



99TH GENERAL ASSEMBLY

State of Illinois

2015 and 2016

SB1293

Introduced 2/18/2015, by Sen. William E. Brady

SYNOPSIS AS INTRODUCED:

35 ILCS 105/3-5
35 ILCS 105/3-85
35 ILCS 110/3-5
35 ILCS 110/3-70
35 ILCS 115/3-5
35 ILCS 120/2-5

Amends the Use Tax Act, the Service Use Tax Act, the Service Occupation Tax Act, and the Retailers' Occupation Tax Act. Provides that the graphic arts machinery and equipment exemption, and the corresponding Manufacturer's Purchase Credit for graphic arts machinery and equipment, sunsets on August 30, 2024 (instead of August 30, 2014). Provides that the exemption applies during the entire period from September 1, 2004 through August 30, 2024, including, but not limited to, the period beginning on August 31, 2014 and ending on the effective date of the amendatory Act. Effective immediately.

LRB099 09014 HLH 29194 b

FISCAL NOTE ACT
MAY APPLY

A BILL FOR

1 AN ACT concerning revenue.

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

4 Section 5. The Use Tax Act is amended by changing Sections
5 3-5 and 3-85 as follows:

6 (35 ILCS 105/3-5)

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

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

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

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

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

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

25 (5) Until July 1, 2003, a passenger car that is a
26 replacement vehicle to the extent that the purchase price of

1 the car is subject to the Replacement Vehicle Tax.

2 (6) Until July 1, 2003 and beginning again on September 1,
3 2004 through August 30, 2024 ~~August 30, 2014~~, graphic arts
4 machinery and equipment, including repair and replacement
5 parts, both new and used, and including that manufactured on
6 special order, certified by the purchaser to be used primarily
7 for graphic arts production, and including machinery and
8 equipment purchased for lease. Equipment includes chemicals or
9 chemicals acting as catalysts but only if the chemicals or
10 chemicals acting as catalysts effect a direct and immediate
11 change upon a graphic arts product. This paragraph is exempt
12 from the provisions of Section 3-90. It is the intent of the
13 General Assembly that the exemption under this paragraph (6)
14 shall apply during the entire period from September 1, 2004
15 through August 30, 2024, including, but not limited to, the
16 period beginning on August 31, 2014 and ending on the effective
17 date of this amendatory Act of the 99th General Assembly.

18 (7) Farm chemicals.

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

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

26 (10) A motor vehicle that is used for automobile renting,

1 as defined in the Automobile Renting Occupation and Use Tax
2 Act.

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

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

1 limited to, soil testing sensors, computers, monitors,
2 software, global positioning and mapping systems, and other
3 such equipment.

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

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

19 Beginning July 1, 2013, fuel and petroleum products sold to
20 or used by an air carrier, certified by the carrier to be used
21 for consumption, shipment, or storage in the conduct of its
22 business as an air common carrier, for a flight that (i) is
23 engaged in foreign trade or is engaged in trade between the
24 United States and any of its possessions and (ii) transports at
25 least one individual or package for hire from the city of
26 origination to the city of final destination on the same

1 aircraft, without regard to a change in the flight number of
2 that aircraft.

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

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

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

25 (16) Coal and aggregate exploration, mining, off-highway
26 hauling, processing, maintenance, and reclamation equipment,

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

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

16 (18) Manufacturing and assembling machinery and equipment
17 used primarily in the process of manufacturing or assembling
18 tangible personal property for wholesale or retail sale or
19 lease, whether that sale or lease is made directly by the
20 manufacturer or by some other person, whether the materials
21 used in the process are owned by the manufacturer or some other
22 person, or whether that sale or lease is made apart from or as
23 an incident to the seller's engaging in the service occupation
24 of producing machines, tools, dies, jigs, patterns, gauges, or
25 other similar items of no commercial value on special order for
26 a particular purchaser. The exemption provided by this

1 paragraph (18) does not include machinery and equipment used in
2 (i) the generation of electricity for wholesale or retail sale;
3 (ii) the generation or treatment of natural or artificial gas
4 for wholesale or retail sale that is delivered to customers
5 through pipes, pipelines, or mains; or (iii) the treatment of
6 water for wholesale or retail sale that is delivered to
7 customers through pipes, pipelines, or mains. The provisions of
8 Public Act 98-583 are declaratory of existing law as to the
9 meaning and scope of this exemption.

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

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

17 (21) Horses, or interests in horses, registered with and
18 meeting the requirements of any of the Arabian Horse Club
19 Registry of America, Appaloosa Horse Club, American Quarter
20 Horse Association, United States Trotting Association, or
21 Jockey Club, as appropriate, used for purposes of breeding or
22 racing for prizes. This item (21) is exempt from the provisions
23 of Section 3-90, and the exemption provided for under this item
24 (21) applies for all periods beginning May 30, 1995, but no
25 claim for credit or refund is allowed on or after January 1,
26 2008 for such taxes paid during the period beginning May 30,

1 2000 and ending on January 1, 2008.

