

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 Corporate Accountability for Tax  
5 Expenditures Act is amended by changing Section 10 as follows:

6 (20 ILCS 715/10)

7 Sec. 10. Unified Economic Development Budget.

8 (a) For each State fiscal year ending on or after June 30,  
9 2005, the Department of Revenue shall submit an annual Unified  
10 Economic Development Budget to the General Assembly. The  
11 Unified Economic Development Budget shall be due within 6 ~~3~~  
12 months after the end of the fiscal year, and shall present all  
13 types of development assistance granted during the prior fiscal  
14 year, including:

15 (1) The aggregate amount of uncollected or diverted  
16 State tax revenues resulting from each type of development  
17 assistance provided in the tax statutes, as reported to the  
18 Department of Revenue on tax returns filed during the  
19 fiscal year.

20 (2) All State development assistance.

21 (b) All data contained in the Unified Economic Development  
22 Budget presented to the General Assembly shall be fully subject  
23 to the Freedom of Information Act.

1           (c) The Department of Revenue shall submit a report of the  
2 amounts in subdivision (a)(1) of this Section to the  
3 Department, which may append such report to the Unified  
4 Economic Development Budget rather than separately reporting  
5 such amounts.

6           (Source: P.A. 93-552, eff. 8-20-03.)

7           Section 10. The Use Tax Act is amended by changing Section  
8 3-5 as follows:

9           (35 ILCS 105/3-5)

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

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

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

22          (3) Personal property purchased by a not-for-profit arts or  
23 cultural organization that establishes, by proof required by  
24 the Department by rule, that it has received an exemption under

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

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

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

4           (6) Until July 1, 2003 and beginning again on 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,  
8 certified by the purchaser to be used primarily for graphic  
9 arts production, and including machinery and equipment  
10 purchased for lease. Equipment includes chemicals or chemicals  
11 acting as catalysts but only if the chemicals or chemicals  
12 acting as catalysts effect a direct and immediate change upon a  
13 graphic arts product.

14           (7) Farm chemicals.

15           (8) 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           (9) Personal property purchased from a teacher-sponsored  
20 student organization affiliated with an elementary or  
21 secondary school located in Illinois.

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

25           (11) Farm machinery and equipment, both new and used,  
26 including that manufactured on special order, certified by the

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

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

26 Farm machinery and equipment also includes computers,

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

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

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

25 (13) Proceeds of mandatory service charges separately  
26 stated on customers' bills for the purchase and consumption of

1 food and beverages purchased at retail from a retailer, to the  
2 extent that the proceeds of the service charge are in fact  
3 turned over as tips or as a substitute for tips to the  
4 employees who participate directly in preparing, serving,  
5 hosting or cleaning up the food or beverage function with  
6 respect to which the service charge is imposed.

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

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

21 (16) Coal and aggregate exploration, mining, off-highway  
22 hauling, processing, maintenance, and reclamation equipment,  
23 including replacement parts and equipment, and including  
24 equipment purchased for lease, but excluding motor vehicles  
25 required to be registered under the Illinois Vehicle Code. The  
26 changes made to this Section by Public Act 97-767 apply on and

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

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

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



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

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

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

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

24 (22) Computers and communications equipment utilized for  
25 any hospital purpose and equipment used in the diagnosis,  
26 analysis, or treatment of hospital patients purchased by a

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

1 provided in Section 11-65-25 of the Illinois Municipal Code.

2 This paragraph is exempt from the provisions of Section 3-90.

3 (37) Personal property purchased by a purchaser who is  
4 exempt from the tax imposed by this Act by operation of federal  
5 law. This paragraph is exempt from the provisions of Section  
6 3-90.

7 (Source: P.A. 98-104, eff. 7-22-13; 98-422, eff. 8-16-13;  
8 98-456, eff. 8-16-13; 98-534, eff. 8-23-13; 98-574, eff.  
9 1-1-14; 98-583, eff. 1-1-14; 98-756, eff. 7-16-14; 99-180, eff.  
10 7-29-15.)

11 Section 15. The Service Use Tax Act is amended by changing  
12 Section 3-5 as follows:

13 (35 ILCS 110/3-5)

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

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

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

1 promoting the county fair.

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

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

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

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

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

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

26 Farm machinery and equipment shall include precision

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

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

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

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

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

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

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

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

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

5 (12) Coal and aggregate exploration, mining, off-highway  
6 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 (13) Semen used for artificial insemination of livestock  
17 for direct agricultural production.

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



1 date of this amendatory Act of the 95th General Assembly for  
2 such taxes paid during the period beginning May 30, 2000 and  
3 ending on the effective date of this amendatory Act of the 95th  
4 General Assembly.

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

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

21           (17) 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 (18) 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 (19) Beginning July 1, 1999, game or game birds purchased  
18 at a "game breeding and hunting preserve area" as that term is  
19 used in the Wildlife Code. This paragraph is exempt from the  
20 provisions of Section 3-75.

21 (20) 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 (21) 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 3-75.

1           (22) 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 3-75.

