject to payment of amounts into the Build Illinois Fund
25 and the McCormick Place Expansion Project Fund pursuant to the
26 preceding paragraphs or in any amendments thereto hereafter

1 enacted, beginning with the receipt of the first report of
2 taxes paid by an eligible business and continuing for a 25-year
3 period, the Department shall each month pay into the Energy
4 Infrastructure Fund 80% of the net revenue realized from the
5 6.25% general rate on the selling price of Illinois-mined coal
6 that was sold to an eligible business. For purposes of this
7 paragraph, the term "eligible business" means a new electric
8 generating facility certified pursuant to Section 605-332 of
9 the Department of Commerce and Economic Opportunity Law of the
10 Civil Administrative Code of Illinois.

11 Subject to payment of amounts into the Build Illinois Fund,
12 the McCormick Place Expansion Project Fund, the Illinois Tax
13 Increment Fund, and the Energy Infrastructure Fund pursuant to
14 the preceding paragraphs or in any amendments to this Section
15 hereafter enacted, beginning on the first day of the first
16 calendar month to occur on or after the effective date of this
17 amendatory Act of the 98th General Assembly, each month, from
18 the collections made under Section 9 of the Use Tax Act,
19 Section 9 of the Service Use Tax Act, Section 9 of the Service
20 Occupation Tax Act, and Section 3 of the Retailers' Occupation
21 Tax Act, the Department shall pay into the Tax Compliance and
22 Administration Fund, to be used, subject to appropriation, to
23 fund additional auditors and compliance personnel at the
24 Department of Revenue, an amount equal to 1/12 of 5% of 80% of
25 the cash receipts collected during the preceding fiscal year by
26 the Audit Bureau of the Department under the Use Tax Act, the

1 Service Use Tax Act, the Service Occupation Tax Act, the
2 Retailers' Occupation Tax Act, and associated local occupation
3 and use taxes administered by the Department.

4 Of the remainder of the moneys received by the Department
5 pursuant to this Act, 75% shall be paid into the General
6 Revenue Fund of the State Treasury and 25% shall be reserved in
7 a special account and used only for the transfer to the Common
8 School Fund as part of the monthly transfer from the General
9 Revenue Fund in accordance with Section 8a of the State Finance
10 Act.

11 The Department may, upon separate written notice to a
12 taxpayer, require the taxpayer to prepare and file with the
13 Department on a form prescribed by the Department within not
14 less than 60 days after receipt of the notice an annual
15 information return for the tax year specified in the notice.
16 Such annual return to the Department shall include a statement
17 of gross receipts as shown by the taxpayer's last Federal
18 income tax return. If the total receipts of the business as
19 reported in the Federal income tax return do not agree with the
20 gross receipts reported to the Department of Revenue for the
21 same period, the taxpayer shall attach to his annual return a
22 schedule showing a reconciliation of the 2 amounts and the
23 reasons for the difference. The taxpayer's annual return to the
24 Department shall also disclose the cost of goods sold by the
25 taxpayer during the year covered by such return, opening and
26 closing inventories of such goods for such year, cost of goods

1 used from stock or taken from stock and given away by the
2 taxpayer during such year, pay roll information of the
3 taxpayer's business during such year and any additional
4 reasonable information which the Department deems would be
5 helpful in determining the accuracy of the monthly, quarterly
6 or annual returns filed by such taxpayer as hereinbefore
7 provided for in this Section.

8 If the annual information return required by this Section
9 is not filed when and as required, the taxpayer shall be liable
10 as follows:

11 (i) Until January 1, 1994, the taxpayer shall be liable
12 for a penalty equal to 1/6 of 1% of the tax due from such
13 taxpayer under this Act during the period to be covered by
14 the annual return for each month or fraction of a month
15 until such return is filed as required, the penalty to be
16 assessed and collected in the same manner as any other
17 penalty provided for in this Act.

18 (ii) On and after January 1, 1994, the taxpayer shall
19 be liable for a penalty as described in Section 3-4 of the
20 Uniform Penalty and Interest Act.

21 The chief executive officer, proprietor, owner or highest
22 ranking manager shall sign the annual return to certify the
23 accuracy of the information contained therein. Any person who
24 willfully signs the annual return containing false or
25 inaccurate information shall be guilty of perjury and punished
26 accordingly. The annual return form prescribed by the

1 Department shall include a warning that the person signing the
2 return may be liable for perjury.

3 The foregoing portion of this Section concerning the filing
4 of an annual information return shall not apply to a serviceman
5 who is not required to file an income tax return with the
6 United States Government.

7 As soon as possible after the first day of each month, upon
8 certification of the Department of Revenue, the Comptroller
9 shall order transferred and the Treasurer shall transfer from
10 the General Revenue Fund to the Motor Fuel Tax Fund an amount
11 equal to 1.7% of 80% of the net revenue realized under this Act
12 for the second preceding month. Beginning April 1, 2000, this
13 transfer is no longer required and shall not be made.

14 Net revenue realized for a month shall be the revenue
15 collected by the State pursuant to this Act, less the amount
16 paid out during that month as refunds to taxpayers for
17 overpayment of liability.

18 For greater simplicity of administration, it shall be
19 permissible for manufacturers, importers and wholesalers whose
20 products are sold by numerous servicemen in Illinois, and who
21 wish to do so, to assume the responsibility for accounting and
22 paying to the Department all tax accruing under this Act with
23 respect to such sales, if the servicemen who are affected do
24 not make written objection to the Department to this
25 arrangement.

26 (Source: P.A. 98-24, eff. 6-19-13; 98-109, eff. 7-25-13;

1 98-298, eff. 8-9-13; 98-496, eff. 1-1-14; 98-756, eff. 7-16-14;
2 98-1098, eff. 8-26-14.)

3 Section 20. The Retailers' Occupation Tax Act is amended by
4 changing Sections 2-5, 2-45, and 3 as follows:

5 (35 ILCS 120/2-5)

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

9 (1) Farm chemicals.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 of electricity for wholesale or retail sale; (ii) the
2 generation or treatment of natural or artificial gas for
3 wholesale or retail sale that is delivered to customers through
4 pipes, pipelines, or mains; or (iii) the treatment of water for
5 wholesale or retail sale that is delivered to customers through
6 pipes, pipelines, or mains. The provisions of Public Act 98-583
7 are declaratory of existing law as to the meaning and scope of
8 this exemption. On and after August 31, 2015, manufacturing and
9 assembling machinery and equipment includes production related
10 tangible personal property, as defined in Section 2-45 of this
11 Act.

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

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

22 (17) Tangible personal property sold to a common carrier by
23 rail or motor that receives the physical possession of the
24 property in Illinois and that transports the property, or
25 shares with another common carrier in the transportation of the
26 property, out of Illinois on a standard uniform bill of lading

1 showing the seller of the property as the shipper or consignor
2 of the property to a destination outside Illinois, for use
3 outside Illinois.

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

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

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

22 (21) Coal and aggregate exploration, mining, off-highway
23 hauling, processing, maintenance, and reclamation equipment,
24 including replacement parts and equipment, and including
25 equipment purchased for lease, but excluding motor vehicles
26 required to be registered under the Illinois Vehicle Code. The

1 changes made to this Section by Public Act 97-767 apply on and
2 after July 1, 2003, but no claim for credit or refund is
3 allowed on or after August 16, 2013 (the effective date of
4 Public Act 98-456) for such taxes paid during the period
5 beginning July 1, 2003 and ending on August 16, 2013 (the
6 effective date of Public Act 98-456).

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

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

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

1 purchaser or the purchaser's donee in Illinois.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 use, when purchased for use by a person receiving medical
2 assistance under Article V of the Illinois Public Aid Code who
3 resides in a licensed long-term care facility, as defined in
4 the Nursing Home Care Act, or a licensed facility as defined in
5 the ID/DD Community Care Act or the Specialized Mental Health
6 Rehabilitation Act of 2013.