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

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

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

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

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

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

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

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

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

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

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

1 serve hot food and beverages, including coffee, soup, and other
2 items, and replacement parts for these machines. Beginning
3 January 1, 2002 and through June 30, 2003, machines and parts
4 for machines used in commercial, coin-operated amusement and
5 vending business if a use or occupation tax is paid on the
6 gross receipts derived from the use of the commercial,
7 coin-operated amusement and vending machines. This paragraph
8 is exempt from the provisions of Section 3-90.

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

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

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

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

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

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

1 3-815.1 of the Illinois Vehicle Code; and (iii) that are
2 primarily used for commercial purposes. Through June 30, 2005,
3 this exemption applies to repair and replacement parts added
4 after the initial purchase of such a motor vehicle if that
5 motor vehicle is used in a manner that would qualify for the
6 rolling stock exemption otherwise provided for in this Act. For
7 purposes of this paragraph, the term "used for commercial
8 purposes" means the transportation of persons or property in
9 furtherance of any commercial or industrial enterprise,
10 whether for-hire or not.

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

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

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

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

1 retirement or redemption of any bonds or other debt instruments
2 issued by the public-facilities corporation in connection with
3 the development of the municipal convention hall. This
4 exemption includes existing public-facilities corporations as
5 provided in Section 11-65-25 of the Illinois Municipal Code.
6 This paragraph is exempt from the provisions of Section 3-90.

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

12 (35 ILCS 105/3-85)

13 Sec. 3-85. Manufacturer's Purchase Credit. For purchases
14 of machinery and equipment made on and after January 1, 1995
15 through June 30, 2003, and on and after September 1, 2004
16 through August 30, 2014, a purchaser of manufacturing machinery
17 and equipment that qualifies for the exemption provided by
18 paragraph (18) of Section 3-5 of this Act earns a credit in an
19 amount equal to a fixed percentage of the tax which would have
20 been incurred under this Act on those purchases. For purchases
21 of graphic arts machinery and equipment made on or after July
22 1, 1996 and through June 30, 2003, and on and after September
23 1, 2004 through August 30, 2024 ~~August 30, 2014~~, a purchaser of
24 graphic arts machinery and equipment that qualifies for the
25 exemption provided by paragraph (6) of Section 3-5 of this Act

1 earns a credit in an amount equal to a fixed percentage of the
2 tax that would have been incurred under this Act on those
3 purchases. The credit earned for purchases of manufacturing
4 machinery and equipment or graphic arts machinery and equipment
5 shall be referred to as the Manufacturer's Purchase Credit. A
6 graphic arts producer is a person engaged in graphic arts
7 production as defined in Section 2-30 of the Retailers'
8 Occupation Tax Act. Beginning July 1, 1996, all references in
9 this Section to manufacturers or manufacturing shall also be
10 deemed to refer to graphic arts producers or graphic arts
11 production. It is the intent of the General Assembly that the
12 Manufacturer's Purchase Credit for purchases of graphic arts
13 machinery and equipment shall apply during the entire period
14 from September 1, 2004 through August 30, 2024, including, but
15 not limited to, the period beginning on August 31, 2014 and
16 ending on the effective date of this amendatory Act of the 99th
17 General Assembly.

18 The amount of credit shall be a percentage of the tax that
19 would have been incurred on the purchase of manufacturing
20 machinery and equipment or graphic arts machinery and equipment
21 if the exemptions provided by paragraph (6) or paragraph (18)
22 of Section 3-5 of this Act had not been applicable. The
23 percentage shall be as follows:

24 (1) 15% for purchases made on or before June 30, 1995.

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

1 (3) 40% for purchases made after June 30, 1996, and on
2 or before June 30, 1997.

3 (4) 50% for purchases made on or after July 1, 1997.

4 (a) Manufacturer's Purchase Credit earned prior to July 1,
5 2003. This subsection (a) applies to Manufacturer's Purchase
6 Credit earned prior to July 1, 2003. A purchaser of production
7 related tangible personal property desiring to use the
8 Manufacturer's Purchase Credit shall certify to the seller
9 prior to October 1, 2003 that the purchaser is satisfying all
10 or part of the liability under the Use Tax Act or the Service
11 Use Tax Act that is due on the purchase of the production
12 related tangible personal property by use of Manufacturer's
13 Purchase Credit. The Manufacturer's Purchase Credit
14 certification must be dated and shall include the name and
15 address of the purchaser, the purchaser's registration number,
16 if registered, the credit being applied, and a statement that
17 the State Use Tax or Service Use Tax liability is being
18 satisfied with the manufacturer's or graphic arts producer's
19 accumulated purchase credit. Certification may be incorporated
20 into the manufacturer's or graphic arts producer's purchase
21 order. Manufacturer's Purchase Credit certification provided
22 by the manufacturer or graphic arts producer prior to October
23 1, 2003 may be used to satisfy the retailer's or serviceman's
24 liability under the Retailers' Occupation Tax Act or Service
25 Occupation Tax Act for the credit claimed, not to exceed 6.25%
26 of the receipts subject to tax from a qualifying purchase, but

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

1 a construction contractor.