11          (23) 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 in a licensed facility as defined  
22          in the ID/DD Community Care Act, the MC/DD Act, or the  
23          Specialized Mental Health Rehabilitation Act of 2013.

24          (24) Beginning on the effective date of this amendatory Act  
25          of the 92nd General Assembly, computers and communications  
26          equipment utilized for any hospital purpose and equipment used

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

22 (25) Beginning on the effective date of this amendatory Act  
23 of the 92nd General Assembly, personal property purchased by a  
24 lessor who leases the property, under a lease of one year or  
25 longer executed or in effect at the time the lessor would  
26 otherwise be subject to the tax imposed by this Act, to a

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

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

25 (27) Beginning January 1, 2010, materials, parts,  
26 equipment, components, and furnishings incorporated into or

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



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

15           (29) Personal property purchased by a purchaser who is  
16 exempt from the tax imposed by this Act by operation of federal  
17 law. This paragraph is exempt from the provisions of Section  
18 3-75.

19           (Source: P.A. 98-104, eff. 7-22-13; 98-422, eff. 8-16-13;  
20 98-456, eff. 8-16-13; 98-534, eff. 8-23-13; 98-756, eff.  
21 7-16-14; 99-180, eff. 7-29-15.)

22           Section 20. The Service Occupation Tax Act is amended by  
23 changing Section 3-5 as follows:

24           (35 ILCS 115/3-5)

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

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

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

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

1 number issued by the Department.

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

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

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

18 (7) 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 (7). Agricultural chemical tender tanks and dry boxes  
7 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 (7) is exempt from the  
26 provisions of Section 3-55.

1           (8) 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           (9) Proceeds of mandatory service charges separately  
19 stated on customers' bills for the purchase and consumption of  
20 food and beverages, to the extent that the proceeds of the  
21 service charge are in fact turned over as tips or as a  
22 substitute for tips to the employees who participate directly  
23 in preparing, serving, hosting or cleaning up the food or  
24 beverage function with respect to which the service charge is  
25 imposed.

26           (10) 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 (11) 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 (12) 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 (13) Beginning January 1, 1992 and through June 30, 2016,  
26 food for human consumption that is to be consumed off the

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

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

14 (15) Horses, or interests in horses, registered with and  
15 meeting the requirements of any of the Arabian Horse Club  
16 Registry of America, Appaloosa Horse Club, American Quarter  
17 Horse Association, United States Trotting Association, or  
18 Jockey Club, as appropriate, used for purposes of breeding or  
19 racing for prizes. This item (15) is exempt from the provisions  
20 of Section 3-55, and the exemption provided for under this item  
21 (15) applies for all periods beginning May 30, 1995, but no  
22 claim for credit or refund is allowed on or after January 1,  
23 2008 (the effective date of Public Act 95-88) for such taxes  
24 paid during the period beginning May 30, 2000 and ending on  
25 January 1, 2008 (the effective date of Public Act 95-88).

26 (16) Computers and communications equipment utilized for

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

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

14 (18) 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 donated for  
17 disaster relief to be used in a State or federally declared  
18 disaster area in Illinois or bordering Illinois by a  
19 manufacturer or retailer that is registered in this State to a  
20 corporation, society, association, foundation, or institution  
21 that has been issued a sales tax exemption identification  
22 number by the Department that assists victims of the disaster  
23 who reside within the declared disaster area.

24 (19) Beginning with taxable years ending on or after  
25 December 31, 1995 and ending with taxable years ending on or  
26 before December 31, 2004, personal property that is used in the



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

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

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

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

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

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

1 gross receipts derived from the use of the commercial,  
2 coin-operated amusement and vending machines. This paragraph  
3 is exempt from the provisions of Section 3-55.

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

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

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

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

19 (27) Beginning January 1, 2008, tangible personal property  
20 used in the construction or maintenance of a community water  
21 supply, as defined under Section 3.145 of the Environmental  
22 Protection Act, that is operated by a not-for-profit  
23 corporation that holds a valid water supply permit issued under  
24 Title IV of the Environmental Protection Act. This paragraph is  
25 exempt from the provisions of Section 3-55.

26 (28) Tangible personal property sold to a

1 public-facilities corporation, as described in Section  
2 11-65-10 of the Illinois Municipal Code, for purposes of  
3 constructing or furnishing a municipal convention hall, but  
4 only if the legal title to the municipal convention hall is  
5 transferred to the municipality without any further  
6 consideration by or on behalf of the municipality at the time  
7 of the completion of the municipal convention hall or upon the  
8 retirement or redemption of any bonds or other debt instruments  
9 issued by the public-facilities corporation in connection with  
10 the development of the municipal convention hall. This  
11 exemption includes existing public-facilities corporations as  
12 provided in Section 11-65-25 of the Illinois Municipal Code.  
13 This paragraph is exempt from the provisions of Section 3-55.

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

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

16 (30) Personal property purchased by a purchaser who is  
17 exempt from use tax by operation of federal law. This paragraph  
18 is exempt from the provisions of Section 3-55.

