



Rep. Frank J. Mautino

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LRB099 06948 SXM 33212 a

1 AMENDMENT TO HOUSE BILL 4016

2 AMENDMENT NO. _____. Amend House Bill 4016 by replacing
3 everything after the enacting clause with the following:

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

6 (35 ILCS 105/3-5)

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

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

16 (2) Personal property purchased by a not-for-profit

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

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

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

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

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

9 (6) 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,
13 certified by the purchaser to be used primarily for graphic
14 arts production, and including machinery and equipment
15 purchased for lease. Equipment includes chemicals or chemicals
16 acting as catalysts but only if the chemicals or chemicals
17 acting as catalysts effect a direct and immediate change upon a
18 graphic arts product.

19 (7) Farm chemicals.

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

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

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

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

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

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

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

13 For purposes of this subsection (11), "goodwill repair"
14 means a repair made by a seller for no charge that a seller is
15 not obligated to make. Goodwill repairs of elements under this
16 subsection (11) shall also be exempt from the tax imposed by
17 this Act.

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

25 Beginning July 1, 2013, fuel and petroleum products sold to
26 or used by an air carrier, certified by the carrier to be used

1 for consumption, shipment, or storage in the conduct of its
2 business as an air common carrier, for a flight that (i) is
3 engaged in foreign trade or is engaged in trade between the
4 United States and any of its possessions and (ii) transports at
5 least one individual or package for hire from the city of
6 origination to the city of final destination on the same
7 aircraft, without regard to a change in the flight number of
8 that aircraft.

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

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

26 (15) Photoprocessing machinery and equipment, including

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

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

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

22 (18) Manufacturing and assembling machinery and equipment
23 used primarily in the process of manufacturing or assembling
24 tangible personal property for wholesale or retail sale or
25 lease, whether that sale or lease is made directly by the
26 manufacturer or by some other person, whether the materials

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 Health Rehabilitation Act of 2013.

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

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

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

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

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

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

1 completion, replacement, repair, or maintenance of the
2 aircraft. This exemption includes consumable supplies used in
3 the modification, refurbishment, completion, replacement,
4 repair, and maintenance of aircraft, but excludes any
5 materials, parts, equipment, components, and consumable
6 supplies used in the modification, replacement, repair, and
7 maintenance of aircraft engines or power plants, whether such
8 engines or power plants are installed or uninstalled upon any
9 such aircraft. "Consumable supplies" include, but are not
10 limited to, adhesive, tape, sandpaper, general purpose
11 lubricants, cleaning solution, latex gloves, and protective
12 films. This exemption applies only to the use of qualifying
13 tangible personal property by persons who modify, refurbish,
14 complete, repair, replace, or maintain aircraft and who (i)
15 hold an Air Agency Certificate and are empowered to operate an
16 approved repair station by the Federal Aviation
17 Administration, (ii) have a Class IV Rating, and (iii) conduct
18 operations in accordance with Part 145 of the Federal Aviation
19 Regulations. The exemption does not include aircraft operated
20 by a commercial air carrier providing scheduled passenger air
21 service pursuant to authority issued under Part 121 or Part 129
22 of the Federal Aviation Regulations. The changes made to this
23 paragraph (35) by Public Act 98-534 are declarative of existing
24 law.

25 (36) 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 3-90.

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

18 Section 10. The Retailers' Occupation Tax Act is amended by
19 changing Section 2-5 as follows:

20 (35 ILCS 120/2-5)

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

24 (1) Farm chemicals.

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

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

1 such equipment.

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

10 For purposes of this subsection (2), "goodwill repair"
11 means a repair made by a seller for no charge that a seller is
12 not obligated to make. Goodwill repairs of elements under this
13 subsection (2) shall also be exempt from the tax imposed by
14 this Act.