2 No Manufacturer's Purchase Credit earned prior to July 1,
3 2003 may be used after October 1, 2003. The Manufacturer's
4 Purchase Credit may be used to satisfy liability under the Use
5 Tax Act or the Service Use Tax Act due on the purchase of
6 production related tangible personal property (including
7 purchases by a manufacturer, by a graphic arts producer, or by
8 a lessor who rents or leases the use of the property to a
9 manufacturer or graphic arts producer) that does not otherwise
10 qualify for the manufacturing machinery and equipment
11 exemption or the graphic arts machinery and equipment
12 exemption. "Production related tangible personal property"
13 means (i) all tangible personal property used or consumed by
14 the purchaser in a manufacturing facility in which a
15 manufacturing process described in Section 2-45 of the
16 Retailers' Occupation Tax Act takes place, including tangible
17 personal property purchased for incorporation into real estate
18 within a manufacturing facility and including, but not limited
19 to, tangible personal property used or consumed in activities
20 such as preproduction material handling, receiving, quality
21 control, inventory control, storage, staging, and packaging
22 for shipping and transportation purposes; (ii) all tangible
23 personal property used or consumed by the purchaser in a
24 graphic arts facility in which graphic arts production as
25 described in Section 2-30 of the Retailers' Occupation Tax Act
26 takes place, including tangible personal property purchased

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

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

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

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

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

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

10 No annual report shall be filed before May 1, 1996 or after
11 June 30, 2004. A purchaser that fails to file an annual Report
12 of Manufacturer's Purchase Credit Earned or an annual Report of
13 Manufacturer's Purchase Credit Used by the last day of the
14 sixth month following the end of the calendar year shall
15 forfeit all Manufacturer's Purchase Credit for that calendar
16 year unless it establishes that its failure to file was due to
17 reasonable cause. Manufacturer's Purchase Credit reports may
18 be amended to report and claim credit on qualifying purchases
19 not previously reported at any time before the credit would
20 have expired, unless both the Department and the purchaser have
21 agreed to an extension of the statute of limitations for the
22 issuance of a notice of tax liability as provided in Section 4
23 of the Retailers' Occupation Tax Act. If the time for
24 assessment or refund has been extended, then amended reports
25 for a calendar year may be filed at any time prior to the date
26 to which the statute of limitations for the calendar year or

1 portion thereof has been extended. No Manufacturer's Purchase
2 Credit report filed with the Department for periods prior to
3 January 1, 1995 shall be approved. Manufacturer's Purchase
4 Credit claimed on an amended report may be used, until October
5 1, 2003, to satisfy tax liability under the Use Tax Act or the
6 Service Use Tax Act (i) on qualifying purchases of production
7 related tangible personal property made after the date the
8 amended report is filed or (ii) assessed by the Department on
9 qualifying purchases of production related tangible personal
10 property made in the case of manufacturers on or after January
11 1, 1995, or in the case of graphic arts producers on or after
12 July 1, 1996.

13 If the purchaser is not the manufacturer or a graphic arts
14 producer, but rents or leases the use of the property to a
15 manufacturer or graphic arts producer, the purchaser may earn,
16 report, and use Manufacturer's Purchase Credit in the same
17 manner as a manufacturer or graphic arts producer.

18 A purchaser shall not be entitled to any Manufacturer's
19 Purchase Credit for a purchase that is required to be reported
20 and is not timely reported as provided in this Section. A
21 purchaser remains liable for (i) any tax that was satisfied by
22 use of a Manufacturer's Purchase Credit, as of the date of
23 purchase, if that use is not timely reported as required in
24 this Section and (ii) for any applicable penalties and interest
25 for failing to pay the tax when due. No Manufacturer's Purchase
26 Credit may be used after September 30, 2003 to satisfy any tax

1 liability imposed under this Act, including any audit
2 liability.