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

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

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

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

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

1 (40) Beginning January 1, 2010, materials, parts,
2 equipment, components, and furnishings incorporated into or
3 upon an aircraft as part of the modification, refurbishment,
4 completion, replacement, repair, or maintenance of the
5 aircraft. This exemption includes consumable supplies used in
6 the modification, refurbishment, completion, replacement,
7 repair, and maintenance of aircraft, but excludes any
8 materials, parts, equipment, components, and consumable
9 supplies used in the modification, replacement, repair, and
10 maintenance of aircraft engines or power plants, whether such
11 engines or power plants are installed or uninstalled upon any
12 such aircraft. "Consumable supplies" include, but are not
13 limited to, adhesive, tape, sandpaper, general purpose
14 lubricants, cleaning solution, latex gloves, and protective
15 films. This exemption applies only to the sale of qualifying
16 tangible personal property to persons who modify, refurbish,
17 complete, replace, or maintain an aircraft and who (i) hold an
18 Air Agency Certificate and are empowered to operate an approved
19 repair station by the Federal Aviation Administration, (ii)
20 have a Class IV Rating, and (iii) conduct operations in
21 accordance with Part 145 of the Federal Aviation Regulations.
22 The exemption does not include aircraft operated by a
23 commercial air carrier providing scheduled passenger air
24 service pursuant to authority issued under Part 121 or Part 129
25 of the Federal Aviation Regulations. The changes made to this
26 paragraph (40) by Public Act 98-534 are declarative of existing

1 law.

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

16 (Source: P.A. 97-38, eff. 6-28-11; 97-73, eff. 6-30-11; 97-227,
17 eff. 1-1-12; 97-431, eff. 8-16-11; 97-636, eff. 6-1-12; 97-767,
18 eff. 7-9-12; 98-104, eff. 7-22-13; 98-422, eff. 8-16-13;
19 98-456, eff. 8-16-13; 98-534, eff. 8-23-13; 98-574, eff.
20 1-1-14; 98-583, eff. 1-1-14; 98-756, eff. 7-16-14.)

21 (35 ILCS 120/2-45) (from Ch. 120, par. 441-45)

22 Sec. 2-45. Manufacturing and assembly exemption. The
23 manufacturing and assembly machinery and equipment exemption
24 includes machinery and equipment that replaces machinery and
25 equipment in an existing manufacturing facility as well as

1 machinery and equipment that are for use in an expanded or new
2 manufacturing facility.

3 The machinery and equipment exemption also includes
4 machinery and equipment used in the general maintenance or
5 repair of exempt machinery and equipment or for in-house
6 manufacture of exempt machinery and equipment. On and after
7 August 31, 2015, the manufacturing and assembling machinery and
8 equipment exemption also includes production related tangible
9 personal property as defined in this Section. The machinery and
10 equipment exemption does not include machinery and equipment
11 used in (i) the generation of electricity for wholesale or
12 retail sale; (ii) the generation or treatment of natural or
13 artificial gas for wholesale or retail sale that is delivered
14 to customers through pipes, pipelines, or mains; or (iii) the
15 treatment of water for wholesale or retail sale that is
16 delivered to customers through pipes, pipelines, or mains. The
17 provisions of this amendatory Act of the 98th General Assembly
18 are declaratory of existing law as to the meaning and scope of
19 this exemption. For the purposes of this exemption, terms have
20 the following meanings:

21 (1) "Manufacturing process" means the production of an
22 article of tangible personal property, whether the article
23 is a finished product or an article for use in the process
24 of manufacturing or assembling a different article of
25 tangible personal property, by a procedure commonly
26 regarded as manufacturing, processing, fabricating, or

1 refining that changes some existing material or materials
2 into a material with a different form, use, or name. In
3 relation to a recognized integrated business composed of a
4 series of operations that collectively constitute
5 manufacturing, or individually constitute manufacturing
6 operations, the manufacturing process commences with the
7 first operation or stage of production in the series and
8 does not end until the completion of the final product in
9 the last operation or stage of production in the series.
10 For purposes of this exemption, photoprocessing is a
11 manufacturing process of tangible personal property for
12 wholesale or retail sale.

13 (2) "Assembling process" means the production of an
14 article of tangible personal property, whether the article
15 is a finished product or an article for use in the process
16 of manufacturing or assembling a different article of
17 tangible personal property, by the combination of existing
18 materials in a manner commonly regarded as assembling that
19 results in a material of a different form, use, or name.

20 (3) "Machinery" means major mechanical machines or
21 major components of those machines contributing to a
22 manufacturing or assembling process.

23 (4) "Equipment" includes an independent device or tool
24 separate from machinery but essential to an integrated
25 manufacturing or assembly process; including computers
26 used primarily in a manufacturer's computer assisted

1 design, computer assisted manufacturing (CAD/CAM) system;
2 any subunit or assembly comprising a component of any
3 machinery or auxiliary, adjunct, or attachment parts of
4 machinery, such as tools, dies, jigs, fixtures, patterns,
5 and molds; and any parts that require periodic replacement
6 in the course of normal operation; but does not include
7 hand tools. Equipment includes chemicals or chemicals
8 acting as catalysts but only if the chemicals or chemicals
9 acting as catalysts effect a direct and immediate change
10 upon a product being manufactured or assembled for
11 wholesale or retail sale or lease.

12 (5) "Production related tangible personal property"
13 means all tangible personal property that is used or
14 consumed by the purchaser in a manufacturing facility in
15 which a manufacturing process takes place and includes,
16 without limitation, tangible personal property that is
17 purchased for incorporation into real estate within a
18 manufacturing facility and tangible personal property that
19 is used or consumed in ~~activities such as~~ research and
20 development regardless of use within or without a
21 manufacturing facility, preproduction material handling,
22 receiving, quality control, inventory control, storage,
23 staging, and packaging for shipping and transportation
24 purposes. "Production related tangible personal property"
25 does not include (i) tangible personal property that is
26 used, within or without a manufacturing facility, in sales,

1 purchasing, accounting, fiscal management, marketing,
2 personnel recruitment or selection, or landscaping or (ii)
3 tangible personal property that is required to be titled or
4 registered with a department, agency, or unit of federal,
5 State, or local government.

6 ~~The manufacturing and assembling machinery and equipment~~
7 ~~exemption includes production related tangible personal~~
8 ~~property that is purchased on or after July 1, 2007 and on or~~
9 ~~before June 30, 2008. The exemption for production related~~
10 ~~tangible personal property is subject to both of the following~~
11 ~~limitations:~~

12 ~~(1) The maximum amount of the exemption for any one~~
13 ~~taxpayer may not exceed 5% of the purchase price of~~
14 ~~production related tangible personal property that is~~
15 ~~purchased on or after July 1, 2007 and on or before June~~
16 ~~30, 2008. A credit under Section 3-85 of this Act may not~~
17 ~~be earned by the purchase of production related tangible~~
18 ~~personal property for which an exemption is received under~~
19 ~~this Section.~~

20 ~~(2) The maximum aggregate amount of the exemptions for~~
21 ~~production related tangible personal property awarded~~
22 ~~under this Act and the Use Tax Act to all taxpayers may not~~
23 ~~exceed \$10,000,000. If the claims for the exemption exceed~~
24 ~~\$10,000,000, then the Department shall reduce the amount of~~
25 ~~the exemption to each taxpayer on a pro rata basis.~~

26 The Department may adopt rules to implement and administer the

1 exemption for production related tangible personal property.