19 (Source: P.A. 98-104, eff. 7-22-13; 98-422, eff. 8-16-13;  
20 98-456, eff. 8-16-13; 98-534, eff. 8-23-13; 98-756, eff.  
21 7-16-14; 99-180, eff. 7-29-15.)

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

24 (35 ILCS 120/2-5)

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

4           (1) Farm chemicals.

5           (2) 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 (2). 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 (2) is exempt from the  
13 provisions of Section 2-70.

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

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



1 chemicals or chemicals acting as catalysts effect a direct and  
2 immediate change upon a graphic arts product.

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

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

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

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

15 (9) Personal property sold to a not-for-profit arts or  
16 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  
26 of this amendatory Act of the 92nd General Assembly, however,

1 an entity otherwise eligible for this exemption shall not make  
2 tax-free purchases unless it has an active identification  
3 number issued by the Department.

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

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

25 (12) Tangible personal property sold to interstate  
26 carriers for hire for use as rolling stock moving in interstate

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

26 (13) Proceeds from sales to owners, lessors, or shippers of

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

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

1 this exemption.

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

9 (16) Personal property ~~Petroleum products~~ sold to a  
10 purchaser if the purchaser is exempt from use tax ~~seller is~~  
11 ~~prohibited by operation of federal law from charging tax to the~~  
12 ~~purchaser.~~ This paragraph is exempt from the provisions of  
13 Section 2-70.

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

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

26 (19) 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 (20) 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 (21) 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 (22) Until June 30, 2013, fuel and petroleum products sold  
26 to or used by an air carrier, certified by the carrier to be

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

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

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

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

26 (25) Except as provided in item (25-5) of this Section, a

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

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



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

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

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

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

26 (3) the seller retains in his or her books and records

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

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

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

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

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

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

23 (27) 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 (27) is exempt from the provisions  
3 of Section 2-70, and the exemption provided for under this item  
4 (27) 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 (the effective date of Public Act 95-88) for such taxes  
7 paid during the period beginning May 30, 2000 and ending on  
8 January 1, 2008 (the effective date of Public Act 95-88).

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

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

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

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

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

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

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

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

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

1 exempt from the provisions of Section 2-70.

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

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

25 (36) Beginning August 2, 2001, computers and  
26 communications equipment utilized for any hospital purpose and

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

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

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

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

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

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



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

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

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

8 (Source: P.A. 98-104, eff. 7-22-13; 98-422, eff. 8-16-13;  
9 98-456, eff. 8-16-13; 98-534, eff. 8-23-13; 98-574, eff.  
10 1-1-14; 98-583, eff. 1-1-14; 98-756, eff. 7-16-14; 99-180, eff.  
11 7-29-15.)

12 Section 30. The Cigarette Tax Act is amended by changing  
13 Section 18c as follows:

14 (35 ILCS 130/18c)

15 Sec. 18c. Possession of not less than 10 and not more than  
16 100 original packages of contraband cigarettes; penalty. With  
17 the exception of licensed distributors and transporters, as  
18 defined in Section 9c of this Act, possessing unstamped  
19 original packages of cigarettes, and licensed distributors  
20 possessing original packages of cigarettes that bear a tax  
21 stamp of another state or taxing jurisdiction, anyone  
22 possessing not less than 10 and not more than 100 packages of  
23 contraband cigarettes contained in original packages is liable  
24 to pay to the Department, for deposit into the Tax Compliance

1 and Administration Fund, a penalty of \$20 ~~\$10~~ for each such  
2 package of cigarettes, unless reasonable cause can be  
3 established by the person upon whom the penalty is imposed.  
4 Reasonable cause shall be determined in each situation in  
5 accordance with rules adopted by the Department. The provisions  
6 of the Uniform Penalty and Interest Act do not apply to this  
7 Section.

8 (Source: P.A. 96-782, eff. 1-1-10.)

9 Section 35. The Counties Code is amended by changing  
10 Sections 5-1032 and 5-1033 as follows:

11 (55 ILCS 5/5-1032) (from Ch. 34, par. 5-1032)

12 Sec. 5-1032. County Automobile Renting Occupation Tax. The  
13 corporate authorities of a county may impose a tax upon all  
14 persons engaged in the business of renting automobiles in the  
15 county, but outside any municipality, at the rate of not to  
16 exceed 1% of the gross receipts from such business. The tax  
17 imposed by a county pursuant to this Section and all civil  
18 penalties that may be assessed as an Incident thereof shall be  
19 collected and enforced by the State Department of Revenue. The  
20 certificate of registration which is issued by the Department  
21 to a retailer under the ~~"Retailers' Occupation Tax Act",~~  
22 ~~approved June 23, 1933, as amended,~~ or under the ~~"Automobile~~  
23 ~~Renting Occupation and Use Tax Act",~~ ~~enacted by the~~  
24 ~~Eighty Second General Assembly,~~ shall permit such person to