3 (b) Manufacturer's Purchase Credit earned on and after
4 September 1, 2004. This subsection (b) applies to
5 Manufacturer's Purchase Credit earned on and after September 1,
6 2004. Manufacturer's Purchase Credit earned on or after
7 September 1, 2004 may only be used to satisfy the Use Tax or
8 Service Use Tax liability incurred on production related
9 tangible personal property purchased on or after September 1,
10 2004. A purchaser of production related tangible personal
11 property desiring to use the Manufacturer's Purchase Credit
12 shall certify to the seller that the purchaser is satisfying
13 all or part of the liability under the Use Tax Act or the
14 Service Use Tax Act that is due on the purchase of the
15 production related tangible personal property by use of
16 Manufacturer's Purchase Credit. The Manufacturer's Purchase
17 Credit certification must be dated and shall include the name
18 and address of the purchaser, the purchaser's registration
19 number, if registered, the credit being applied, and a
20 statement that the State Use Tax or Service Use Tax liability
21 is being satisfied with the manufacturer's or graphic arts
22 producer's accumulated purchase credit. Certification may be
23 incorporated into the manufacturer's or graphic arts
24 producer's purchase order. Manufacturer's Purchase Credit
25 certification provided by the manufacturer or graphic arts
26 producer may be used to satisfy the retailer's or serviceman's

1 liability under the Retailers' Occupation Tax Act or Service
2 Occupation Tax Act for the credit claimed, not to exceed 6.25%
3 of the receipts subject to tax from a qualifying purchase, but
4 only if the retailer or serviceman reports the Manufacturer's
5 Purchase Credit claimed as required by the Department. The
6 Manufacturer's Purchase Credit earned by purchase of exempt
7 manufacturing machinery and equipment or graphic arts
8 machinery and equipment is a non-transferable credit. A
9 manufacturer or graphic arts producer that enters into a
10 contract involving the installation of tangible personal
11 property into real estate within a manufacturing or graphic
12 arts production facility may, on or after September 1, 2004,
13 authorize a construction contractor to utilize credit
14 accumulated by the manufacturer or graphic arts producer to
15 purchase the tangible personal property. A manufacturer or
16 graphic arts producer intending to use accumulated credit to
17 purchase such tangible personal property shall execute a
18 written contract authorizing the contractor to utilize a
19 specified dollar amount of credit. The contractor shall furnish
20 the supplier with the manufacturer's or graphic arts producer's
21 name, registration or resale number, and a statement that a
22 specific amount of the Use Tax or Service Use Tax liability,
23 not to exceed 6.25% of the selling price, is being satisfied
24 with the credit. The manufacturer or graphic arts producer
25 shall remain liable to timely report all information required
26 by the annual Report of Manufacturer's Purchase Credit Used for

1 all credit utilized by a construction contractor.

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

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

1 directly to the Department may utilize the Manufacturer's
2 Purchase Credit in satisfaction of the tax arising from that
3 purchase, but not in satisfaction of penalty and interest. A
4 purchaser who uses the Manufacturer's Purchase Credit to
5 purchase property on and after September 1, 2004 which is later
6 determined not to be production related tangible personal
7 property may be liable for tax, penalty, and interest on the
8 purchase of that property as of the date of purchase but shall
9 be entitled to use the disallowed Manufacturer's Purchase
10 Credit, so long as it has not expired and is used on qualifying
11 purchases of production related tangible personal property not
12 previously subject to credit usage. The Manufacturer's
13 Purchase Credit earned by a manufacturer or graphic arts
14 producer expires the last day of the second calendar year
15 following the calendar year in which the credit arose. A
16 purchaser earning Manufacturer's Purchase Credit shall sign
17 and file an annual Report of Manufacturer's Purchase Credit
18 Earned for each calendar year no later than the last day of the
19 sixth month following the calendar year in which a
20 Manufacturer's Purchase Credit is earned. A Report of
21 Manufacturer's Purchase Credit Earned shall be filed on forms
22 as prescribed or approved by the Department and shall state,
23 for each month of the calendar year: (i) the total purchase
24 price of all purchases of exempt manufacturing or graphic arts
25 machinery on which the credit was earned; (ii) the total State
26 Use Tax or Service Use Tax which would have been due on those

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

1 related tangible personal property on which the purchaser used
2 Manufacturer's Purchase Credit, the vendor (including, if
3 applicable, either the vendor's registration number or Federal
4 Employer Identification Number), the purchase price, and the
5 amount of Manufacturer's Purchase Credit used on each purchase.

6 A purchaser that fails to file an annual Report of
7 Manufacturer's Purchase Credit Earned or an annual Report of
8 Manufacturer's Purchase Credit Used by the last day of the
9 sixth month following the end of the calendar year shall
10 forfeit all Manufacturer's Purchase Credit for that calendar
11 year unless it establishes that its failure to file was due to
12 reasonable cause. Manufacturer's Purchase Credit reports may
13 be amended to report and claim credit on qualifying purchases
14 not previously reported at any time before the credit would
15 have expired, unless both the Department and the purchaser have
16 agreed to an extension of the statute of limitations for the
17 issuance of a notice of tax liability as provided in Section 4
18 of the Retailers' Occupation Tax Act. If the time for
19 assessment or refund has been extended, then amended reports
20 for a calendar year may be filed at any time prior to the date
21 to which the statute of limitations for the calendar year or
22 portion thereof has been extended. Manufacturer's Purchase
23 Credit claimed on an amended report may be used to satisfy tax
24 liability under the Use Tax Act or the Service Use Tax Act (i)
25 on qualifying purchases of production related tangible
26 personal property made after the date the amended report is