2 The manufacturing and assembling machinery and equipment
3 exemption includes the sale of materials to a purchaser who
4 produces exempted types of machinery, equipment, or tools and
5 who rents or leases that machinery, equipment, or tools to a
6 manufacturer of tangible personal property. This exemption
7 also includes the sale of materials to a purchaser who
8 manufactures those materials into an exempted type of
9 machinery, equipment, or tools that the purchaser uses himself
10 or herself in the manufacturing of tangible personal property.
11 The purchaser of the machinery and equipment who has an active
12 resale registration number shall furnish that number to the
13 seller at the time of purchase. A purchaser of the machinery,
14 equipment, and tools without an active resale registration
15 number shall furnish to the seller a certificate of exemption
16 for each transaction stating facts establishing the exemption
17 for that transaction, and that certificate shall be available
18 to the Department for inspection or audit. Informal rulings,
19 opinions, or letters issued by the Department in response to an
20 inquiry or request for an opinion from any person regarding the
21 coverage and applicability of this exemption to specific
22 devices shall be published, maintained as a public record, and
23 made available for public inspection and copying. If the
24 informal ruling, opinion, or letter contains trade secrets or
25 other confidential information, where possible, the Department
26 shall delete that information before publication. Whenever

1 informal rulings, opinions, or letters contain a policy of
2 general applicability, the Department shall formulate and
3 adopt that policy as a rule in accordance with the Illinois
4 Administrative Procedure Act.

5 (Source: P.A. 98-583, eff. 1-1-14.)

6 (35 ILCS 120/3) (from Ch. 120, par. 442)

7 Sec. 3. Except as provided in this Section, on or before
8 the twentieth day of each calendar month, every person engaged
9 in the business of selling tangible personal property at retail
10 in this State during the preceding calendar month shall file a
11 return with the Department, stating:

12 1. The name of the seller;

13 2. His residence address and the address of his
14 principal place of business and the address of the
15 principal place of business (if that is a different
16 address) from which he engages in the business of selling
17 tangible personal property at retail in this State;

18 3. Total amount of receipts received by him during the
19 preceding calendar month or quarter, as the case may be,
20 from sales of tangible personal property, and from services
21 furnished, by him during such preceding calendar month or
22 quarter;

23 4. Total amount received by him during the preceding
24 calendar month or quarter on charge and time sales of
25 tangible personal property, and from services furnished,

1 by him prior to the month or quarter for which the return
2 is filed;

3 5. Deductions allowed by law;

4 6. Gross receipts which were received by him during the
5 preceding calendar month or quarter and upon the basis of
6 which the tax is imposed;

7 7. The amount of credit provided in Section 2d of this
8 Act;

9 8. The amount of tax due;

10 9. The signature of the taxpayer; and

11 10. Such other reasonable information as the
12 Department may require.

13 If a taxpayer fails to sign a return within 30 days after
14 the proper notice and demand for signature by the Department,
15 the return shall be considered valid and any amount shown to be
16 due on the return shall be deemed assessed.

17 Each return shall be accompanied by the statement of
18 prepaid tax issued pursuant to Section 2e for which credit is
19 claimed.

20 Prior to October 1, 2003, and on and after September 1,
21 2004 and through August 30, 2015, a retailer may accept a
22 Manufacturer's Purchase Credit certification from a purchaser
23 in satisfaction of Use Tax as provided in Section 3-85 of the
24 Use Tax Act if the purchaser provides the appropriate
25 documentation as required by Section 3-85 of the Use Tax Act. A
26 Manufacturer's Purchase Credit certification, accepted by a

1 retailer prior to October 1, 2003 and on and after September 1,
2 2004 and through August 30, 2015 as provided in Section 3-85 of
3 the Use Tax Act, may be used through September 20, 2015 by that
4 retailer to satisfy Retailers' Occupation Tax liability in the
5 amount claimed in the certification, not to exceed 6.25% of the
6 receipts subject to tax from a qualifying purchase. A
7 Manufacturer's Purchase Credit reported on any original or
8 amended return filed under this Act after October 20, 2003 for
9 reporting periods prior to September 1, 2004 shall be
10 disallowed. Manufacturer's Purchase Credit reported on any
11 original return filed under this Act after September 20, 2015
12 shall be disallowed. Manufacturer's Purchaser Credit reported
13 on annual returns due on or after January 1, 2005 will be
14 disallowed for periods prior to September 1, 2004.
15 Manufacturer's Purchase Credit reported on annual returns due
16 on or after January 1, 2016 will be disallowed for periods
17 after August 30, 2015. Manufacturer's Purchase Credit reported
18 on any amended return filed under this Act after December 31,
19 2015 shall be disallowed. No Manufacturer's Purchase Credit may
20 be used after September 30, 2003 through August 31, 2004, or
21 after December 31, 2015, to satisfy any ~~tax liability imposed~~
22 ~~under this Act, including any~~ audit liability.

23 The Department may require returns to be filed on a
24 quarterly basis. If so required, a return for each calendar
25 quarter shall be filed on or before the twentieth day of the
26 calendar month following the end of such calendar quarter. The

1 taxpayer shall also file a return with the Department for each
2 of the first two months of each calendar quarter, on or before
3 the twentieth day of the following calendar month, stating:

4 1. The name of the seller;

5 2. The address of the principal place of business from
6 which he engages in the business of selling tangible
7 personal property at retail in this State;

8 3. The total amount of taxable receipts received by him
9 during the preceding calendar month from sales of tangible
10 personal property by him during such preceding calendar
11 month, including receipts from charge and time sales, but
12 less all deductions allowed by law;

13 4. The amount of credit provided in Section 2d of this
14 Act;

15 5. The amount of tax due; and

16 6. Such other reasonable information as the Department
17 may require.

18 Beginning on October 1, 2003, any person who is not a
19 licensed distributor, importing distributor, or manufacturer,
20 as defined in the Liquor Control Act of 1934, but is engaged in
21 the business of selling, at retail, alcoholic liquor shall file
22 a statement with the Department of Revenue, in a format and at
23 a time prescribed by the Department, showing the total amount
24 paid for alcoholic liquor purchased during the preceding month
25 and such other information as is reasonably required by the
26 Department. The Department may adopt rules to require that this

1 statement be filed in an electronic or telephonic format. Such
2 rules may provide for exceptions from the filing requirements
3 of this paragraph. For the purposes of this paragraph, the term
4 "alcoholic liquor" shall have the meaning prescribed in the
5 Liquor Control Act of 1934.

6 Beginning on October 1, 2003, every distributor, importing
7 distributor, and manufacturer of alcoholic liquor as defined in
8 the Liquor Control Act of 1934, shall file a statement with the
9 Department of Revenue, no later than the 10th day of the month
10 for the preceding month during which transactions occurred, by
11 electronic means, showing the total amount of gross receipts
12 from the sale of alcoholic liquor sold or distributed during
13 the preceding month to purchasers; identifying the purchaser to
14 whom it was sold or distributed; the purchaser's tax
15 registration number; and such other information reasonably
16 required by the Department. A distributor, importing
17 distributor, or manufacturer of alcoholic liquor must
18 personally deliver, mail, or provide by electronic means to
19 each retailer listed on the monthly statement a report
20 containing a cumulative total of that distributor's, importing
21 distributor's, or manufacturer's total sales of alcoholic
22 liquor to that retailer no later than the 10th day of the month
23 for the preceding month during which the transaction occurred.
24 The distributor, importing distributor, or manufacturer shall
25 notify the retailer as to the method by which the distributor,
26 importing distributor, or manufacturer will provide the sales

1 information. If the retailer is unable to receive the sales
2 information by electronic means, the distributor, importing
3 distributor, or manufacturer shall furnish the sales
4 information by personal delivery or by mail. For purposes of
5 this paragraph, the term "electronic means" includes, but is
6 not limited to, the use of a secure Internet website, e-mail,
7 or facsimile.

8 If a total amount of less than \$1 is payable, refundable or
9 creditable, such amount shall be disregarded if it is less than
10 50 cents and shall be increased to \$1 if it is 50 cents or more.

11 Beginning October 1, 1993, a taxpayer who has an average
12 monthly tax liability of \$150,000 or more shall make all
13 payments required by rules of the Department by electronic
14 funds transfer. Beginning October 1, 1994, a taxpayer who has
15 an average monthly tax liability of \$100,000 or more shall make
16 all payments required by rules of the Department by electronic
17 funds transfer. Beginning October 1, 1995, a taxpayer who has
18 an average monthly tax liability of \$50,000 or more shall make
19 all payments required by rules of the Department by electronic
20 funds transfer. Beginning October 1, 2000, a taxpayer who has
21 an annual tax liability of \$200,000 or more shall make all
22 payments required by rules of the Department by electronic
23 funds transfer. The term "annual tax liability" shall be the
24 sum of the taxpayer's liabilities under this Act, and under all
25 other State and local occupation and use tax laws administered
26 by the Department, for the immediately preceding calendar year.