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

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

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

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

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

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

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

16 (9) Personal property sold to 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,
26 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 (10) 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 (11) Personal property sold to a governmental body, to a
13 corporation, society, association, foundation, or institution
14 organized and operated exclusively for charitable, religious,
15 or educational purposes, or to a not-for-profit corporation,
16 society, association, foundation, institution, or organization
17 that has no compensated officers or employees and that is
18 organized and operated primarily for the recreation of persons
19 55 years of age or older. A limited liability company may
20 qualify for the exemption under this paragraph only if the
21 limited liability company is organized and operated
22 exclusively for educational purposes. On and after July 1,
23 1987, however, no entity otherwise eligible for this exemption
24 shall make tax-free purchases unless it has an active
25 identification number issued by the Department.

26 (12) Tangible personal property sold to interstate

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

9 (12-5) On and after July 1, 2003 and through June 30, 2004,
10 motor vehicles of the second division with a gross vehicle
11 weight in excess of 8,000 pounds that are subject to the
12 commercial distribution fee imposed under Section 3-815.1 of
13 the Illinois Vehicle Code. Beginning on July 1, 2004 and
14 through June 30, 2005, the use in this State of motor vehicles
15 of the second division: (i) with a gross vehicle weight rating
16 in excess of 8,000 pounds; (ii) that are subject to the
17 commercial distribution fee imposed under Section 3-815.1 of
18 the Illinois Vehicle Code; and (iii) that are primarily used
19 for commercial purposes. Through June 30, 2005, this exemption
20 applies to repair and replacement parts added after the initial
21 purchase of such a motor vehicle if that motor vehicle is used
22 in a manner that would qualify for the rolling stock exemption
23 otherwise provided for in this Act. For purposes of this
24 paragraph, "used for commercial purposes" means the
25 transportation of persons or property in furtherance of any
26 commercial or industrial enterprise whether for-hire or not.

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

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

1 are declaratory of existing law as to the meaning and scope of
2 this exemption.

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

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

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

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

25 (19) Until July 1 2003, oil field exploration, drilling,
26 and production equipment, including (i) rigs and parts of rigs,

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

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

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

24 (22) Until June 30, 2013, fuel and petroleum products sold
25 to or used by an air carrier, certified by the carrier to be
26 used for consumption, shipment, or storage in the conduct of

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

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

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

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

25 (25) Except as provided in item (25-5) of this Section, a
26 motor vehicle sold in this State to a nonresident even though

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

11 (25-5) The exemption under item (25) does not apply if the
12 state in which the motor vehicle will be titled does not allow
13 a reciprocal exemption for a motor vehicle sold and delivered
14 in that state to an Illinois resident but titled in Illinois.
15 The tax collected under this Act on the sale of a motor vehicle
16 in this State to a resident of another state that does not
17 allow a reciprocal exemption shall be imposed at a rate equal
18 to the state's rate of tax on taxable property in the state in
19 which the purchaser is a resident, except that the tax shall
20 not exceed the tax that would otherwise be imposed under this
21 Act. At the time of the sale, the purchaser shall execute a
22 statement, signed under penalty of perjury, of his or her
23 intent to title the vehicle in the state in which the purchaser
24 is a resident within 30 days after the sale and of the fact of
25 the payment to the State of Illinois of tax in an amount
26 equivalent to the state's rate of tax on taxable property in

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

13 (25-7) Beginning on July 1, 2007, no tax is imposed under
14 this Act on the sale of an aircraft, as defined in Section 3 of
15 the Illinois Aeronautics Act, if all of the following
16 conditions are met:

17 (1) the aircraft leaves this State within 15 days after
18 the later of either the issuance of the final billing for
19 the sale of the aircraft, or the authorized approval for
20 return to service, completion of the maintenance record
21 entry, and completion of the test flight and ground test
22 for inspection, as required by 14 C.F.R. 91.407;

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

25 (3) the seller retains in his or her books and records
26 and provides to the Department a signed and dated

1 certification from the purchaser, on a form prescribed by
2 the Department, certifying that the requirements of this
3 item (25-7) are met. The certificate must also include the
4 name and address of the purchaser, the address of the
5 location where the aircraft is to be titled or registered,
6 the address of the primary physical location of the
7 aircraft, and other information that the Department may
8 reasonably require.

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

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

14 "Registered in this State" means an aircraft registered
15 with the Department of Transportation, Aeronautics Division,
16 or titled or registered with the Federal Aviation
17 Administration to an address located in this State.