1 filed or (ii) assessed by the Department on qualifying
2 production related tangible personal property purchased on or
3 after September 1, 2004. If the purchaser is not the
4 manufacturer or a graphic arts producer, but rents or leases
5 the use of the property to a manufacturer or graphic arts
6 producer, the purchaser may earn, report, and use
7 Manufacturer's Purchase Credit in the same manner as a
8 manufacturer or graphic arts producer. A purchaser shall not be
9 entitled to any Manufacturer's Purchase Credit for a purchase
10 that is required to be reported and is not timely reported as
11 provided in this Section. A purchaser remains liable for (i)
12 any tax that was satisfied by use of a Manufacturer's Purchase
13 Credit, as of the date of purchase, if that use is not timely
14 reported as required in this Section and (ii) for any
15 applicable penalties and interest for failing to pay the tax
16 when due.

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

18 Section 10. The Service Use Tax Act is amended by changing
19 Sections 3-5 and 3-70 as follows:

20 (35 ILCS 110/3-5)

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

23 (1) Personal property purchased from a corporation,
24 society, association, foundation, institution, or

1 organization, other than a limited liability company, that is
2 organized and operated as a not-for-profit service enterprise
3 for the benefit of persons 65 years of age or older if the
4 personal property was not purchased by the enterprise for the
5 purpose of resale by the enterprise.

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

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

24 (4) Legal tender, currency, medallions, or gold or silver
25 coinage issued by the State of Illinois, the government of the
26 United States of America, or the government of any foreign

1 country, and bullion.

2 (5) Until July 1, 2003 and beginning again on September 1,
3 2004 through August 30, 2024 ~~August 30, 2014~~, graphic arts
4 machinery and equipment, including repair and replacement
5 parts, both new and used, and including that manufactured on
6 special order or purchased for lease, certified by the
7 purchaser to be used primarily for graphic arts production.
8 Equipment includes chemicals or chemicals acting as catalysts
9 but only if the chemicals or chemicals acting as catalysts
10 effect a direct and immediate change upon a graphic arts
11 product. This paragraph is exempt from the provisions of
12 Section 3-75. It is the intent of the General Assembly that the
13 exemption under this paragraph (5) shall apply during the
14 entire period from September 1, 2004 through August 30, 2024,
15 including, but not limited to, the period beginning on August
16 31, 2014 and ending on the effective date of this amendatory
17 Act of the 99th General Assembly.

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

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

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

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

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

1 crop data for the purpose of formulating animal diets and
2 agricultural chemicals. This item (7) is exempt from the
3 provisions of Section 3-75.

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

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

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

1 in preparing, serving, hosting or cleaning up the food or
2 beverage function with respect to which the service charge is
3 imposed.

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

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

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

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

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

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

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

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

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

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

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

1 sewage treatment facilities, resulting from a State or
2 federally declared disaster in Illinois or bordering Illinois
3 when such repairs are initiated on facilities located in the
4 declared disaster area within 6 months after the disaster.

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

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

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

15 (22) Beginning January 1, 2000 and through December 31,
16 2001, new or used automatic vending machines that prepare and
17 serve hot food and beverages, including coffee, soup, and other
18 items, and replacement parts for these machines. Beginning
19 January 1, 2002 and through June 30, 2003, machines and parts
20 for machines used in commercial, coin-operated amusement and
21 vending business if a use or occupation tax is paid on the
22 gross receipts derived from the use of the commercial,
23 coin-operated amusement and vending machines. This paragraph
24 is exempt from the provisions of Section 3-75.

25 (23) Beginning August 23, 2001 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 nonprescription 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 or the Specialized Mental
11 Health Rehabilitation Act of 2013.

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

1 attempt to collect an amount (however designated) that purports
2 to reimburse that lessor for the tax imposed by this Act or the
3 Use Tax Act, as the case may be, if the tax has not been paid by
4 the lessor. If a lessor improperly collects any such amount
5 from the lessee, the lessee shall have a legal right to claim a
6 refund of that amount from the lessor. If, however, that amount
7 is not refunded to the lessee for any reason, the lessor is
8 liable to pay that amount to the Department. This paragraph is
9 exempt from the provisions of Section 3-75.

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

1 from the lessee, the lessee shall have a legal right to claim a
2 refund of that amount from the lessor. If, however, that amount
3 is not refunded to the lessee for any reason, the lessor is
4 liable to pay that amount to the Department. This paragraph is
5 exempt from the provisions of Section 3-75.

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

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

1 films. This exemption applies only to the use of qualifying
2 tangible personal property transferred incident to the
3 modification, refurbishment, completion, replacement, repair,
4 or maintenance of aircraft by persons who (i) hold an Air
5 Agency Certificate and are empowered to operate an approved
6 repair station by the Federal Aviation Administration, (ii)
7 have a Class IV Rating, and (iii) conduct operations in
8 accordance with Part 145 of the Federal Aviation Regulations.
9 The exemption does not include aircraft operated by a
10 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 (27) by Public Act 98-534 are declarative of existing
14 law.