1 The term "average monthly tax liability" shall be the sum of
2 the taxpayer's liabilities under this Act, and under all other
3 State and local occupation and use tax laws administered by the
4 Department, for the immediately preceding calendar year
5 divided by 12. Beginning on October 1, 2002, a taxpayer who has
6 a tax liability in the amount set forth in subsection (b) of
7 Section 2505-210 of the Department of Revenue Law shall make
8 all payments required by rules of the Department by electronic
9 funds transfer.

10 Before August 1 of each year beginning in 1993, the
11 Department shall notify all taxpayers required to make payments
12 by electronic funds transfer. All taxpayers required to make
13 payments by electronic funds transfer shall make those payments
14 for a minimum of one year beginning on October 1.

15 Any taxpayer not required to make payments by electronic
16 funds transfer may make payments by electronic funds transfer
17 with the permission of the Department.

18 All taxpayers required to make payment by electronic funds
19 transfer and any taxpayers authorized to voluntarily make
20 payments by electronic funds transfer shall make those payments
21 in the manner authorized by the Department.

22 The Department shall adopt such rules as are necessary to
23 effectuate a program of electronic funds transfer and the
24 requirements of this Section.

25 Any amount which is required to be shown or reported on any
26 return or other document under this Act shall, if such amount

1 is not a whole-dollar amount, be increased to the nearest
2 whole-dollar amount in any case where the fractional part of a
3 dollar is 50 cents or more, and decreased to the nearest
4 whole-dollar amount where the fractional part of a dollar is
5 less than 50 cents.

6 If the retailer is otherwise required to file a monthly
7 return and if the retailer's average monthly tax liability to
8 the Department does not exceed \$200, the Department may
9 authorize his returns to be filed on a quarter annual basis,
10 with the return for January, February and March of a given year
11 being due by April 20 of such year; with the return for April,
12 May and June of a given year being due by July 20 of such year;
13 with the return for July, August and September of a given year
14 being due by October 20 of such year, and with the return for
15 October, November and December of a given year being due by
16 January 20 of the following year.

17 If the retailer is otherwise required to file a monthly or
18 quarterly return and if the retailer's average monthly tax
19 liability with the Department does not exceed \$50, the
20 Department may authorize his returns to be filed on an annual
21 basis, with the return for a given year being due by January 20
22 of the following year.

23 Such quarter annual and annual returns, as to form and
24 substance, shall be subject to the same requirements as monthly
25 returns.

26 Notwithstanding any other provision in this Act concerning

1 the time within which a retailer may file his return, in the
2 case of any retailer who ceases to engage in a kind of business
3 which makes him responsible for filing returns under this Act,
4 such retailer shall file a final return under this Act with the
5 Department not more than one month after discontinuing such
6 business.

7 Where the same person has more than one business registered
8 with the Department under separate registrations under this
9 Act, such person may not file each return that is due as a
10 single return covering all such registered businesses, but
11 shall file separate returns for each such registered business.

12 In addition, with respect to motor vehicles, watercraft,
13 aircraft, and trailers that are required to be registered with
14 an agency of this State, every retailer selling this kind of
15 tangible personal property shall file, with the Department,
16 upon a form to be prescribed and supplied by the Department, a
17 separate return for each such item of tangible personal
18 property which the retailer sells, except that if, in the same
19 transaction, (i) a retailer of aircraft, watercraft, motor
20 vehicles or trailers transfers more than one aircraft,
21 watercraft, motor vehicle or trailer to another aircraft,
22 watercraft, motor vehicle retailer or trailer retailer for the
23 purpose of resale or (ii) a retailer of aircraft, watercraft,
24 motor vehicles, or trailers transfers more than one aircraft,
25 watercraft, motor vehicle, or trailer to a purchaser for use as
26 a qualifying rolling stock as provided in Section 2-5 of this

1 Act, then that seller may report the transfer of all aircraft,
2 watercraft, motor vehicles or trailers involved in that
3 transaction to the Department on the same uniform
4 invoice-transaction reporting return form. For purposes of
5 this Section, "watercraft" means a Class 2, Class 3, or Class 4
6 watercraft as defined in Section 3-2 of the Boat Registration
7 and Safety Act, a personal watercraft, or any boat equipped
8 with an inboard motor.

9 Any retailer who sells only motor vehicles, watercraft,
10 aircraft, or trailers that are required to be registered with
11 an agency of this State, so that all retailers' occupation tax
12 liability is required to be reported, and is reported, on such
13 transaction reporting returns and who is not otherwise required
14 to file monthly or quarterly returns, need not file monthly or
15 quarterly returns. However, those retailers shall be required
16 to file returns on an annual basis.

17 The transaction reporting return, in the case of motor
18 vehicles or trailers that are required to be registered with an
19 agency of this State, shall be the same document as the Uniform
20 Invoice referred to in Section 5-402 of The Illinois Vehicle
21 Code and must show the name and address of the seller; the name
22 and address of the purchaser; the amount of the selling price
23 including the amount allowed by the retailer for traded-in
24 property, if any; the amount allowed by the retailer for the
25 traded-in tangible personal property, if any, to the extent to
26 which Section 1 of this Act allows an exemption for the value

1 of traded-in property; the balance payable after deducting such
2 trade-in allowance from the total selling price; the amount of
3 tax due from the retailer with respect to such transaction; the
4 amount of tax collected from the purchaser by the retailer on
5 such transaction (or satisfactory evidence that such tax is not
6 due in that particular instance, if that is claimed to be the
7 fact); the place and date of the sale; a sufficient
8 identification of the property sold; such other information as
9 is required in Section 5-402 of The Illinois Vehicle Code, and
10 such other information as the Department may reasonably
11 require.

12 The transaction reporting return in the case of watercraft
13 or aircraft must show the name and address of the seller; the
14 name and address of the purchaser; the amount of the selling
15 price including the amount allowed by the retailer for
16 traded-in property, if any; the amount allowed by the retailer
17 for the traded-in tangible personal property, if any, to the
18 extent to which Section 1 of this Act allows an exemption for
19 the value of traded-in property; the balance payable after
20 deducting such trade-in allowance from the total selling price;
21 the amount of tax due from the retailer with respect to such
22 transaction; the amount of tax collected from the purchaser by
23 the retailer on such transaction (or satisfactory evidence that
24 such tax is not due in that particular instance, if that is
25 claimed to be the fact); the place and date of the sale, a
26 sufficient identification of the property sold, and such other

1 information as the Department may reasonably require.

2 Such transaction reporting return shall be filed not later
3 than 20 days after the day of delivery of the item that is
4 being sold, but may be filed by the retailer at any time sooner
5 than that if he chooses to do so. The transaction reporting
6 return and tax remittance or proof of exemption from the
7 Illinois use tax may be transmitted to the Department by way of
8 the State agency with which, or State officer with whom the
9 tangible personal property must be titled or registered (if
10 titling or registration is required) if the Department and such
11 agency or State officer determine that this procedure will
12 expedite the processing of applications for title or
13 registration.

14 With each such transaction reporting return, the retailer
15 shall remit the proper amount of tax due (or shall submit
16 satisfactory evidence that the sale is not taxable if that is
17 the case), to the Department or its agents, whereupon the
18 Department shall issue, in the purchaser's name, a use tax
19 receipt (or a certificate of exemption if the Department is
20 satisfied that the particular sale is tax exempt) which such
21 purchaser may submit to the agency with which, or State officer
22 with whom, he must title or register the tangible personal
23 property that is involved (if titling or registration is
24 required) in support of such purchaser's application for an
25 Illinois certificate or other evidence of title or registration
26 to such tangible personal property.

