



99TH GENERAL ASSEMBLY

State of Illinois

2015 and 2016

SB2413

Introduced 2/3/2016, by Sen. Jim Oberweis

SYNOPSIS AS INTRODUCED:

35 ILCS 105/3-5
35 ILCS 110/3-5
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 tangible personal property produced by a manufacturer and provided free of charge to consumers as a sample of the manufacturer's product for the purpose of encouraging consumers to purchase the same or similar items produced by the manufacturer is exempt from taxation under the Acts. Excludes the exemption from the Acts' automatic sunset provisions. Effective immediately.

LRB099 18147 HLH 42514 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 Section
5 3-5 as follows:

6 (35 ILCS 105/3-5)

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

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

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

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

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

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

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

1 the car is subject to the Replacement Vehicle Tax.

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

12 (7) Farm chemicals.

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

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

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

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

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

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

24 Farm machinery and equipment also includes computers,
25 sensors, software, and related equipment used primarily in the
26 computer-assisted operation of production agriculture

1 facilities, equipment, and activities such as, but not limited
2 to, the collection, monitoring, and correlation of animal and
3 crop data for the purpose of formulating animal diets and
4 agricultural chemicals. This item (11) is exempt from the
5 provisions of Section 3-90.

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

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

23 (13) Proceeds of mandatory service charges separately
24 stated on customers' bills for the purchase and consumption of
25 food and beverages purchased at retail from a retailer, to the
26 extent that the proceeds of the service charge are in fact

1 turned over as tips or as a substitute for tips to the
2 employees who participate directly in preparing, serving,
3 hosting or cleaning up the food or beverage function with
4 respect to which the service charge is imposed.

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

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

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

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

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

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

1 customers through pipes, pipelines, or mains. The provisions of
2 Public Act 98-583 are declaratory of existing law as to the
3 meaning and scope of this exemption.

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

9 (20) Semen used for artificial insemination of livestock
10 for direct agricultural production.

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

22 (22) Computers and communications equipment utilized for
23 any hospital purpose and equipment used in the diagnosis,
24 analysis, or treatment of hospital patients purchased by a
25 lessor who leases the equipment, under a lease of one year or
26 longer executed or in effect at the time the lessor would

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

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

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

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

23 (25) Beginning with taxable years ending on or after
24 December 31, 1995 and ending with taxable years ending on or
25 before December 31, 2004, personal property that is used in the
26 performance of infrastructure repairs in this State, including

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

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

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

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

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

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

1 coin-operated amusement and vending machines. This paragraph
2 is exempt from the provisions of Section 3-90.

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

16 (31) Beginning on the effective date of this amendatory Act
17 of the 92nd General Assembly, computers and communications
18 equipment utilized for any hospital purpose and equipment used
19 in the diagnosis, analysis, or treatment of hospital patients
20 purchased by a lessor who leases the equipment, under a lease
21 of one year or longer executed or in effect at the time the
22 lessor would otherwise be subject to the tax imposed by this
23 Act, to a hospital that has been issued an active tax exemption
24 identification number by the Department under Section 1g of the
25 Retailers' Occupation Tax Act. If the equipment is leased in a
26 manner that does not qualify for this exemption or is used in

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

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

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

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

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

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

12 (35) 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 use of qualifying

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

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

1 (37) Tangible personal property produced by a manufacturer
2 and provided free of charge to consumers as a sample of the
3 manufacturer's product for the purpose of encouraging
4 consumers to purchase the same or similar items produced by the
5 manufacturer. This paragraph is exempt from the provisions of
6 Section 3-90.

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

11 Section 10. The Service Use Tax Act is amended by changing
12 Section 3-5 as follows:

13 (35 ILCS 110/3-5)

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

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

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

1 promoting the county fair.

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

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

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

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

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

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

26 Farm machinery and equipment shall include precision

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

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

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

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

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

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

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

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

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

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

16 (13) Semen used for artificial insemination of livestock
17 for direct agricultural production.

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

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

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

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

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

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

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

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

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

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

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

1 (22) Beginning January 1, 2000 and through December 31,
2 2001, new or used automatic vending machines that prepare and
3 serve hot food and beverages, including coffee, soup, and other
4 items, and replacement parts for these machines. Beginning
5 January 1, 2002 and through June 30, 2003, machines and parts
6 for machines used in commercial, coin-operated amusement and
7 vending business if a use or occupation tax is paid on the
8 gross receipts derived from the use of the commercial,
9 coin-operated amusement and vending machines. This paragraph
10 is exempt from the provisions of Section 3-75.