1 engage in a business which is taxable under any ordinance or  
2 resolution enacted pursuant to this Section without  
3 registering separately with the Department under such  
4 ordinance or resolution or under this Section. The Department  
5 shall have full power to administer and enforce this Section;  
6 to collect all taxes and penalties due hereunder; to dispose of  
7 taxes and penalties so collected in the manner hereinafter  
8 provided, and to determine all rights to credit memoranda,  
9 arising on account of the erroneous payment of tax or penalty  
10 hereunder. In the administration of, and compliance with, this  
11 Section, the Department and persons who are subject to this  
12 Section shall have the same rights, remedies, privileges,  
13 immunities, powers and duties, and be subject to the same  
14 conditions, restrictions, limitations, penalties and  
15 definitions of terms, and employ the same modes of procedure,  
16 as are prescribed in Sections 2 and 3 (in respect to all  
17 provisions therein other than the State rate of tax; and with  
18 relation to the provisions of the "Retailers' Occupation Tax"  
19 referred to therein, except as to the disposition of taxes and  
20 penalties collected, and except for the provision allowing  
21 retailers a deduction from the tax to cover certain costs, and  
22 except that credit memoranda issued hereunder may not be used  
23 to discharge any State tax liability) of the "Automobile  
24 Renting Occupation and Use Tax Act", ~~as the same are now or may~~  
25 ~~hereafter be amended,~~ as fully as if provisions contained in  
26 those Sections of said Act were set forth herein.

1           Persons subject to any tax imposed pursuant to the  
2 authority granted in this Section may reimburse themselves for  
3 their tax liability hereunder by separately stating such tax as  
4 an additional charge, which charge may be stated in  
5 combination, in a single amount, with State tax which sellers  
6 are required to collect under the "Automobile Renting  
7 Occupation and Use Tax Act" pursuant to such bracket schedules  
8 as the Department may prescribe.

9           Whenever the Department determines that a refund should be  
10 made under this Section to a claimant instead of issuing a  
11 credit memorandum, the Department shall notify the State  
12 Comptroller, who shall cause the order to be drawn for the  
13 amount specified, and to the person named, in such notification  
14 from the Department. Such refund shall be paid by the State  
15 Treasurer out of the county automobile renting tax fund.

16           The Department shall forthwith pay over to the State  
17 Treasurer, ex-officio, as trustee, all taxes and penalties  
18 collected hereunder. On or before the 25th day of each calendar  
19 month, the Department shall prepare and certify to the  
20 Comptroller the disbursement of stated sums of money to named  
21 counties from which renters have paid taxes or penalties  
22 hereunder to the Department during the second preceding  
23 calendar month. The amount to be paid to each county shall be  
24 the amount (not including credit memoranda) collected  
25 hereunder during the second preceding calendar month by the  
26 Department, and not including an amount equal to the amount of

1 refunds made during the second preceding calendar month by the  
2 Department on behalf of such county, less 2% of such balance,  
3 which sum shall be retained by the State Treasurer to cover the  
4 costs incurred by the Department in administering and enforcing  
5 this Section as provided herein. The Department at the time of  
6 each monthly disbursement to the counties shall prepare and  
7 certify to the Comptroller the amount, so retained by the State  
8 Treasurer, to be paid into the General Revenue Fund of the  
9 State Treasury. Within 10 days after receipt, by the  
10 Comptroller, of the disbursement certification to the counties  
11 and the General Revenue Fund, provided for in this Section to  
12 be given to the Comptroller by the Department, the Comptroller  
13 shall cause the orders to be drawn for the respective amounts  
14 in accordance with the directions contained in such  
15 certification.

16 Nothing in this Section shall be construed to authorize a  
17 county to impose a tax upon the privilege of engaging in any  
18 business which under the constitution of the United States may  
19 not be made the subject of taxation by this State.

20 An ordinance or resolution imposing or discontinuing the  
21 tax under this Section or effecting a change in the rate  
22 thereof shall be adopted and a certified copy thereof filed  
23 with the Department either: (i) on or before the first day of  
24 April, in which case the Department shall proceed to administer  
25 and enforce this Section as of the first day of July next  
26 following the adoption or filing; or (ii) on or before the

1 first day of October, in which case the Department shall  
2 proceed to administer and enforce this Section as of the first  
3 day of January next following the adoption and filing.

4 ~~An ordinance or resolution imposing a tax hereunder or~~  
5 ~~effecting a change in the rate thereof shall be effective on~~  
6 ~~the first day of the calendar month next following the month in~~  
7 ~~which such ordinance or resolution is passed. The corporate~~  
8 ~~authorities of any county which levies a tax authorized by this~~  
9 ~~Section shall transmit to the Department of Revenue on or not~~  
10 ~~later than 5 days after passage of the ordinance or resolution~~  
11 ~~a certified copy of the ordinance or resolution imposing such~~  
12 ~~tax whereupon the Department of Revenue shall proceed to~~  
13 ~~administer and enforce this Section on behalf of such county as~~  
14 ~~of the effective date of the ordinance or resolution. Upon a~~  
15 ~~change in rate of a tax levied hereunder, or upon the~~  
16 ~~discontinuance of the tax, the corporate authorities of the~~  
17 ~~county shall on or not later than 5 days after passage of the~~  
18 ~~ordinance or resolution discontinuing the tax or effecting a~~  
19 ~~change in rate transmit to the Department of Revenue a~~  
20 ~~certified copy of the ordinance or resolution effecting such~~  
21 ~~change or discontinuance.~~

22 The Department of Revenue must upon the request of the  
23 County Clerk or County Board submit to a county a list of those  
24 persons who are registered with the Department to pay  
25 automobile renting occupation tax within the unincorporated  
26 area of that governmental unit. This list shall contain only

1 the names of persons who have paid the tax and not the amount  
2 of tax paid by such person.