1 No retailer's failure or refusal to remit tax under this
2 Act precludes a user, who has paid the proper tax to the
3 retailer, from obtaining his certificate of title or other
4 evidence of title or registration (if titling or registration
5 is required) upon satisfying the Department that such user has
6 paid the proper tax (if tax is due) to the retailer. The
7 Department shall adopt appropriate rules to carry out the
8 mandate of this paragraph.

9 If the user who would otherwise pay tax to the retailer
10 wants the transaction reporting return filed and the payment of
11 the tax or proof of exemption made to the Department before the
12 retailer is willing to take these actions and such user has not
13 paid the tax to the retailer, such user may certify to the fact
14 of such delay by the retailer and may (upon the Department
15 being satisfied of the truth of such certification) transmit
16 the information required by the transaction reporting return
17 and the remittance for tax or proof of exemption directly to
18 the Department and obtain his tax receipt or exemption
19 determination, in which event the transaction reporting return
20 and tax remittance (if a tax payment was required) shall be
21 credited by the Department to the proper retailer's account
22 with the Department, but without the 2.1% or 1.75% discount
23 provided for in this Section being allowed. When the user pays
24 the tax directly to the Department, he shall pay the tax in the
25 same amount and in the same form in which it would be remitted
26 if the tax had been remitted to the Department by the retailer.

1 Refunds made by the seller during the preceding return
2 period to purchasers, on account of tangible personal property
3 returned to the seller, shall be allowed as a deduction under
4 subdivision 5 of his monthly or quarterly return, as the case
5 may be, in case the seller had theretofore included the
6 receipts from the sale of such tangible personal property in a
7 return filed by him and had paid the tax imposed by this Act
8 with respect to such receipts.

9 Where the seller is a corporation, the return filed on
10 behalf of such corporation shall be signed by the president,
11 vice-president, secretary or treasurer or by the properly
12 accredited agent of such corporation.

13 Where the seller is a limited liability company, the return
14 filed on behalf of the limited liability company shall be
15 signed by a manager, member, or properly accredited agent of
16 the limited liability company.

17 Except as provided in this Section, the retailer filing the
18 return under this Section shall, at the time of filing such
19 return, pay to the Department the amount of tax imposed by this
20 Act less a discount of 2.1% prior to January 1, 1990 and 1.75%
21 on and after January 1, 1990, or \$5 per calendar year,
22 whichever is greater, which is allowed to reimburse the
23 retailer for the expenses incurred in keeping records,
24 preparing and filing returns, remitting the tax and supplying
25 data to the Department on request. Any prepayment made pursuant
26 to Section 2d of this Act shall be included in the amount on

1 which such 2.1% or 1.75% discount is computed. In the case of
2 retailers who report and pay the tax on a transaction by
3 transaction basis, as provided in this Section, such discount
4 shall be taken with each such tax remittance instead of when
5 such retailer files his periodic return. The Department may
6 disallow the discount for retailers whose certificate of
7 registration is revoked at the time the return is filed, but
8 only if the Department's decision to revoke the certificate of
9 registration has become final.

10 Before October 1, 2000, if the taxpayer's average monthly
11 tax liability to the Department under this Act, the Use Tax
12 Act, the Service Occupation Tax Act, and the Service Use Tax
13 Act, excluding any liability for prepaid sales tax to be
14 remitted in accordance with Section 2d of this Act, was \$10,000
15 or more during the preceding 4 complete calendar quarters, he
16 shall file a return with the Department each month by the 20th
17 day of the month next following the month during which such tax
18 liability is incurred and shall make payments to the Department
19 on or before the 7th, 15th, 22nd and last day of the month
20 during which such liability is incurred. On and after October
21 1, 2000, if the taxpayer's average monthly tax liability to the
22 Department under this Act, the Use Tax Act, the Service
23 Occupation Tax Act, and the Service Use Tax Act, excluding any
24 liability for prepaid sales tax to be remitted in accordance
25 with Section 2d of this Act, was \$20,000 or more during the
26 preceding 4 complete calendar quarters, he shall file a return

1 with the Department each month by the 20th day of the month
2 next following the month during which such tax liability is
3 incurred and shall make payment to the Department on or before
4 the 7th, 15th, 22nd and last day of the month during which such
5 liability is incurred. If the month during which such tax
6 liability is incurred began prior to January 1, 1985, each
7 payment shall be in an amount equal to 1/4 of the taxpayer's
8 actual liability for the month or an amount set by the
9 Department not to exceed 1/4 of the average monthly liability
10 of the taxpayer to the Department for the preceding 4 complete
11 calendar quarters (excluding the month of highest liability and
12 the month of lowest liability in such 4 quarter period). If the
13 month during which such tax liability is incurred begins on or
14 after January 1, 1985 and prior to January 1, 1987, each
15 payment shall be in an amount equal to 22.5% of the taxpayer's
16 actual liability for the month or 27.5% of the taxpayer's
17 liability for the same calendar month of the preceding year. If
18 the month during which such tax liability is incurred begins on
19 or after January 1, 1987 and prior to January 1, 1988, each
20 payment shall be in an amount equal to 22.5% of the taxpayer's
21 actual liability for the month or 26.25% of the taxpayer's
22 liability for the same calendar month of the preceding year. If
23 the month during which such tax liability is incurred begins on
24 or after January 1, 1988, and prior to January 1, 1989, or
25 begins on or after January 1, 1996, each payment shall be in an
26 amount equal to 22.5% of the taxpayer's actual liability for

1 the month or 25% of the taxpayer's liability for the same
2 calendar month of the preceding year. If the month during which
3 such tax liability is incurred begins on or after January 1,
4 1989, and prior to January 1, 1996, each payment shall be in an
5 amount equal to 22.5% of the taxpayer's actual liability for
6 the month or 25% of the taxpayer's liability for the same
7 calendar month of the preceding year or 100% of the taxpayer's
8 actual liability for the quarter monthly reporting period. The
9 amount of such quarter monthly payments shall be credited
10 against the final tax liability of the taxpayer's return for
11 that month. Before October 1, 2000, once applicable, the
12 requirement of the making of quarter monthly payments to the
13 Department by taxpayers having an average monthly tax liability
14 of \$10,000 or more as determined in the manner provided above
15 shall continue until such taxpayer's average monthly liability
16 to the Department during the preceding 4 complete calendar
17 quarters (excluding the month of highest liability and the
18 month of lowest liability) is less than \$9,000, or until such
19 taxpayer's average monthly liability to the Department as
20 computed for each calendar quarter of the 4 preceding complete
21 calendar quarter period is less than \$10,000. However, if a
22 taxpayer can show the Department that a substantial change in
23 the taxpayer's business has occurred which causes the taxpayer
24 to anticipate that his average monthly tax liability for the
25 reasonably foreseeable future will fall below the \$10,000
26 threshold stated above, then such taxpayer may petition the

1 Department for a change in such taxpayer's reporting status. On
2 and after October 1, 2000, once applicable, the requirement of
3 the making of quarter monthly payments to the Department by
4 taxpayers having an average monthly tax liability of \$20,000 or
5 more as determined in the manner provided above shall continue
6 until such taxpayer's average monthly liability to the
7 Department during the preceding 4 complete calendar quarters
8 (excluding the month of highest liability and the month of
9 lowest liability) is less than \$19,000 or until such taxpayer's
10 average monthly liability to the Department as computed for
11 each calendar quarter of the 4 preceding complete calendar
12 quarter period is less than \$20,000. However, if a taxpayer can
13 show the Department that a substantial change in the taxpayer's
14 business has occurred which causes the taxpayer to anticipate
15 that his average monthly tax liability for the reasonably
16 foreseeable future will fall below the \$20,000 threshold stated
17 above, then such taxpayer may petition the Department for a
18 change in such taxpayer's reporting status. The Department
19 shall change such taxpayer's reporting status unless it finds
20 that such change is seasonal in nature and not likely to be
21 long term. If any such quarter monthly payment is not paid at
22 the time or in the amount required by this Section, then the
23 taxpayer shall be liable for penalties and interest on the
24 difference between the minimum amount due as a payment and the
25 amount of such quarter monthly payment actually and timely
26 paid, except insofar as the taxpayer has previously made

1 payments for that month to the Department in excess of the
2 minimum payments previously due as provided in this Section.
3 The Department shall make reasonable rules and regulations to
4 govern the quarter monthly payment amount and quarter monthly
5 payment dates for taxpayers who file on other than a calendar
6 monthly basis.

