



99TH GENERAL ASSEMBLY

State of Illinois

2015 and 2016

HB3336

by Rep. Jack D. Franks

SYNOPSIS AS INTRODUCED:

20 ILCS 605/605-333 new
35 ILCS 105/3-5
35 ILCS 110/3-5
35 ILCS 115/3-5
35 ILCS 120/2-5
35 ILCS 640/2-4

Amends the Use Tax Act, the Service Use Tax, the Service Occupation Tax Act, and the Retailers' Occupation Tax Act. Provides that tangible personal property used in the construction or operation of a data center that has been granted a certificate of exemption by the Department of Commerce and Economic Opportunity is exempt from the taxes imposed under those Acts. Amends the Electricity Excise Tax Law. Provides that business enterprises that are certified as qualifying Illinois data centers by the Department of Commerce and Economic Opportunity are exempt from the taxes imposed under the Act. Amends the Department of Commerce and Economic Opportunity Law of the Civil Administrative Code of Illinois to provide for certification of qualified data centers. Effective immediately.

LRB099 08662 HLH 28827 b

FISCAL NOTE ACT
MAY APPLY

A BILL FOR

1 AN ACT concerning revenue.

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

4 Section 5. The Department of Commerce and Economic
5 Opportunity Law of the Civil Administrative Code of Illinois is
6 amended by adding Section 605-333 as follows:

7 (20 ILCS 605/605-333 new)

8 Sec. 605-333. Data center investment.

9 (a) The Department shall issue certificates of exemption
10 from the Retailers' Occupation Tax Act, the Use Tax Act, the
11 Service Use Tax Act, the Service Occupation Tax Act, and the
12 Electricity Excise Tax Act to qualifying Illinois data centers.

13 (b) Definitions:

14 For purposes of this Act, "data center" means a
15 building or a series of buildings rehabilitated or
16 constructed to house a group of networked server computers
17 in one physical location or several sites in order to
18 centralize the storage, management, and dissemination of
19 data and information.

20 A "qualifying Illinois data center" means a data center
21 that is located in Illinois and which results in either:

22 (1) a new capital investment on or after July 1,
23 2015 of at least \$15,000,000, collectively, by the data

1 center operator and the tenants of the data center over
2 a period of 48 months; or

3 (2) a new capital investment on or after July 1,
4 2015 of at least \$5,000,000 but not more than
5 \$15,000,000, collectively, by the data center operator
6 and the tenants of the data center over a period of 48
7 months, in which case the data center will qualify for
8 50% of all exemption amounts; and

9 (3) results in the creation, on or after July 1,
10 2015 and over a period of 48 months, of at least 10
11 full-time or full-time equivalent new jobs by the data
12 center operator and the tenants of the data center,
13 collectively, associated with the operation or
14 maintenance of the data center.

15 "Full-time equivalent job" means a job in which the new
16 employee works for the owner, operator, or tenant of a data
17 center or for a corporation under contract with the owner,
18 operator or tenant of a data center at a rate of at least
19 35 hours per week. An owner, operator, or tenant who
20 employs labor or services at a specific site or facility
21 under contract with another may declare one full-time,
22 permanent job for every 1,820 man hours worked per year
23 under that contract. Vacations, paid holidays, and sick
24 time are included in this computation. Overtime is not
25 considered a part of regular hours.

26 (c) Data centers seeking qualification for a new or

1 expanding facility shall apply to the Department in the manner
2 specified by the Department. The Department and any qualifying
3 person seeking to claim the exemption, including a data center
4 operator on behalf of itself and its tenants, must enter into a
5 memorandum of understanding that, at a minimum, provides the
6 details for determining the amount of capital investment made
7 and the number of new jobs created, the timeline for achieving
8 the capital investment and new job goals, the repayment
9 obligation should those goals not be achieved, and any
10 conditions under which repayment by the qualifying data center
11 or data center tenant claiming the exemption may be required.

12 (d) In addition, the exemption shall apply to any such
13 computer equipment or enabling equipment, software purchased
14 or leased to upgrade, supplement, or replace computer equipment
15 or enabling software purchased or leased in the initial
16 investment. A data center that would have qualified under
17 subsection (b) prior to July 1, 2015, may apply for and obtain
18 an exemption for subsequent purchases of computer equipment or
19 enabling software purchased or leased to upgrade, supplement,
20 or replace computer equipment or enabling software purchased or
21 leased in the original investment that would have qualified
22 under subsection (b).