15 (28) 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 3-75.
3 (Source: P.A. 97-38, eff. 6-28-11; 97-227, eff. 1-1-12; 97-431,
4 eff. 8-16-11; 97-636, eff. 6-1-12; 97-767, eff. 7-9-12; 98-104,
5 eff. 7-22-13; 98-422, eff. 8-16-13; 98-456, eff. 8-16-13;
6 98-534, eff. 8-23-13; 98-756, eff. 7-16-14.)

7 (35 ILCS 110/3-70)

8 Sec. 3-70. Manufacturer's Purchase Credit. For purchases
9 of machinery and equipment made on and after January 1, 1995
10 and through June 30, 2003, and on and after September 1, 2004
11 through August 30, 2014, a purchaser of manufacturing machinery
12 and equipment that qualifies for the exemption provided by
13 Section 2 of this Act earns a credit in an amount equal to a
14 fixed percentage of the tax which would have been incurred
15 under this Act on those purchases. For purchases of graphic
16 arts machinery and equipment made on or after July 1, 1996
17 through June 30, 2003, and on and after September 1, 2004
18 through August 30, 2024 ~~August 30, 2014~~, a purchase of graphic
19 arts machinery and equipment that qualifies for the exemption
20 provided by paragraph (5) of Section 3-5 of this Act earns a
21 credit in an amount equal to a fixed percentage of the tax that
22 would have been incurred under this Act on those purchases. The
23 credit earned for the purchase of manufacturing machinery and
24 equipment and graphic arts machinery and equipment shall be
25 referred to as the Manufacturer's Purchase Credit. A graphic

1 arts producer is a person engaged in graphic arts production as
2 defined in Section 3-30 of the Service Occupation Tax Act.
3 Beginning July 1, 1996, all references in this Section to
4 manufacturers or manufacturing shall also refer to graphic arts
5 producers or graphic arts production. It is the intent of the
6 General Assembly that the Manufacturer's Purchase Credit for
7 purchases of graphic arts machinery and equipment shall apply
8 during the entire period from September 1, 2004 through August
9 30, 2024, including, but not limited to, the period beginning
10 on August 31, 2014 and ending on the effective date of this
11 amendatory Act of the 99th General Assembly.

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

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

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

15 The percentage shall be as follows:

16 (1) 15% for purchases made on or before June 30, 1995.

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

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

21 (4) 50% for purchases made on or after July 1, 1997.

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

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

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

20 No Manufacturer's Purchase Credit earned prior to July 1,
21 2003 may be used after October 1, 2003. The Manufacturer's
22 Purchase Credit may be used to satisfy liability under the Use
23 Tax Act or the Service Use Tax Act due on the purchase of
24 production related tangible personal property (including
25 purchases by a manufacturer, by a graphic arts producer, or a
26 lessor who rents or leases the use of the property to a

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

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

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

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

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

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

1 Identification Number), the purchase price, and the amount of
2 Manufacturer's Purchase Credit used on each purchase.

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

1 date the amended report is filed or (ii) assessed by the
2 Department on qualifying purchases of production related
3 tangible personal property made in the case of manufacturers on
4 or after January 1, 1995, or in the case of graphic arts
5 producers on or after July 1, 1996.

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

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

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

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

1 machinery and equipment is a non-transferable credit. A
2 manufacturer or graphic arts producer that enters into a
3 contract involving the installation of tangible personal
4 property into real estate within a manufacturing or graphic
5 arts production facility may, on or after September 1, 2004,
6 authorize a construction contractor to utilize credit
7 accumulated by the manufacturer or graphic arts producer to
8 purchase the tangible personal property. A manufacturer or
9 graphic arts producer intending to use accumulated credit to
10 purchase such tangible personal property shall execute a
11 written contract authorizing the contractor to utilize a
12 specified dollar amount of credit. The contractor shall furnish
13 the supplier with the manufacturer's or graphic arts producer's
14 name, registration or resale number, and a statement that a
15 specific amount of the Use Tax or Service Use Tax liability,
16 not to exceed 6.25% of the selling price, is being satisfied
17 with the credit. The manufacturer or graphic arts producer
18 shall remain liable to timely report all information required
19 by the annual Report of Manufacturer's Purchase Credit Used for
20 credit utilized by a construction contractor.