7 The provisions of this paragraph apply before October 1,
8 2001. Without regard to whether a taxpayer is required to make
9 quarter monthly payments as specified above, any taxpayer who
10 is required by Section 2d of this Act to collect and remit
11 prepaid taxes and has collected prepaid taxes which average in
12 excess of \$25,000 per month during the preceding 2 complete
13 calendar quarters, shall file a return with the Department as
14 required by Section 2f and shall make payments to the
15 Department on or before the 7th, 15th, 22nd and last day of the
16 month during which such liability is incurred. If the month
17 during which such tax liability is incurred began prior to the
18 effective date of this amendatory Act of 1985, each payment
19 shall be in an amount not less than 22.5% of the taxpayer's
20 actual liability under Section 2d. If the month during which
21 such tax liability is incurred begins on or after January 1,
22 1986, each payment shall be in an amount equal to 22.5% of the
23 taxpayer's actual liability for the month or 27.5% of the
24 taxpayer's liability for the same calendar month of the
25 preceding calendar year. If the month during which such tax
26 liability is incurred begins on or after January 1, 1987, each

1 payment shall be in an amount equal to 22.5% of the taxpayer's
2 actual liability for the month or 26.25% of the taxpayer's
3 liability for the same calendar month of the preceding year.
4 The amount of such quarter monthly payments shall be credited
5 against the final tax liability of the taxpayer's return for
6 that month filed under this Section or Section 2f, as the case
7 may be. Once applicable, the requirement of the making of
8 quarter monthly payments to the Department pursuant to this
9 paragraph shall continue until such taxpayer's average monthly
10 prepaid tax collections during the preceding 2 complete
11 calendar quarters is \$25,000 or less. If any such quarter
12 monthly payment is not paid at the time or in the amount
13 required, the taxpayer shall be liable for penalties and
14 interest on such difference, except insofar as the taxpayer has
15 previously made payments for that month in excess of the
16 minimum payments previously due.

17 The provisions of this paragraph apply on and after October
18 1, 2001. Without regard to whether a taxpayer is required to
19 make quarter monthly payments as specified above, any taxpayer
20 who is required by Section 2d of this Act to collect and remit
21 prepaid taxes and has collected prepaid taxes that average in
22 excess of \$20,000 per month during the preceding 4 complete
23 calendar quarters shall file a return with the Department as
24 required by Section 2f and shall make payments to the
25 Department on or before the 7th, 15th, 22nd and last day of the
26 month during which the liability is incurred. Each payment

1 shall be in an amount equal to 22.5% of the taxpayer's actual
2 liability for the month or 25% of the taxpayer's liability for
3 the same calendar month of the preceding year. The amount of
4 the quarter monthly payments shall be credited against the
5 final tax liability of the taxpayer's return for that month
6 filed under this Section or Section 2f, as the case may be.
7 Once applicable, the requirement of the making of quarter
8 monthly payments to the Department pursuant to this paragraph
9 shall continue until the taxpayer's average monthly prepaid tax
10 collections during the preceding 4 complete calendar quarters
11 (excluding the month of highest liability and the month of
12 lowest liability) is less than \$19,000 or until such taxpayer's
13 average monthly liability to the Department as computed for
14 each calendar quarter of the 4 preceding complete calendar
15 quarters is less than \$20,000. If any such quarter monthly
16 payment is not paid at the time or in the amount required, the
17 taxpayer shall be liable for penalties and interest on such
18 difference, except insofar as the taxpayer has previously made
19 payments for that month in excess of the minimum payments
20 previously due.

21 If any payment provided for in this Section exceeds the
22 taxpayer's liabilities under this Act, the Use Tax Act, the
23 Service Occupation Tax Act and the Service Use Tax Act, as
24 shown on an original monthly return, the Department shall, if
25 requested by the taxpayer, issue to the taxpayer a credit
26 memorandum no later than 30 days after the date of payment. The

1 credit evidenced by such credit memorandum may be assigned by
2 the taxpayer to a similar taxpayer under this Act, the Use Tax
3 Act, the Service Occupation Tax Act or the Service Use Tax Act,
4 in accordance with reasonable rules and regulations to be
5 prescribed by the Department. If no such request is made, the
6 taxpayer may credit such excess payment against tax liability
7 subsequently to be remitted to the Department under this Act,
8 the Use Tax Act, the Service Occupation Tax Act or the Service
9 Use Tax Act, in accordance with reasonable rules and
10 regulations prescribed by the Department. If the Department
11 subsequently determined that all or any part of the credit
12 taken was not actually due to the taxpayer, the taxpayer's 2.1%
13 and 1.75% vendor's discount shall be reduced by 2.1% or 1.75%
14 of the difference between the credit taken and that actually
15 due, and that taxpayer shall be liable for penalties and
16 interest on such difference.

17 If a retailer of motor fuel is entitled to a credit under
18 Section 2d of this Act which exceeds the taxpayer's liability
19 to the Department under this Act for the month which the
20 taxpayer is filing a return, the Department shall issue the
21 taxpayer a credit memorandum for the excess.

22 Beginning January 1, 1990, each month the Department shall
23 pay into the Local Government Tax Fund, a special fund in the
24 State treasury which is hereby created, the net revenue
25 realized for the preceding month from the 1% tax on sales of
26 food for human consumption which is to be consumed off the

1 premises where it is sold (other than alcoholic beverages, soft
2 drinks and food which has been prepared for immediate
3 consumption) and prescription and nonprescription medicines,
4 drugs, medical appliances and insulin, urine testing
5 materials, syringes and needles used by diabetics.

6 Beginning January 1, 1990, each month the Department shall
7 pay into the County and Mass Transit District Fund, a special
8 fund in the State treasury which is hereby created, 4% of the
9 net revenue realized for the preceding month from the 6.25%
10 general rate.

11 Beginning August 1, 2000, each month the Department shall
12 pay into the County and Mass Transit District Fund 20% of the
13 net revenue realized for the preceding month from the 1.25%
14 rate on the selling price of motor fuel and gasohol. Beginning
15 September 1, 2010, each month the Department shall pay into the
16 County and Mass Transit District Fund 20% of the net revenue
17 realized for the preceding month from the 1.25% rate on the
18 selling price of sales tax holiday items.

19 Beginning January 1, 1990, each month the Department shall
20 pay into the Local Government Tax Fund 16% of the net revenue
21 realized for the preceding month from the 6.25% general rate on
22 the selling price of tangible personal property.

23 Beginning August 1, 2000, each month the Department shall
24 pay into the Local Government Tax Fund 80% of the net revenue
25 realized for the preceding month from the 1.25% rate on the
26 selling price of motor fuel and gasohol. Beginning September 1,

1 2010, each month the Department shall pay into the Local
2 Government Tax Fund 80% of the net revenue realized for the
3 preceding month from the 1.25% rate on the selling price of
4 sales tax holiday items.

5 Beginning October 1, 2009, each month the Department shall
6 pay into the Capital Projects Fund an amount that is equal to
7 an amount estimated by the Department to represent 80% of the
8 net revenue realized for the preceding month from the sale of
9 candy, grooming and hygiene products, and soft drinks that had
10 been taxed at a rate of 1% prior to September 1, 2009 but that
11 are now taxed at 6.25%.

12 Beginning July 1, 2011, each month the Department shall pay
13 into the Clean Air Act (CAA) Permit Fund 80% of the net revenue
14 realized for the preceding month from the 6.25% general rate on
15 the selling price of sorbents used in Illinois in the process
16 of sorbent injection as used to comply with the Environmental
17 Protection Act or the federal Clean Air Act, but the total
18 payment into the Clean Air Act (CAA) Permit Fund under this Act
19 and the Use Tax Act shall not exceed \$2,000,000 in any fiscal
20 year.