23 (e) Beginning July 15, 2016, and each year thereafter, the
24 Department shall annually compile a report on the outcomes and
25 effectiveness of this Section.

1 Section 10. The Use Tax Act is amended by changing Section
2 3-5 as follows:

3 (35 ILCS 105/3-5)

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

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

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

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

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

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

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

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

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

7 (7) Farm chemicals.

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

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

15 (10) A motor vehicle that is used for automobile renting,
16 as defined in the Automobile Renting Occupation and Use Tax
17 Act.

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

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

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

19 Farm machinery and equipment also includes computers,
20 sensors, software, and related equipment used primarily in the
21 computer-assisted operation of production agriculture
22 facilities, equipment, and activities such as, but not limited
23 to, the collection, monitoring, and correlation of animal and
24 crop data for the purpose of formulating animal diets and
25 agricultural chemicals. This item (11) is exempt from the
26 provisions of Section 3-90.

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

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

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

26 (14) Until July 1, 2003, oil field exploration, drilling,

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

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

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

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

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

5 (18) Manufacturing and assembling machinery and equipment
6 used primarily in the process of manufacturing or assembling
7 tangible personal property for wholesale or retail sale or
8 lease, whether that sale or lease is made directly by the
9 manufacturer or by some other person, whether the materials
10 used in the process are owned by the manufacturer or some other
11 person, or whether that sale or lease is made apart from or as
12 an incident to the seller's engaging in the service occupation
13 of producing machines, tools, dies, jigs, patterns, gauges, or
14 other similar items of no commercial value on special order for
15 a particular purchaser. The exemption provided by this
16 paragraph (18) does not include machinery and equipment used in
17 (i) the generation of electricity for wholesale or retail sale;
18 (ii) the generation or treatment of natural or artificial gas
19 for wholesale or retail sale that is delivered to customers
20 through pipes, pipelines, or mains; or (iii) the treatment of
21 water for wholesale or retail sale that is delivered to
22 customers through pipes, pipelines, or mains. The provisions of
23 Public Act 98-583 are declaratory of existing law as to the
24 meaning and scope of this exemption.

25 (19) Personal property delivered to a purchaser or
26 purchaser's donee inside Illinois when the purchase order for

1 that personal property was received by a florist located
2 outside Illinois who has a florist located inside Illinois
3 deliver the personal property.

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

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

17 (22) Computers and communications equipment utilized for
18 any hospital purpose and equipment used in the diagnosis,
19 analysis, or treatment of hospital patients purchased by a
20 lessor who leases the equipment, 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 hospital that has been issued an active tax exemption
24 identification number by the Department under Section 1g of the
25 Retailers' Occupation Tax Act. If the equipment is leased in a
26 manner that does not qualify for this exemption or is used in

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

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

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

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

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

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

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

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

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

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

14 (29) Beginning January 1, 2000 and through December 31,
15 2001, new or used automatic vending machines that prepare and
16 serve hot food and beverages, including coffee, soup, and other
17 items, and replacement parts for these machines. Beginning
18 January 1, 2002 and through June 30, 2003, machines and parts
19 for machines used in commercial, coin-operated amusement and
20 vending business if a use or occupation tax is paid on the
21 gross receipts derived from the use of the commercial,
22 coin-operated amusement and vending machines. This paragraph
23 is exempt from the provisions of Section 3-90.

24 (30) Beginning January 1, 2001 and through June 30, 2016,
25 food for human consumption that is to be consumed off the
26 premises where it is sold (other than alcoholic beverages, soft

1 drinks, and food that has been prepared for immediate
2 consumption) and prescription and nonprescription medicines,
3 drugs, medical appliances, and insulin, urine testing
4 materials, syringes, and needles used by diabetics, for human
5 use, when purchased for use by a person receiving medical
6 assistance under Article V of the Illinois Public Aid Code who
7 resides in a licensed long-term care facility, as defined in
8 the Nursing Home Care Act, or in a licensed facility as defined
9 in the ID/DD Community Care Act or the Specialized Mental
10 Health Rehabilitation Act of 2013.