3 This Section shall be known and may be cited as the "County  
4 Automobile Renting Occupation Tax Law".

5 (Source: P.A. 86-962.)

6 (55 ILCS 5/5-1033) (from Ch. 34, par. 5-1033)

7 Sec. 5-1033. County Automobile Renting Use Tax. The  
8 corporate authorities of a county may impose a tax upon the  
9 privilege of using, in such county an automobile which is  
10 rented from a rentor outside Illinois, and which is titled or  
11 registered with an agency of this State's government, at a rate  
12 not to exceed 1% of the rental price of such automobile. Such  
13 tax shall be collected from persons whose Illinois address for  
14 titling or registration purposes is given as being in the  
15 unincorporated area of such county. Such tax shall be collected  
16 by the Department of Revenue for any county imposing such tax.  
17 Such tax must be paid to the State, or an exemption  
18 determination must be obtained from the Department of Revenue,  
19 before the title or certificate of registration for the  
20 property may be issued. The tax or proof of exemption may be  
21 transmitted to the Department by way of the State agency with  
22 which, or State officer with whom, the tangible personal  
23 property must be titled or registered if the Department and  
24 such agency or State officer determine that this procedure will  
25 expedite the processing of applications for title or



1 registration.

2 The Department shall have full power to administer and  
3 enforce this Section; to collect all taxes, penalties and  
4 interest due hereunder; to dispose of taxes, penalties and  
5 interest so collected in the manner hereinafter provided, and  
6 to determine all rights to credit memoranda or refunds arising  
7 on account of the erroneous payment of tax, penalty or interest  
8 hereunder. In the administration of, and compliance with, this  
9 Section, the Department and persons who are subject to this  
10 Section shall have the same rights, remedies, privileges,  
11 immunities, powers and duties, and be subject to the same  
12 conditions, restrictions, limitations, penalties and  
13 definitions of terms, and employ the same modes of procedure,  
14 as are prescribed in Sections 2 and 4 (except provisions  
15 pertaining to the State rate of tax; and with relation to the  
16 provisions of the "Use Tax Act" referred to therein, except  
17 provisions concerning collection or refunding of the tax by  
18 retailers, and except the provisions of Section 19 pertaining  
19 to claims by retailers and except the last paragraph concerning  
20 refunds, and except that credit memoranda issued hereunder may  
21 not be used to discharge any State tax liability) of the  
22 "Automobile Renting Occupation and Use Tax Act", ~~as the same~~  
23 ~~are now or may hereafter be amended,~~ which are not inconsistent  
24 with this Section, as fully as if provisions contained in those  
25 Sections of said Act were set forth herein.

26 Whenever the Department determines that a refund should be

1 made under this Section to a claimant instead of issuing a  
2 credit memorandum, the Department shall notify the State  
3 Comptroller, who shall cause the order to be drawn for the  
4 amount specified, and to the person named, in such notification  
5 from the Department. Such refund shall be paid by the State  
6 Treasurer out of the county automobile renting tax fund.

7 The Department shall forthwith pay over to the State  
8 Treasurer, ex-officio, as trustee, all taxes, penalties and  
9 interest collected hereunder. On or before the 25th day of each  
10 calendar month, the Department shall prepare and certify to the  
11 State Comptroller the disbursement of stated sums of money to  
12 named counties from which the Department, during the second  
13 preceding calendar month, collected taxes hereunder from  
14 persons whose Illinois address for titling or registration  
15 purposes is given as being in the unincorporated area of such  
16 county. The amount to be paid to each county shall be the  
17 amount (not including credit memoranda) collected hereunder  
18 during the second preceding calendar month by the Department,  
19 and not including an amount equal to the amount of refunds made  
20 during the second preceding calendar month by the Department on  
21 behalf of such county, less 2% of such balance, which sum shall  
22 be retained by the State Treasurer to cover the costs incurred  
23 by the Department in administering and enforcing this Section  
24 as provided herein. The Department at the time of each monthly  
25 disbursement to the counties shall prepare and certify to the  
26 State Comptroller the amount, so retained by the State

1 Treasurer, to be paid into the General Revenue Fund of the  
2 State Treasury. Within 10 days after receipt, by the State  
3 Comptroller, of the disbursement certification to the counties  
4 and the General Revenue Fund, provided for in this Section to  
5 be given to the State Comptroller by the Department, the State  
6 Comptroller shall cause the orders to be drawn for the  
7 respective amounts in accordance with the directions contained  
8 in such certification.