21 Beginning July 1, 2013, each month the Department shall pay
22 into the Underground Storage Tank Fund from the proceeds
23 collected under this Act, the Use Tax Act, the Service Use Tax
24 Act, and the Service Occupation Tax Act an amount equal to the
25 average monthly deficit in the Underground Storage Tank Fund
26 during the prior year, as certified annually by the Illinois

1 Environmental Protection Agency, but the total payment into the
2 Underground Storage Tank Fund under this Act, the Use Tax Act,
3 the Service Use Tax Act, and the Service Occupation Tax Act
4 shall not exceed \$18,000,000 in any State fiscal year. As used
5 in this paragraph, the "average monthly deficit" shall be equal
6 to the difference between the average monthly claims for
7 payment by the fund and the average monthly revenues deposited
8 into the fund, excluding payments made pursuant to this
9 paragraph.

10 Of the remainder of the moneys received by the Department
11 pursuant to this Act, (a) 1.75% thereof shall be paid into the
12 Build Illinois Fund and (b) prior to July 1, 1989, 2.2% and on
13 and after July 1, 1989, 3.8% thereof shall be paid into the
14 Build Illinois Fund; provided, however, that if in any fiscal
15 year the sum of (1) the aggregate of 2.2% or 3.8%, as the case
16 may be, of the moneys received by the Department and required
17 to be paid into the Build Illinois Fund pursuant to this Act,
18 Section 9 of the Use Tax Act, Section 9 of the Service Use Tax
19 Act, and Section 9 of the Service Occupation Tax Act, such Acts
20 being hereinafter called the "Tax Acts" and such aggregate of
21 2.2% or 3.8%, as the case may be, of moneys being hereinafter
22 called the "Tax Act Amount", and (2) the amount transferred to
23 the Build Illinois Fund from the State and Local Sales Tax
24 Reform Fund shall be less than the Annual Specified Amount (as
25 hereinafter defined), an amount equal to the difference shall
26 be immediately paid into the Build Illinois Fund from other

1 moneys received by the Department pursuant to the Tax Acts; the
2 "Annual Specified Amount" means the amounts specified below for
3 fiscal years 1986 through 1993:

4	Fiscal Year	Annual Specified Amount
5	1986	\$54,800,000
6	1987	\$76,650,000
7	1988	\$80,480,000
8	1989	\$88,510,000
9	1990	\$115,330,000
10	1991	\$145,470,000
11	1992	\$182,730,000
12	1993	\$206,520,000;

13 and means the Certified Annual Debt Service Requirement (as
14 defined in Section 13 of the Build Illinois Bond Act) or the
15 Tax Act Amount, whichever is greater, for fiscal year 1994 and
16 each fiscal year thereafter; and further provided, that if on
17 the last business day of any month the sum of (1) the Tax Act
18 Amount required to be deposited into the Build Illinois Bond
19 Account in the Build Illinois Fund during such month and (2)
20 the amount transferred to the Build Illinois Fund from the
21 State and Local Sales Tax Reform Fund shall have been less than
22 1/12 of the Annual Specified Amount, an amount equal to the
23 difference shall be immediately paid into the Build Illinois
24 Fund from other moneys received by the Department pursuant to
25 the Tax Acts; and, further provided, that in no event shall the
26 payments required under the preceding proviso result in

1 aggregate payments into the Build Illinois Fund pursuant to
2 this clause (b) for any fiscal year in excess of the greater of
3 (i) the Tax Act Amount or (ii) the Annual Specified Amount for
4 such fiscal year. The amounts payable into the Build Illinois
5 Fund under clause (b) of the first sentence in this paragraph
6 shall be payable only until such time as the aggregate amount
7 on deposit under each trust indenture securing Bonds issued and
8 outstanding pursuant to the Build Illinois Bond Act is
9 sufficient, taking into account any future investment income,
10 to fully provide, in accordance with such indenture, for the
11 defeasance of or the payment of the principal of, premium, if
12 any, and interest on the Bonds secured by such indenture and on
13 any Bonds expected to be issued thereafter and all fees and
14 costs payable with respect thereto, all as certified by the
15 Director of the Bureau of the Budget (now Governor's Office of
16 Management and Budget). If on the last business day of any
17 month in which Bonds are outstanding pursuant to the Build
18 Illinois Bond Act, the aggregate of moneys deposited in the
19 Build Illinois Bond Account in the Build Illinois Fund in such
20 month shall be less than the amount required to be transferred
21 in such month from the Build Illinois Bond Account to the Build
22 Illinois Bond Retirement and Interest Fund pursuant to Section
23 13 of the Build Illinois Bond Act, an amount equal to such
24 deficiency shall be immediately paid from other moneys received
25 by the Department pursuant to the Tax Acts to the Build
26 Illinois Fund; provided, however, that any amounts paid to the

1 Build Illinois Fund in any fiscal year pursuant to this
 2 sentence shall be deemed to constitute payments pursuant to
 3 clause (b) of the first sentence of this paragraph and shall
 4 reduce the amount otherwise payable for such fiscal year
 5 pursuant to that clause (b). The moneys received by the
 6 Department pursuant to this Act and required to be deposited
 7 into the Build Illinois Fund are subject to the pledge, claim
 8 and charge set forth in Section 12 of the Build Illinois Bond
 9 Act.

10 Subject to payment of amounts into the Build Illinois Fund
 11 as provided in the preceding paragraph or in any amendment
 12 thereto hereafter enacted, the following specified monthly
 13 installment of the amount requested in the certificate of the
 14 Chairman of the Metropolitan Pier and Exposition Authority
 15 provided under Section 8.25f of the State Finance Act, but not
 16 in excess of sums designated as "Total Deposit", shall be
 17 deposited in the aggregate from collections under Section 9 of
 18 the Use Tax Act, Section 9 of the Service Use Tax Act, Section
 19 9 of the Service Occupation Tax Act, and Section 3 of the
 20 Retailers' Occupation Tax Act into the McCormick Place
 21 Expansion Project Fund in the specified fiscal years.

	Fiscal Year	Total Deposit
23	1993	\$0
24	1994	53,000,000
25	1995	58,000,000

1	1996	61,000,000
2	1997	64,000,000
3	1998	68,000,000
4	1999	71,000,000
5	2000	75,000,000
6	2001	80,000,000
7	2002	93,000,000
8	2003	99,000,000
9	2004	103,000,000
10	2005	108,000,000
11	2006	113,000,000
12	2007	119,000,000
13	2008	126,000,000
14	2009	132,000,000
15	2010	139,000,000
16	2011	146,000,000
17	2012	153,000,000
18	2013	161,000,000
19	2014	170,000,000
20	2015	179,000,000
21	2016	189,000,000
22	2017	199,000,000
23	2018	210,000,000
24	2019	221,000,000
25	2020	233,000,000
26	2021	246,000,000

1	2022	260,000,000
2	2023	275,000,000
3	2024	275,000,000
4	2025	275,000,000
5	2026	279,000,000
6	2027	292,000,000
7	2028	307,000,000
8	2029	322,000,000
9	2030	338,000,000
10	2031	350,000,000
11	2032	350,000,000

12 and
13 each fiscal year
14 thereafter that bonds
15 are outstanding under
16 Section 13.2 of the
17 Metropolitan Pier and
18 Exposition Authority Act,
19 but not after fiscal year 2060.

20 Beginning July 20, 1993 and in each month of each fiscal
21 year thereafter, one-eighth of the amount requested in the
22 certificate of the Chairman of the Metropolitan Pier and
23 Exposition Authority for that fiscal year, less the amount
24 deposited into the McCormick Place Expansion Project Fund by
25 the State Treasurer in the respective month under subsection
26 (g) of Section 13 of the Metropolitan Pier and Exposition

1 Authority Act, plus cumulative deficiencies in the deposits
2 required under this Section for previous months and years,
3 shall be deposited into the McCormick Place Expansion Project
4 Fund, until the full amount requested for the fiscal year, but
5 not in excess of the amount specified above as "Total Deposit",
6 has been deposited.