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

1 purports to reimburse that lessor for the tax imposed by this
2 Act or the Service Use Tax Act, as the case may be, if the tax
3 has not been paid by the lessor. If a lessor improperly
4 collects any such amount from the lessee, the lessee shall have
5 a legal right to claim a refund of that amount from the lessor.
6 If, however, that amount is not refunded to the lessee for any
7 reason, the lessor is liable to pay that amount to the
8 Department. This paragraph is exempt from the provisions of
9 Section 3-90.

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

1 lessor improperly collects any such amount from the lessee, the
2 lessee shall have a legal right to claim a refund of that
3 amount from the lessor. If, however, that amount is not
4 refunded to the lessee for any reason, the lessor is liable to
5 pay that amount to the Department. This paragraph is exempt
6 from the provisions of Section 3-90.

7 (33) On and after July 1, 2003 and through June 30, 2004,
8 the use in this State of motor vehicles of the second division
9 with a gross vehicle weight in excess of 8,000 pounds and that
10 are subject to the commercial distribution fee imposed under
11 Section 3-815.1 of the Illinois Vehicle Code. Beginning on July
12 1, 2004 and through June 30, 2005, the use in this State of
13 motor vehicles of the second division: (i) with a gross vehicle
14 weight rating in excess of 8,000 pounds; (ii) that are subject
15 to the commercial distribution fee imposed under Section
16 3-815.1 of the Illinois Vehicle Code; and (iii) that are
17 primarily used for commercial purposes. Through June 30, 2005,
18 this exemption applies to repair and replacement parts added
19 after the initial purchase of such a motor vehicle if that
20 motor vehicle is used in a manner that would qualify for the
21 rolling stock exemption otherwise provided for in this Act. For
22 purposes of this paragraph, the term "used for commercial
23 purposes" means the transportation of persons or property in
24 furtherance of any commercial or industrial enterprise,
25 whether for-hire or not.

26 (34) Beginning January 1, 2008, tangible personal property

1 used in the construction or maintenance of a community water
2 supply, as defined under Section 3.145 of the Environmental
3 Protection Act, that is operated by a not-for-profit
4 corporation that holds a valid water supply permit issued under
5 Title IV of the Environmental Protection Act. This paragraph is
6 exempt from the provisions of Section 3-90.

7 (35) Beginning January 1, 2010, materials, parts,
8 equipment, components, and furnishings incorporated into or
9 upon an aircraft as part of the modification, refurbishment,
10 completion, replacement, repair, or maintenance of the
11 aircraft. This exemption includes consumable supplies used in
12 the modification, refurbishment, completion, replacement,
13 repair, and maintenance of aircraft, but excludes any
14 materials, parts, equipment, components, and consumable
15 supplies used in the modification, replacement, repair, and
16 maintenance of aircraft engines or power plants, whether such
17 engines or power plants are installed or uninstalled upon any
18 such aircraft. "Consumable supplies" include, but are not
19 limited to, adhesive, tape, sandpaper, general purpose
20 lubricants, cleaning solution, latex gloves, and protective
21 films. This exemption applies only to the use of qualifying
22 tangible personal property by persons who modify, refurbish,
23 complete, repair, replace, or maintain aircraft and who (i)
24 hold an Air Agency Certificate and are empowered to operate an
25 approved repair station by the Federal Aviation
26 Administration, (ii) have a Class IV Rating, and (iii) conduct

1 operations in accordance with Part 145 of the Federal Aviation
2 Regulations. The exemption does not include aircraft operated
3 by a commercial air carrier providing scheduled passenger air
4 service pursuant to authority issued under Part 121 or Part 129
5 of the Federal Aviation Regulations. The changes made to this
6 paragraph (35) by Public Act 98-534 are declarative of existing
7 law.

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

22 (37) Beginning on July 1, 2015, qualified tangible personal
23 property used in the construction or operation of a data center
24 that has been granted a certificate of exemption by the
25 Department of Commerce and Economic Opportunity under Section
26 605-333 of the Department of Commerce and Economic Opportunity

1 Law of the Civil Administrative Code of Illinois, whether that
2 tangible personal property is purchased by the owner of the
3 data center or by a contractor, subcontractor, or tenant of the
4 owner.