21 The Manufacturer's Purchase Credit may be used to satisfy
22 liability under the Use Tax Act or the Service Use Tax Act due
23 on the purchase, made on or after September 1, 2004, of
24 production related tangible personal property (including
25 purchases by a manufacturer, by a graphic arts producer, or a
26 lessor who rents or leases the use of the property to a

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

1 research and development. "Production related tangible
2 personal property" does not include (i) tangible personal
3 property used, within or without a manufacturing or graphic
4 arts facility, in sales, purchasing, accounting, fiscal
5 management, marketing, personnel recruitment or selection, or
6 landscaping or (ii) tangible personal property required to be
7 titled or registered with a department, agency, or unit of
8 federal, state, or local government. The Manufacturer's
9 Purchase Credit may be used to satisfy the tax arising either
10 from the purchase of machinery and equipment on or after
11 September 1, 2004 for which the manufacturing machinery and
12 equipment exemption provided by Section 2 of this Act was
13 erroneously claimed, or the purchase of machinery and equipment
14 on or after September 1, 2004 for which the exemption provided
15 by paragraph (5) of Section 3-5 of this Act was erroneously
16 claimed, but not in satisfaction of penalty, if any, and
17 interest for failure to pay the tax when due. A purchaser of
18 production related tangible personal property that is
19 purchased on or after September 1, 2004 who is required to pay
20 Illinois Use Tax or Service Use Tax on the purchase directly to
21 the Department may utilize the Manufacturer's Purchase Credit
22 in satisfaction of the tax arising from that purchase, but not
23 in satisfaction of penalty and interest. A purchaser who uses
24 the Manufacturer's Purchase Credit to purchase property on and
25 after September 1, 2004 which is later determined not to be
26 production related tangible personal property may be liable for

1 tax, penalty, and interest on the purchase of that property as
2 of the date of purchase but shall be entitled to use the
3 disallowed Manufacturer's Purchase Credit, so long as it has
4 not expired, on qualifying purchases of production related
5 tangible personal property not previously subject to credit
6 usage. The Manufacturer's Purchase Credit earned by a
7 manufacturer or graphic arts producer expires the last day of
8 the second calendar year following the calendar year in which
9 the credit arose.

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

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

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

1 A purchaser that fails to file an annual Report of
2 Manufacturer's Purchase Credit Earned or an annual Report of
3 Manufacturer's Purchase Credit Used by the last day of the
4 sixth month following the end of the calendar year shall
5 forfeit all Manufacturer's Purchase Credit for that calendar
6 year unless it establishes that its failure to file was due to
7 reasonable cause. Manufacturer's Purchase Credit reports may
8 be amended to report and claim credit on qualifying purchases
9 not previously reported at any time before the credit would
10 have expired, unless both the Department and the purchaser have
11 agreed to an extension of the statute of limitations for the
12 issuance of a notice of tax liability as provided in Section 4
13 of the Retailers' Occupation Tax Act. If the time for
14 assessment or refund has been extended, then amended reports
15 for a calendar year may be filed at any time prior to the date
16 to which the statute of limitations for the calendar year or
17 portion thereof has been extended. Manufacturer's Purchase
18 Credit claimed on an amended report may be used to satisfy tax
19 liability under the Use Tax Act or the Service Use Tax Act (i)
20 on qualifying purchases of production related tangible
21 personal property made after the date the amended report is
22 filed or (ii) assessed by the Department on qualifying
23 production related tangible personal property purchased on or
24 after September 1, 2004.

25 If the purchaser is not the manufacturer or a graphic arts
26 producer, but rents or leases the use of the property to a

1 manufacturer or a graphic arts producer, the purchaser may
2 earn, report, and use Manufacturer's Purchase Credit in the
3 same manner as a manufacturer or graphic arts producer. A
4 purchaser shall not be entitled to any Manufacturer's Purchase
5 Credit for a purchase that is required to be reported and is
6 not timely reported as provided in this Section. A purchaser
7 remains liable for (i) any tax that was satisfied by use of a
8 Manufacturer's Purchase Credit, as of the date of purchase, if
9 that use is not timely reported as required in this Section and
10 (ii) for any applicable penalties and interest for failing to
11 pay the tax when due.

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

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

15 (35 ILCS 115/3-5)

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

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

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

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

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

23 (5) Until July 1, 2003 and beginning again on September 1,
24 2004 through August 30, 2024 ~~August 30, 2014~~, graphic arts
25 machinery and equipment, including repair and replacement
26 parts, both new and used, and including that manufactured on

1 special order or purchased for lease, certified by the
2 purchaser to be used primarily for graphic arts production.
3 Equipment includes chemicals or chemicals acting as catalysts
4 but only if the chemicals or chemicals acting as catalysts
5 effect a direct and immediate change upon a graphic arts
6 product. This paragraph is exempt from the provisions of
7 Section 3-55. It is the intent of the General Assembly that the
8 exemption under this paragraph (5) shall apply during the
9 entire period from September 1, 2004 through August 30, 2024,
10 including, but not limited to, the period beginning on August
11 31, 2014 and ending on the effective date of this amendatory
12 Act of the 99th General Assembly.