7 Subject to payment of amounts into the Build Illinois Fund
8 and the McCormick Place Expansion Project Fund pursuant to the
9 preceding paragraphs or in any amendments thereto hereafter
10 enacted, beginning July 1, 1993 and ending on September 30,
11 2013, the Department shall each month pay into the Illinois Tax
12 Increment Fund 0.27% of 80% of the net revenue realized for the
13 preceding month from the 6.25% general rate on the selling
14 price of tangible personal property.

15 Subject to payment of amounts into the Build Illinois Fund
16 and the McCormick Place Expansion Project Fund pursuant to the
17 preceding paragraphs or in any amendments thereto hereafter
18 enacted, beginning with the receipt of the first report of
19 taxes paid by an eligible business and continuing for a 25-year
20 period, the Department shall each month pay into the Energy
21 Infrastructure Fund 80% of the net revenue realized from the
22 6.25% general rate on the selling price of Illinois-mined coal
23 that was sold to an eligible business. For purposes of this
24 paragraph, the term "eligible business" means a new electric
25 generating facility certified pursuant to Section 605-332 of
26 the Department of Commerce and Economic Opportunity Law of the

1 Civil Administrative Code of Illinois.

2 Subject to payment of amounts into the Build Illinois Fund,
3 the McCormick Place Expansion Project Fund, the Illinois Tax
4 Increment Fund, and the Energy Infrastructure Fund pursuant to
5 the preceding paragraphs or in any amendments to this Section
6 hereafter enacted, beginning on the first day of the first
7 calendar month to occur on or after the effective date of this
8 amendatory Act of the 98th General Assembly, each month, from
9 the collections made under Section 9 of the Use Tax Act,
10 Section 9 of the Service Use Tax Act, Section 9 of the Service
11 Occupation Tax Act, and Section 3 of the Retailers' Occupation
12 Tax Act, the Department shall pay into the Tax Compliance and
13 Administration Fund, to be used, subject to appropriation, to
14 fund additional auditors and compliance personnel at the
15 Department of Revenue, an amount equal to $\frac{1}{12}$ of 5% of 80% of
16 the cash receipts collected during the preceding fiscal year by
17 the Audit Bureau of the Department under the Use Tax Act, the
18 Service Use Tax Act, the Service Occupation Tax Act, the
19 Retailers' Occupation Tax Act, and associated local occupation
20 and use taxes administered by the Department.

21 Of the remainder of the moneys received by the Department
22 pursuant to this Act, 75% thereof shall be paid into the State
23 Treasury and 25% shall be reserved in a special account and
24 used only for the transfer to the Common School Fund as part of
25 the monthly transfer from the General Revenue Fund in
26 accordance with Section 8a of the State Finance Act.

1 The Department may, upon separate written notice to a
2 taxpayer, require the taxpayer to prepare and file with the
3 Department on a form prescribed by the Department within not
4 less than 60 days after receipt of the notice an annual
5 information return for the tax year specified in the notice.
6 Such annual return to the Department shall include a statement
7 of gross receipts as shown by the retailer's last Federal
8 income tax return. If the total receipts of the business as
9 reported in the Federal income tax return do not agree with the
10 gross receipts reported to the Department of Revenue for the
11 same period, the retailer shall attach to his annual return a
12 schedule showing a reconciliation of the 2 amounts and the
13 reasons for the difference. The retailer's annual return to the
14 Department shall also disclose the cost of goods sold by the
15 retailer during the year covered by such return, opening and
16 closing inventories of such goods for such year, costs of goods
17 used from stock or taken from stock and given away by the
18 retailer during such year, payroll information of the
19 retailer's business during such year and any additional
20 reasonable information which the Department deems would be
21 helpful in determining the accuracy of the monthly, quarterly
22 or annual returns filed by such retailer as provided for in
23 this Section.

24 If the annual information return required by this Section
25 is not filed when and as required, the taxpayer shall be liable
26 as follows:

1 (i) Until January 1, 1994, the taxpayer shall be liable
2 for a penalty equal to 1/6 of 1% of the tax due from such
3 taxpayer under this Act during the period to be covered by
4 the annual return for each month or fraction of a month
5 until such return is filed as required, the penalty to be
6 assessed and collected in the same manner as any other
7 penalty provided for in this Act.

8 (ii) On and after January 1, 1994, the taxpayer shall
9 be liable for a penalty as described in Section 3-4 of the
10 Uniform Penalty and Interest Act.

11 The chief executive officer, proprietor, owner or highest
12 ranking manager shall sign the annual return to certify the
13 accuracy of the information contained therein. Any person who
14 willfully signs the annual return containing false or
15 inaccurate information shall be guilty of perjury and punished
16 accordingly. The annual return form prescribed by the
17 Department shall include a warning that the person signing the
18 return may be liable for perjury.

19 The provisions of this Section concerning the filing of an
20 annual information return do not apply to a retailer who is not
21 required to file an income tax return with the United States
22 Government.

23 As soon as possible after the first day of each month, upon
24 certification of the Department of Revenue, the Comptroller
25 shall order transferred and the Treasurer shall transfer from
26 the General Revenue Fund to the Motor Fuel Tax Fund an amount

1 equal to 1.7% of 80% of the net revenue realized under this Act
2 for the second preceding month. Beginning April 1, 2000, this
3 transfer is no longer required and shall not be made.

4 Net revenue realized for a month shall be the revenue
5 collected by the State pursuant to this Act, less the amount
6 paid out during that month as refunds to taxpayers for
7 overpayment of liability.

8 For greater simplicity of administration, manufacturers,
9 importers and wholesalers whose products are sold at retail in
10 Illinois by numerous retailers, and who wish to do so, may
11 assume the responsibility for accounting and paying to the
12 Department all tax accruing under this Act with respect to such
13 sales, if the retailers who are affected do not make written
14 objection to the Department to this arrangement.

15 Any person who promotes, organizes, provides retail
16 selling space for concessionaires or other types of sellers at
17 the Illinois State Fair, DuQuoin State Fair, county fairs,
18 local fairs, art shows, flea markets and similar exhibitions or
19 events, including any transient merchant as defined by Section
20 2 of the Transient Merchant Act of 1987, is required to file a
21 report with the Department providing the name of the merchant's
22 business, the name of the person or persons engaged in
23 merchant's business, the permanent address and Illinois
24 Retailers Occupation Tax Registration Number of the merchant,
25 the dates and location of the event and other reasonable
26 information that the Department may require. The report must be

1 filed not later than the 20th day of the month next following
2 the month during which the event with retail sales was held.
3 Any person who fails to file a report required by this Section
4 commits a business offense and is subject to a fine not to
5 exceed \$250.

6 Any person engaged in the business of selling tangible
7 personal property at retail as a concessionaire or other type
8 of seller at the Illinois State Fair, county fairs, art shows,
9 flea markets and similar exhibitions or events, or any
10 transient merchants, as defined by Section 2 of the Transient
11 Merchant Act of 1987, may be required to make a daily report of
12 the amount of such sales to the Department and to make a daily
13 payment of the full amount of tax due. The Department shall
14 impose this requirement when it finds that there is a
15 significant risk of loss of revenue to the State at such an
16 exhibition or event. Such a finding shall be based on evidence
17 that a substantial number of concessionaires or other sellers
18 who are not residents of Illinois will be engaging in the
19 business of selling tangible personal property at retail at the
20 exhibition or event, or other evidence of a significant risk of
21 loss of revenue to the State. The Department shall notify
22 concessionaires and other sellers affected by the imposition of
23 this requirement. In the absence of notification by the
24 Department, the concessionaires and other sellers shall file
25 their returns as otherwise required in this Section.

26 (Source: P.A. 97-95, eff. 7-12-11; 97-333, eff. 8-12-11; 98-24,

1 eff. 6-19-13; 98-109, eff. 7-25-13; 98-496, eff. 1-1-14;
2 98-756, eff. 7-16-14; 98-1098, eff. 8-26-14.)

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