5 For the purposes of this item (37):

6 "Data Center" has the meaning ascribed to that term in
7 Section 605-333 of the Department of Commerce and Economic
8 Opportunity Law of the Civil Administrative Code of
9 Illinois.

10 "Qualified tangible personal property" means
11 electrical systems and equipment; mechanical systems and
12 equipment; emergency generators; hardware or distributed
13 computers or servers; data storage devices; network
14 connectivity equipment; racks; cabinets; raised floor
15 systems; peripheral components or systems; software;
16 mechanical, electrical, or plumbing systems necessary to
17 operate other items of tangible personal property,
18 including fixtures; and component parts of any of the
19 foregoing, including installation, maintenance, repair,
20 refurbishment, and replacement of qualified tangible
21 personal property. The term "qualified tangible personal
22 property also include building materials physically
23 incorporated in to the qualifying data center. To document
24 the exemption allowed under this Section, the retailer must
25 obtain from the purchaser a copy of the Certificate of
26 Eligibility for Sales Tax Exemption issued by the Illinois

1 Department of Commerce and Economic Opportunity.

2 This item (37) is exempt from the provisions of Section
3 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 Section 15. The Service Use Tax Act is amended by changing
10 Section 3-5 as follows:

11 (35 ILCS 110/3-5)

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

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

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

24 (3) Personal property purchased by a not-for-profit arts or

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

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

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

1 immediate change upon a graphic arts product.

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

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

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

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

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

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

21 Beginning July 1, 2013, fuel and petroleum products sold to
22 or used by an air carrier, certified by the carrier to be used
23 for consumption, shipment, or storage in the conduct of its
24 business as an air common carrier, for a flight that (i) is
25 engaged in foreign trade or is engaged in trade between the
26 United States and any of its possessions and (ii) transports at

1 least one individual or package for hire from the city of
2 origination to the city of final destination on the same
3 aircraft, without regard to a change in the flight number of
4 that aircraft.

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

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

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

1 photoprocessing, and including photoprocessing machinery and
2 equipment purchased for lease.

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

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

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

1 ending on the effective date of this amendatory Act of the 95th
2 General Assembly.

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

25 (16) Personal property purchased by a lessor who leases the
26 property, under a lease of one year or longer executed or in

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

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

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

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

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

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

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

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

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

1 serve hot food and beverages, including coffee, soup, and other
2 items, and replacement parts for these machines. Beginning
3 January 1, 2002 and through June 30, 2003, machines and parts
4 for machines used in commercial, coin-operated amusement and
5 vending business if a use or occupation tax is paid on the
6 gross receipts derived from the use of the commercial,
7 coin-operated amusement and vending machines. This paragraph
8 is exempt from the provisions of Section 3-75.

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

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

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

20 (25) Beginning on the effective date of this amendatory Act
21 of the 92nd General Assembly, personal property purchased by a
22 lessor who leases the property, under a lease of one year or
23 longer executed or in effect at the time the lessor would
24 otherwise be subject to the tax imposed by this Act, to a
25 governmental body that has been issued an active tax exemption
26 identification number by the Department under Section 1g of the

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

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

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

1 aircraft. This exemption includes consumable supplies used in
2 the modification, refurbishment, completion, replacement,
3 repair, and maintenance of aircraft, but excludes any
4 materials, parts, equipment, components, and consumable
5 supplies used in the modification, replacement, repair, and
6 maintenance of aircraft engines or power plants, whether such
7 engines or power plants are installed or uninstalled upon any
8 such aircraft. "Consumable supplies" include, but are not
9 limited to, adhesive, tape, sandpaper, general purpose
10 lubricants, cleaning solution, latex gloves, and protective
11 films. This exemption applies only to the use of qualifying
12 tangible personal property transferred incident to the
13 modification, refurbishment, completion, replacement, repair,
14 or maintenance of aircraft by persons who (i) hold an Air
15 Agency Certificate and are empowered to operate an approved
16 repair station by the Federal Aviation Administration, (ii)
17 have a Class IV Rating, and (iii) conduct operations in
18 accordance with Part 145 of the Federal Aviation Regulations.
19 The exemption does not include aircraft operated by a
20 commercial air carrier providing scheduled passenger air
21 service pursuant to authority issued under Part 121 or Part 129
22 of the Federal Aviation Regulations. The changes made to this
23 paragraph (27) by Public Act 98-534 are declarative of existing
24 law.