9 An ordinance or resolution imposing or discontinuing the  
10 tax under this Section or effecting a change in the rate  
11 thereof shall be adopted and a certified copy thereof filed  
12 with the Department either: (i) on or before the first day of  
13 April, in which case the Department shall proceed to administer  
14 and enforce this Section as of the first day of July next  
15 following the adoption or filing; or (ii) on or before the  
16 first day of October, in which case the Department shall  
17 proceed to administer and enforce this Section as of the first  
18 day of January next following the adoption and filing.

19 ~~An ordinance or resolution imposing a tax hereunder or~~  
20 ~~effecting a change in the rate thereof shall be effective on~~  
21 ~~the first day of the calendar month next following the month in~~  
22 ~~which such ordinance or resolution is passed. The corporate~~  
23 ~~authorities of any county which levies a tax authorized by this~~  
24 ~~Section shall transmit to the Department of Revenue on or not~~  
25 ~~later than 5 days after passage of the ordinance or resolution~~  
26 ~~a certified copy of the ordinance or resolution imposing such~~

1 ~~tax whereupon the Department of Revenue shall proceed to~~  
2 ~~administer and enforce this Section on behalf of such county as~~  
3 ~~of the effective date of the ordinance or resolution. Upon a~~  
4 ~~change in rate of a tax levied hereunder, or upon the~~  
5 ~~discontinuance of the tax, the corporate authorities of the~~  
6 ~~county shall, on or not later than 5 days after passage of the~~  
7 ~~ordinance or resolution discontinuing the tax or effecting a~~  
8 ~~change in rate, transmit to the Department of Revenue a~~  
9 ~~certified copy of the ordinance or resolution effecting such~~  
10 ~~change or discontinuance.~~

11 This Section shall be known and may be cited as the "County  
12 Automobile Renting Use Tax Law".

13 (Source: P.A. 86-962.)

14 Section 40. The Illinois Municipal Code is amended by  
15 changing Sections 8-11-7 and 8-11-8 as follows:

16 (65 ILCS 5/8-11-7) (from Ch. 24, par. 8-11-7)

17 Sec. 8-11-7. Municipal Automobile Renting Occupation Tax.  
18 The corporate authorities of a municipality may impose a tax  
19 upon all persons engaged in the business of renting automobiles  
20 in the municipality at the rate of not to exceed 1% of the  
21 gross receipts from such business. The tax imposed by a  
22 municipality pursuant to this Section and all civil penalties  
23 that may be assessed as an incident thereof shall be collected  
24 and enforced by the State Department of Revenue. The

1 certificate of registration which is issued by the Department  
2 to a retailer under the Retailers' Occupation Tax Act or under  
3 the Automobile Renting Occupation and Use Tax Act shall permit  
4 such person to engage in a business which is taxable under any  
5 ordinance or resolution enacted pursuant to this Section  
6 without registering separately with the Department under such  
7 ordinance or resolution or under this Section. The Department  
8 shall have full power to administer and enforce this Section;  
9 to collect all taxes and penalties due hereunder; to dispose of  
10 taxes and penalties so collected in the manner hereinafter  
11 provided; and to determine all rights to credit memoranda,  
12 arising on account of the erroneous payment of tax or penalty  
13 hereunder. In the administration of, and compliance with, this  
14 Section, the Department and persons who are subject to this  
15 Section shall have the same rights, remedies, privileges,  
16 immunities, powers and duties, and be subject to the same  
17 conditions, restrictions, limitations, penalties and  
18 definitions of terms, and employ the same modes of procedure,  
19 as are prescribed in Sections 2 and 3 (in respect to all  
20 provisions therein other than the State rate of tax; and with  
21 relation to the provisions of the "Retailers' Occupation Tax"  
22 referred to therein, except as to the disposition of taxes and  
23 penalties collected, and except for the provision allowing  
24 retailers a deduction from the tax to cover certain costs, and  
25 except that credit memoranda issued hereunder may not be used  
26 to discharge any State tax liability) of the Automobile Renting

1 Occupation and Use Tax Act, as fully as if those provisions  
2 were set forth herein.

3 Persons subject to any tax imposed pursuant to the  
4 authority granted in this Section may reimburse themselves for  
5 their tax liability hereunder by separately stating such tax as  
6 an additional charge, which charge may be stated in  
7 combination, in a single amount, with State tax which sellers  
8 are required to collect under the Automobile Renting Occupation  
9 and Use Tax Act pursuant to such bracket schedules as the  
10 Department may prescribe.

11 Whenever the Department determines that a refund should be  
12 made under this Section to a claimant instead of issuing a  
13 credit memorandum, the Department shall notify the State  
14 Comptroller, who shall cause the order to be drawn for the  
15 amount specified, and to the person named, in such notification  
16 from the Department. Such refund shall be paid by the State  
17 Treasurer out of the municipal automobile renting tax fund.