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

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

22 (27) Horses, or interests in horses, registered with and
23 meeting the requirements of any of the Arabian Horse Club
24 Registry of America, Appaloosa Horse Club, American Quarter
25 Horse Association, United States Trotting Association, or
26 Jockey Club, as appropriate, used for purposes of breeding or

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

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

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

21 (30) Beginning with taxable years ending on or after
22 December 31, 1995 and ending with taxable years ending on or
23 before December 31, 2004, personal property that is donated for
24 disaster relief to be used in a State or federally declared
25 disaster area in Illinois or bordering Illinois by a
26 manufacturer or retailer that is registered in this State to a

1 corporation, society, association, foundation, or institution
2 that has been issued a sales tax exemption identification
3 number by the Department that assists victims of the disaster
4 who reside within the declared disaster area.

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

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

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

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

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

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

11 (35-5) Beginning August 23, 2001 and through June 30, 2016,
12 food for human consumption that is to be consumed off the
13 premises where it is sold (other than alcoholic beverages, soft
14 drinks, and food that has been prepared for immediate
15 consumption) and prescription and nonprescription medicines,
16 drugs, medical appliances, and insulin, urine testing
17 materials, syringes, and needles used by diabetics, for human
18 use, when purchased for use by a person receiving medical
19 assistance under Article V of the Illinois Public Aid Code who
20 resides in a licensed long-term care facility, as defined in
21 the Nursing Home Care Act, or a licensed facility as defined in
22 the ID/DD Community Care Act or the Specialized Mental Health
23 Rehabilitation Act of 2013.

24 (36) Beginning August 2, 2001, computers and
25 communications equipment utilized for any hospital purpose and
26 equipment used in the diagnosis, analysis, or treatment of

1 hospital patients sold to a lessor who leases the equipment,
2 under a lease of one year or longer executed or in effect at
3 the time of the purchase, to a hospital that has been issued an
4 active tax exemption identification number by the Department
5 under Section 1g of this Act. This paragraph is exempt from the
6 provisions of Section 2-70.

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

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

1 issue a permit to any taxpayer in good standing with the
2 Department who is eligible for the exemption under this
3 paragraph (38). The permit issued under this paragraph (38)
4 shall authorize the holder, to the extent and in the manner
5 specified in the rules adopted under this Act, to purchase
6 tangible personal property from a retailer exempt from the
7 taxes imposed by this Act. Taxpayers shall maintain all
8 necessary books and records to substantiate the use and
9 consumption of all such tangible personal property outside of
10 the State of Illinois.

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

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

1 maintenance of aircraft engines or power plants, whether such
2 engines or power plants are installed or uninstalled upon any
3 such aircraft. "Consumable supplies" include, but are not
4 limited to, adhesive, tape, sandpaper, general purpose
5 lubricants, cleaning solution, latex gloves, and protective
6 films. This exemption applies only to the sale of qualifying
7 tangible personal property to persons who modify, refurbish,
8 complete, replace, or maintain an aircraft and who (i) hold an
9 Air 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 (40) by Public Act 98-534 are declarative of existing
18 law.

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

1 retirement or redemption of any bonds or other debt instruments
2 issued by the public-facilities corporation in connection with
3 the development of the municipal convention hall. This
4 exemption includes existing public-facilities corporations as
5 provided in Section 11-65-25 of the Illinois Municipal Code.
6 This paragraph is exempt from the provisions of Section 2-70.

7 (Source: P.A. 97-38, eff. 6-28-11; 97-73, eff. 6-30-11; 97-227,
8 eff. 1-1-12; 97-431, eff. 8-16-11; 97-636, eff. 6-1-12; 97-767,
9 eff. 7-9-12; 98-104, eff. 7-22-13; 98-422, eff. 8-16-13;
10 98-456, eff. 8-16-13; 98-534, eff. 8-23-13; 98-574, eff.
11 1-1-14; 98-583, eff. 1-1-14; 98-756, eff. 7-16-14.)

12 Section 99. Effective date. This Act takes effect upon
13 becoming law."