25 (28) Tangible personal property purchased by a
26 public-facilities corporation, as described in Section

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

13 (29) Beginning on July 1, 2015, qualified tangible personal
14 property used in the construction or operation of a data center
15 that has been granted a certificate of exemption by the
16 Department of Commerce and Economic Opportunity under Section
17 605-333 of the Department of Commerce and Economic Opportunity
18 Law of the Civil Administrative Code of Illinois, whether that
19 tangible personal property is purchased by the owner of the
20 data center or by a contractor, subcontractor, or tenant of the
21 owner.

22 For the purposes of this item (29):

23 "Data Center" has the meaning ascribed to that term in
24 Section 605-333 of the Department of Commerce and Economic
25 Opportunity Law of the Civil Administrative Code of
26 Illinois.

1 "Qualified tangible personal property" means
2 electrical systems and equipment; mechanical systems and
3 equipment; emergency generators; hardware or distributed
4 computers or servers; data storage devices; network
5 connectivity equipment; racks; cabinets; raised floor
6 systems; peripheral components or systems; software;
7 mechanical, electrical, or plumbing systems necessary to
8 operate other items of tangible personal property,
9 including fixtures; and component parts of any of the
10 foregoing, including installation, maintenance, repair,
11 refurbishment, and replacement of qualified tangible
12 personal property. The term "qualified tangible personal
13 property also include building materials physically
14 incorporated in to the qualifying data center. To document
15 the exemption allowed under this Section, the retailer must
16 obtain from the purchaser a copy of the Certificate of
17 Eligibility for Sales Tax Exemption issued by the Illinois
18 Department of Commerce and Economic Opportunity.

19 This item (29) is exempt from the provisions of Section
20 3-75.

21 (Source: P.A. 97-38, eff. 6-28-11; 97-227, eff. 1-1-12; 97-431,
22 eff. 8-16-11; 97-636, eff. 6-1-12; 97-767, eff. 7-9-12; 98-104,
23 eff. 7-22-13; 98-422, eff. 8-16-13; 98-456, eff. 8-16-13;
24 98-534, eff. 8-23-13; 98-756, eff. 7-16-14.)

25 Section 20. The Service Occupation Tax Act is amended by

1 changing Section 3-5 as follows:

2 (35 ILCS 115/3-5)

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

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

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

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

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

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

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

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

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

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

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

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

1 crop data for the purpose of formulating animal diets and
2 agricultural chemicals. This item (7) is exempt from the
3 provisions of Section 3-55.

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

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

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

1 beverage function with respect to which the service charge is
2 imposed.

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

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

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

1 effective date of Public Act 98-456).

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

19 (30) Beginning on July 1, 2015, qualified tangible personal
20 property used in the construction or operation of a data center
21 that has been granted a certificate of exemption by the
22 Department of Commerce and Economic Opportunity under Section
23 605-333 of the Department of Commerce and Economic Opportunity
24 Law of the Civil Administrative Code of Illinois, whether that
25 tangible personal property is purchased by the owner of the
26 data center or by a contractor, subcontractor, or tenant of the

1 owner.

2 For the purposes of this item (30):

3 "Data Center" has the meaning ascribed to that term in
4 Section 605-333 of the Department of Commerce and Economic
5 Opportunity Law of the Civil Administrative Code of
6 Illinois.

7 "Qualified tangible personal property" means
8 electrical systems and equipment; mechanical systems and
9 equipment; emergency generators; hardware or distributed
10 computers or servers; data storage devices; network
11 connectivity equipment; racks; cabinets; raised floor
12 systems; peripheral components or systems; software;
13 mechanical, electrical, or plumbing systems necessary to
14 operate other items of tangible personal property,
15 including fixtures; and component parts of any of the
16 foregoing, including installation, maintenance, repair,
17 refurbishment, and replacement of qualified tangible
18 personal property. The term "qualified tangible personal
19 property also include building materials physically
20 incorporated in to the qualifying data center. To document
21 the exemption allowed under this Section, the retailer must
22 obtain from the purchaser a copy of the Certificate of
23 Eligibility for Sales Tax Exemption issued by the Illinois
24 Department of Commerce and Economic Opportunity.