18 The Department shall forthwith pay over to the State  
19 Treasurer, ex-officio, as trustee, all taxes and penalties  
20 collected hereunder. On or before the 25th day of each calendar  
21 month, the Department shall prepare and certify to the  
22 Comptroller the disbursement of stated sums of money to named  
23 municipalities, the municipalities to be those from which  
24 renters have paid taxes or penalties hereunder to the  
25 Department during the second preceding calendar month. The  
26 amount to be paid to each municipality shall be the amount (not

1 including credit memoranda) collected hereunder during the  
2 second preceding calendar month by the Department, and not  
3 including an amount equal to the amount of refunds made during  
4 the second preceding calendar month by the Department on behalf  
5 of such municipality, less 1.6% of such balance, which sum  
6 shall be retained by the State Treasurer to cover the costs  
7 incurred by the Department in administering and enforcing this  
8 Section as provided herein. The Department at the time of each  
9 monthly disbursement to the municipalities shall prepare and  
10 certify to the Comptroller the amount, so retained by the State  
11 Treasurer, to be paid into the General Revenue Fund of the  
12 State Treasury. Within 10 days after receipt, by the  
13 Comptroller, of the disbursement certification to the  
14 municipalities and the General Revenue Fund, provided for in  
15 this Section to be given to the Comptroller by the Department,  
16 the Comptroller shall cause the orders to be drawn for the  
17 respective amounts in accordance with the directions contained  
18 in such certification.

19 Nothing in this Section shall be construed to authorize a  
20 municipality to impose a tax upon the privilege of engaging in  
21 any business which under the Constitution of the United States  
22 may not be made the subject of taxation by this State.

23 An ordinance or resolution imposing or discontinuing the  
24 tax under this Section or effecting a change in the rate  
25 thereof shall be adopted and a certified copy thereof filed  
26 with the Department either: (i) on or before the first day of

1 April, in which case the Department shall proceed to administer  
2 and enforce this Section as of the first day of July next  
3 following the adoption or filing; or (ii) on or before the  
4 first day of October, in which case the Department shall  
5 proceed to administer and enforce this Section as of the first  
6 day of January next following the adoption and filing.

7 ~~An ordinance or resolution imposing a tax hereunder or~~  
8 ~~effecting a change in the rate thereof shall be effective on~~  
9 ~~the first day of the calendar month next following publication~~  
10 ~~as provided in Section 1 2 4. The corporate authorities of any~~  
11 ~~municipality which levies a tax authorized by this Section~~  
12 ~~shall transmit to the Department of Revenue on or not later~~  
13 ~~than 5 days after publication a certified copy of the ordinance~~  
14 ~~or resolution imposing such tax whereupon the Department of~~  
15 ~~Revenue shall proceed to administer and enforce this Section on~~  
16 ~~behalf of such municipality as of the effective date of the~~  
17 ~~ordinance or resolution. Upon a change in rate of a tax levied~~  
18 ~~hereunder, or upon the discontinuance of the tax, the corporate~~  
19 ~~authorities of the municipality shall on or not later than 5~~  
20 ~~days after publication of the ordinance or resolution~~  
21 ~~discontinuing the tax or effecting a change in rate transmit to~~  
22 ~~the Department of Revenue a certified copy of the ordinance or~~  
23 ~~resolution effecting such change or discontinuance.~~

24 The Department of Revenue must upon the request of the  
25 municipal clerk, city council or village board of trustees  
26 submit to a city, village or incorporated town a list of those



1 persons who are registered with the Department to pay  
2 automobile renting occupation tax within that governmental  
3 unit. This list shall contain only the names of persons who  
4 have paid the tax and not the amount of tax paid by such  
5 person.

6 As used in this Section, "municipal" and "municipality"  
7 means a city, village or incorporated town, including an  
8 incorporated town which has superseded a civil township.

9 This Section shall be known and may be cited as the  
10 "Municipal Automobile Renting Occupation Tax Act".

11 (Source: P.A. 86-1475.)

12 (65 ILCS 5/8-11-8) (from Ch. 24, par. 8-11-8)

13 Sec. 8-11-8. Municipal Automobile Renting Use Tax. The  
14 corporate authorities of a municipality may impose a tax upon  
15 the privilege of using, in such municipality, an automobile  
16 which is rented from a rentor outside Illinois, and which is  
17 titled or registered with an agency of this State's government,  
18 at a rate not to exceed 1% of the rental price of such  
19 automobile. Such tax shall be collected from persons whose  
20 Illinois address for titling or registration purposes is given  
21 as being in such municipality. Such tax shall be collected by  
22 the Department of Revenue for any municipality imposing such  
23 tax. Such tax must be paid to the State, or an exemption  
24 determination must be obtained from the Department of Revenue,  
25 before the title or certificate of registration for the

1 property may be issued. The tax or proof of exemption may be  
2 transmitted to the Department by way of the State agency with  
3 which, or State officer with whom, the tangible personal  
4 property must be titled or registered if the Department and  
5 such agency or State officer determine that this procedure will  
6 expedite the processing of applications for title or  
7 registration.