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

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

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

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

17 Farm machinery and equipment also includes computers,
18 sensors, software, and related equipment used primarily in the
19 computer-assisted operation of production agriculture
20 facilities, equipment, and activities such as, but not limited
21 to, the collection, monitoring, and correlation of animal and
22 crop data for the purpose of formulating animal diets and
23 agricultural chemicals. This item (7) is exempt from the
24 provisions of Section 3-55.

25 (8) Until June 30, 2013, fuel and petroleum products sold
26 to or used by an air common carrier, certified by the carrier

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

24 (10) Until July 1, 2003, oil field exploration, drilling,
25 and production equipment, including (i) rigs and parts of rigs,
26 rotary rigs, cable tool rigs, and workover rigs, (ii) pipe and

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

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

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

23 (13) Beginning January 1, 1992 and through June 30, 2016,
24 food for human consumption that is to be consumed off the
25 premises where it is sold (other than alcoholic beverages, soft
26 drinks and food that has been prepared for immediate

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

10 (14) Semen used for artificial insemination of livestock
11 for direct agricultural production.

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

24 (16) Computers and communications equipment utilized for
25 any hospital purpose and equipment used in the diagnosis,
26 analysis, or treatment of hospital patients sold to a lessor

1 who leases the equipment, under a lease of one year or longer
2 executed or in effect at the time of the purchase, to a
3 hospital that has been issued an active tax exemption
4 identification number by the Department under Section 1g of the
5 Retailers' Occupation Tax Act.

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

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

22 (19) 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 used in the
25 performance of infrastructure repairs in this State, including
26 but not limited to municipal roads and streets, access roads,

1 bridges, sidewalks, waste disposal systems, water and sewer
2 line extensions, water distribution and purification
3 facilities, storm water drainage and retention facilities, and
4 sewage treatment facilities, resulting from a State or
5 federally declared disaster in Illinois or bordering Illinois
6 when such repairs are initiated on facilities located in the
7 declared disaster area within 6 months after the disaster.

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

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

1 than 6 weeks duration and designed to prepare individuals to
2 follow a trade or to pursue a manual, technical, mechanical,
3 industrial, business, or commercial occupation.

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

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

1 is exempt from the provisions of Section 3-55.

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

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

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

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

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

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

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

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

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

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

19 Section 20. The Retailers' Occupation Tax Act is amended by
20 changing Section 2-5 as follows:

21 (35 ILCS 120/2-5)

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

1 (1) Farm chemicals.

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

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

1 software, global positioning and mapping systems, and other
2 such equipment.

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

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

17 (4) Until July 1, 2003 and beginning again September 1,
18 2004 through August 30, 2024 ~~August 30, 2014~~, graphic arts
19 machinery and equipment, including repair and replacement
20 parts, both new and used, and including that manufactured on
21 special order or purchased for lease, certified by the
22 purchaser to be used primarily for graphic arts production.
23 Equipment includes chemicals or chemicals acting as catalysts
24 but only if the chemicals or chemicals acting as catalysts
25 effect a direct and immediate change upon a graphic arts
26 product. This paragraph is exempt from the provisions of

1 Section 2-70. It is the intent of the General Assembly that the
2 exemption under this paragraph (4) shall apply during the
3 entire period from September 1, 2004 through August 30, 2024,
4 including, but not limited to, the period beginning on August
5 31, 2014 and ending on the effective date of this amendatory
6 Act of the 99th General Assembly.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

24 (18) Legal tender, currency, medallions, or gold or silver
25 coinage issued by the State of Illinois, the government of the
26 United States of America, or the government of any foreign

1 country, and bullion.

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

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

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

1 (22) Until June 30, 2013, fuel and petroleum products sold
2 to or used by an air carrier, certified by the carrier to be
3 used for consumption, shipment, or storage in the conduct of
4 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 (23) A transaction in which the purchase order is received
19 by a florist who is located outside Illinois, but who has a
20 florist located in Illinois deliver the property to the
21 purchaser or the purchaser's donee in Illinois.

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

1 it is afloat upon that bordering river.

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

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

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

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

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

26 (2) the aircraft is not based or registered in this

1 State after the sale of the aircraft; and

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

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

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

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

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

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

25 (27) Horses, or interests in horses, registered with and
26 meeting the requirements of any of the Arabian Horse Club

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

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

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

24 (30) 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 donated for

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

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

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

24 (33) A motor vehicle, as that term is defined in Section
25 1-146 of the Illinois Vehicle Code, that is donated to a
26 corporation, limited liability company, society, association,

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

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

1 purpose of resale by the fundraising entity and that profits
2 from the sale to the fundraising entity. This paragraph is
3 exempt from the provisions of Section 2-70.

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

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

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

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

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

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

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

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

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

22 (41) Tangible personal property sold to a
23 public-facilities corporation, as described in Section
24 11-65-10 of the Illinois Municipal Code, for purposes of
25 constructing or furnishing a municipal convention hall, but
26 only if the legal title to the municipal convention hall is

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

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

15 Section 99. Effective date. This Act takes effect upon
16 becoming law.