25 This item (30) is exempt from the provisions of Section
26 3-55.

1 (Source: P.A. 97-38, eff. 6-28-11; 97-73, eff. 6-30-11; 97-227,
2 eff. 1-1-12; 97-431, eff. 8-16-11; 97-636, eff. 6-1-12; 97-767,
3 eff. 7-9-12; 98-104, eff. 7-22-13; 98-422, eff. 8-16-13;
4 98-456, eff. 8-16-13; 98-534, eff. 8-23-13; 98-756, eff.
5 7-16-14.)

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

8 (35 ILCS 120/2-5)

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

12 (1) Farm chemicals.

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

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

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

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

24 (3) Until July 1, 2003, distillation machinery and
25 equipment, sold as a unit or kit, assembled or installed by the
26 retailer, certified by the user to be used only for the

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

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

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

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

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

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

25 (9) Personal property sold to a not-for-profit arts or
26 cultural organization that establishes, by proof required by

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

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

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

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

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

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

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

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

17 (14) Machinery and equipment that will be used by the
18 purchaser, or a lessee of the purchaser, primarily in the
19 process of manufacturing or assembling tangible personal
20 property for wholesale or retail sale or lease, whether the
21 sale or lease is made directly by the manufacturer or by some
22 other person, whether the materials used in the process are
23 owned by the manufacturer or some other person, or whether the
24 sale or lease is made apart from or as an incident to the
25 seller's engaging in the service occupation of producing
26 machines, tools, dies, jigs, patterns, gauges, or other similar

1 items of no commercial value on special order for a particular
2 purchaser. The exemption provided by this paragraph (14) does
3 not include machinery and equipment used in (i) the generation
4 of electricity for wholesale or retail sale; (ii) the
5 generation or treatment of natural or artificial gas for
6 wholesale or retail sale that is delivered to customers through
7 pipes, pipelines, or mains; or (iii) the treatment of water for
8 wholesale or retail sale that is delivered to customers through
9 pipes, pipelines, or mains. The provisions of Public Act 98-583
10 are declaratory of existing law as to the meaning and scope of
11 this exemption.

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 (42) Beginning on July 1, 2015, qualified tangible personal
17 property used in the construction or operation of a data center
18 that has been granted a certificate of exemption by the
19 Department of Commerce and Economic Opportunity under Section
20 605-333 of the Department of Commerce and Economic Opportunity
21 Law of the Civil Administrative Code of Illinois, whether that
22 tangible personal property is purchased by the owner of the
23 data center or by a contractor, subcontractor, or tenant of the
24 owner.

25 For the purposes of this item (42):

26 "Data Center" has the meaning ascribed to that term in

1 Section 605-333 of the Department of Commerce and Economic
2 Opportunity Law of the Civil Administrative Code of
3 Illinois.

4 "Qualified tangible personal property" means
5 electrical systems and equipment; mechanical systems and
6 equipment; emergency generators; hardware or distributed
7 computers or servers; data storage devices; network
8 connectivity equipment; racks; cabinets; raised floor
9 systems; peripheral components or systems; software;
10 mechanical, electrical, or plumbing systems necessary to
11 operate other items of tangible personal property,
12 including fixtures; and component parts of any of the
13 foregoing, including installation, maintenance, repair,
14 refurbishment, and replacement of qualified tangible
15 personal property. The term "qualified tangible personal
16 property also include building materials physically
17 incorporated in to the qualifying data center. To document
18 the exemption allowed under this Section, the retailer must
19 obtain from the purchaser a copy of the Certificate of
20 Eligibility for Sales Tax Exemption issued by the Illinois
21 Department of Commerce and Economic Opportunity.

22 This item (42) is exempt from the provisions of Section
23 2-70.

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

1 98-456, eff. 8-16-13; 98-534, eff. 8-23-13; 98-574, eff.
2 1-1-14; 98-583, eff. 1-1-14; 98-756, eff. 7-16-14.)