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

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

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

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

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

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

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

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

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

15 (29) Tangible personal property produced by a manufacturer
16 and provided free of charge to consumers as a sample of the
17 manufacturer's product for the purpose of encouraging
18 consumers to purchase the same or similar items produced by the
19 manufacturer. This paragraph is exempt from the provisions of
20 Section 3-75.

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

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

1 (35 ILCS 115/3-5)

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

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

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

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

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

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

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

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

20 (7) Farm machinery and equipment, both new and used,
21 including that manufactured on special order, certified by the
22 purchaser to be used primarily for production agriculture or
23 State or federal agricultural programs, including individual
24 replacement parts for the machinery and equipment, including
25 machinery and equipment purchased for lease, and including
26 implements of husbandry defined in Section 1-130 of the

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

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

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

1 agricultural chemicals. This item (7) is exempt from the
2 provisions of Section 3-55.

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

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

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

1 imposed.

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

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

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

1 January 1, 2008 (the effective date of Public Act 95-88).

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

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

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

26 (19) Beginning with taxable years ending on or after

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

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

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

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

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

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

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

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

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

24 (26) Beginning on January 1, 2002 and through June 30,
25 2016, tangible personal property purchased from an Illinois
26 retailer by a taxpayer engaged in centralized purchasing

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

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

1 exempt from the provisions of Section 3-55.

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

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

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

18 (30) Tangible personal property produced by a manufacturer
19 and provided free of charge to consumers as a sample of the
20 manufacturer's product for the purpose of encouraging
21 consumers to purchase the same or similar items produced by the
22 manufacturer. This paragraph is exempt from the provisions of
23 Section 3-55.

24 (Source: P.A. 98-104, eff. 7-22-13; 98-422, eff. 8-16-13;
25 98-456, eff. 8-16-13; 98-534, eff. 8-23-13; 98-756, eff.
26 7-16-14; 99-180, eff. 7-29-15.)

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

3 (35 ILCS 120/2-5)

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

7 (1) Farm chemicals.

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

1 vehicle required to be licensed, if the selling price of the
2 tender is separately stated.

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

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

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

25 (4) Until July 1, 2003 and beginning again September 1,
26 2004 through August 30, 2014, graphic arts machinery and

1 equipment, including repair and replacement parts, both new and
2 used, and including that manufactured on special order or
3 purchased for lease, certified by the purchaser to be used
4 primarily for graphic arts production. Equipment includes
5 chemicals or chemicals acting as catalysts but only if the
6 chemicals or chemicals acting as catalysts effect a direct and
7 immediate change upon a graphic arts product.

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

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

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

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

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

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

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

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

1 1987, however, no entity otherwise eligible for this exemption
2 shall make tax-free purchases unless it has an active
3 identification number issued by the Department.

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

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

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

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

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

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

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

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

25 (18) Legal tender, currency, medallions, or gold or silver
26 coinage issued by the State of Illinois, the government of the

1 United States of America, or the government of any foreign
2 country, and bullion.

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

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

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

1 effective date of Public Act 98-456).

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

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

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

23 (24) Fuel consumed or used in the operation of ships,
24 barges, or vessels that are used primarily in or for the
25 transportation of property or the conveyance of persons for
26 hire on rivers bordering on this State if the fuel is delivered

1 by the seller to the purchaser's barge, ship, or vessel while
2 it is afloat upon that bordering river.

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

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

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

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

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

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

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

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

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

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

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

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

26 (27) Horses, or interests in horses, registered with and

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

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

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

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

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

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

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

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

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

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

1 another individual or entity that sold the property for the
2 purpose of resale by the fundraising entity and that profits
3 from the sale to the fundraising entity. This paragraph is
4 exempt from the provisions of Section 2-70.

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

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

1 Mental Health Rehabilitation Act of 2013.

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

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

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

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

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

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

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

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

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

11 (42) Tangible personal property produced by a manufacturer
12 and provided free of charge to consumers as a sample of the
13 manufacturer's product for the purpose of encouraging
14 consumers to purchase the same or similar items produced by the
15 manufacturer. This paragraph is exempt from the provisions of
16 Section 2-70.

17 (Source: P.A. 98-104, eff. 7-22-13; 98-422, eff. 8-16-13;
18 98-456, eff. 8-16-13; 98-534, eff. 8-23-13; 98-574, eff.
19 1-1-14; 98-583, eff. 1-1-14; 98-756, eff. 7-16-14; 99-180, eff.
20 7-29-15.)

21 Section 99. Effective date. This Act takes effect upon
22 becoming law.