8 The Department shall have full power to administer and  
9 enforce this Section; to collect all taxes, penalties and  
10 interest due hereunder; to dispose of taxes, penalties and  
11 interest so collected in the manner hereinafter provided, and  
12 to determine all rights to credit memoranda or refunds arising  
13 on account of the erroneous payment of tax, penalty or interest  
14 hereunder. In the administration of, and compliance with, this  
15 Section, the Department and persons who are subject to this  
16 Section shall have the same rights, remedies, privileges,  
17 immunities, powers and duties, and be subject to the same  
18 conditions, restrictions, limitations, penalties and  
19 definitions of terms, and employ the same modes of procedure as  
20 are prescribed in Sections 2 and 4 (except provisions  
21 pertaining to the State rate of tax; and with relation to the  
22 provisions of the "Use Tax Act" referred to therein, except  
23 provisions concerning collection or refunding of the tax by  
24 retailers, and except the provisions of Section 19 pertaining  
25 to claims by retailers and except the last paragraph concerning  
26 refunds, and except that credit memoranda issued hereunder may

1 not be used to discharge any State tax liability) of the  
2 "~~Automobile Renting Occupation and Use Tax Act~~", ~~enacted by the~~  
3 ~~Eighty-second General Assembly, as the same are now or may~~  
4 ~~hereafter be amended~~, which are not inconsistent with this  
5 Section, as fully as if provisions contained in those Sections  
6 of said Act were set forth herein.

7 Whenever the Department determines that a refund should be  
8 made under this Section to a claimant instead of issuing a  
9 credit memorandum, the Department shall notify the State  
10 Comptroller, who shall cause the order to be drawn for the  
11 amount specified, and to the person named, in such notification  
12 from the Department. Such refund shall be paid by the State  
13 Treasurer out of the municipal automobile renting tax fund.

14 The Department shall forthwith pay over to the State  
15 Treasurer, ex-officio, as trustee, all taxes, penalties and  
16 interest collected hereunder. On or before the 25th day of each  
17 calendar month, the Department shall prepare and certify to the  
18 State Comptroller the disbursement of stated sums of money to  
19 named municipalities, the municipality in each instance to be  
20 that municipality from which the Department, during the second  
21 preceding calendar month, collected taxes hereunder from  
22 persons whose Illinois address for titling or registration  
23 purposes is given as being in such municipality. The amount to  
24 be paid to each municipality shall be the amount (not including  
25 credit memoranda) collected hereunder during the second  
26 preceding calendar month by the Department, and not including

1 an amount equal to the amount of refunds made during the second  
2 preceding calendar month by the Department on behalf of such  
3 municipality, less 1.6% of such balance, which sum shall be  
4 retained by the State Treasurer to cover the costs incurred by  
5 the Department in administering and enforcing this Section as  
6 provided herein. The Department at the time of each monthly  
7 disbursement to the municipalities shall prepare and certify to  
8 the State Comptroller the amount, so retained by the State  
9 Treasurer, to be paid into the General Revenue Fund of the  
10 State Treasury. Within 10 days after receipt, by the State  
11 Comptroller, of the disbursement certification to the  
12 municipalities and the General Revenue Fund, provided or in  
13 this Section to be given to the State Comptroller by the  
14 Department, the State Comptroller shall cause the orders to be  
15 drawn for the respective amounts in accordance with the  
16 directions contained in such certification.

17 An ordinance or resolution imposing or discontinuing the  
18 tax under this Section or effecting a change in the rate  
19 thereof shall be adopted and a certified copy thereof filed  
20 with the Department either: (i) on or before the first day of  
21 April, in which case the Department shall proceed to administer  
22 and enforce this Section as of the first day of July next  
23 following the adoption or filing; or (ii) on or before the  
24 first day of October, in which case the Department shall  
25 proceed to administer and enforce this Section as of the first  
26 day of January next following the adoption and filing.

1       ~~An ordinance or resolution imposing a tax hereunder or~~  
2 ~~effecting a change in the rate thereof shall be effective on~~  
3 ~~the first day of the second calendar month next following~~  
4 ~~publication as provided in Section 1-2-4. The corporate~~  
5 ~~authorities of any municipality which levies a tax authorized~~  
6 ~~by this Section shall transmit to the Department of Revenue not~~  
7 ~~later than 5 days after publication a certified copy of the~~  
8 ~~ordinance or resolution imposing such tax whereupon the~~  
9 ~~Department of Revenue shall proceed to administer and enforce~~  
10 ~~this Section on behalf of such municipality as of the effective~~  
11 ~~date of the ordinance or resolution. Upon a change in rate of a~~  
12 ~~tax levied hereunder, or upon the discontinuance of the tax,~~  
13 ~~the corporate authorities of the municipality shall, on or not~~  
14 ~~later than 5 days after publication of the ordinance or~~  
15 ~~resolution discontinuing the tax or effecting a change in rate,~~  
16 ~~transmit to the Department of Revenue a certified copy of the~~  
17 ~~ordinance or resolution effecting such change or~~  
18 ~~discontinuance.~~

19       As used in this Section, "Municipal" and "Municipality"  
20 means a city, village or incorporated town, including an  
21 incorporated town which has superseded a civil township.

22       This Section shall be known and may be cited as the  
23 "Municipal Automobile Renting Use Tax Act".

24       (Source: P.A. 84-149.)

25       Section 99. Effective date. This Act takes effect upon  
26 becoming law.