3 Section 30. The Electricity Excise Tax Law is amended by
4 changing Section 2-4 as follows:

5 (35 ILCS 640/2-4)

6 Sec. 2-4. Tax imposed.

7 (a) Except as provided in subsection (b), a tax is imposed
8 on the privilege of using in this State electricity purchased
9 for use or consumption and not for resale, other than by
10 municipal corporations owning and operating a local
11 transportation system for public service, at the following
12 rates per kilowatt-hour delivered to the purchaser:

13 (i) For the first 2000 kilowatt-hours used or consumed
14 in a month: 0.330 cents per kilowatt-hour;

15 (ii) For the next 48,000 kilowatt-hours used or
16 consumed in a month: 0.319 cents per kilowatt-hour;

17 (iii) For the next 50,000 kilowatt-hours used or
18 consumed in a month: 0.303 cents per kilowatt-hour;

19 (iv) For the next 400,000 kilowatt-hours used or
20 consumed in a month: 0.297 cents per kilowatt-hour;

21 (v) For the next 500,000 kilowatt-hours used or
22 consumed in a month: 0.286 cents per kilowatt-hour;

23 (vi) For the next 2,000,000 kilowatt-hours used or
24 consumed in a month: 0.270 cents per kilowatt-hour;

1 (vii) For the next 2,000,000 kilowatt-hours used or
2 consumed in a month: 0.254 cents per kilowatt-hour;

3 (viii) For the next 5,000,000 kilowatt-hours used or
4 consumed in a month: 0.233 cents per kilowatt-hour;

5 (ix) For the next 10,000,000 kilowatt-hours used or
6 consumed in a month: 0.207 cents per kilowatt-hour;

7 (x) For all electricity in excess of 20,000,000
8 kilowatt-hours used or consumed in a month: 0.202 cents per
9 kilowatt-hour.

10 Provided, that in lieu of the foregoing rates, the tax is
11 imposed on a self-assessing purchaser at the rate of 5.1% of
12 the self-assessing purchaser's purchase price for all
13 electricity distributed, supplied, furnished, sold,
14 transmitted and delivered to the self-assessing purchaser in a
15 month.

16 (b) A tax is imposed on the privilege of using in this
17 State electricity purchased from a municipal system or electric
18 cooperative, as defined in Article XVII of the Public Utilities
19 Act, which has not made an election as permitted by either
20 Section 17-200 or Section 17-300 of such Act, at the lesser of
21 0.32 cents per kilowatt hour of all electricity distributed,
22 supplied, furnished, sold, transmitted, and delivered by such
23 municipal system or electric cooperative to the purchaser or 5%
24 of each such purchaser's purchase price for all electricity
25 distributed, supplied, furnished, sold, transmitted, and
26 delivered by such municipal system or electric cooperative to

1 the purchaser, whichever is the lower rate as applied to each
2 purchaser in each billing period.

3 (c) The tax imposed by this Section 2-4 is not imposed with
4 respect to any use of electricity by business enterprises
5 certified under Section 9-222.1 or 9-222.1A of the Public
6 Utilities Act, as amended, to the extent of such exemption and
7 during the time specified by the Department of Commerce and
8 Economic Opportunity; or with respect to any transaction in
9 interstate commerce, or otherwise, to the extent to which such
10 transaction may not, under the Constitution and statutes of the
11 United States, be made the subject of taxation by this State.

12 (d) Beginning July 1, 2015, a business enterprise that is
13 certified as a qualifying Illinois data center by the
14 Department of Commerce and Economic Opportunity under Section
15 605-333 of the Department of Commerce and Economic Opportunity
16 Law of the Civil Administrative Code of Illinois is exempt from
17 the tax imposed under this Section. The Department of Commerce
18 and Economic Opportunity may adopt rules to carry out the
19 provisions of this subsection, including procedures for
20 applying for the exemption. The Department of Commerce and
21 Economic Opportunity shall notify the Department of Revenue of
22 the certification. The Department of Revenue shall then notify
23 the public utility of the exemption status of the business
24 enterprise. The exemption shall take effect upon certification
25 of the qualifying data center.

26 (Source: P.A. 94-793, eff. 5-19-06.)

1 Section 99. Effective date. This Act takes effect upon
2 becoming law.