

1 AN ACT in relation to taxes.

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
5 Section 3-5 as follows:

6 (35 ILCS 105/3-5) (from Ch. 120, par. 439.3-5)

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
20 or cultural organization that establishes, by proof required
21 by the Department by rule, that it has received an exemption
22 under Section 501(c)(3) of the Internal Revenue Code and that
23 is organized and operated primarily for the presentation or
24 support of arts or cultural programming, activities, or
25 services. These organizations include, but are not limited
26 to, music and dramatic arts organizations such as symphony
27 orchestras and theatrical groups, arts and cultural service
28 organizations, local arts councils, visual arts
29 organizations, and media arts organizations. On and after the
30 effective date of this amendatory Act of the 92nd General
31 Assembly, however, an entity otherwise eligible for this

1 exemption shall not make tax-free purchases unless it has an
2 active identification number issued by the Department.

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

18 (5) A passenger car that is a replacement vehicle to the
19 extent that the purchase price of the car is subject to the
20 Replacement Vehicle Tax.

21 (6) Graphic arts machinery and equipment, including
22 repair and replacement parts, both new and used, and
23 including that manufactured on special order, certified by
24 the purchaser to be used primarily for graphic arts
25 production, and including machinery and equipment purchased
26 for lease. Equipment includes chemicals or chemicals acting
27 as catalysts but only if the chemicals or chemicals acting as
28 catalysts effect a direct and immediate change upon a graphic
29 arts product.

30 (7) Farm chemicals.

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

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

4 (10) A motor vehicle of the first division, a motor
5 vehicle of the second division that is a self-contained motor
6 vehicle designed or permanently converted to provide living
7 quarters for recreational, camping, or travel use, with
8 direct walk through to the living quarters from the driver's
9 seat, or a motor vehicle of the second division that is of
10 the van configuration designed for the transportation of not
11 less than 7 nor more than 16 passengers, as defined in
12 Section 1-146 of the Illinois Vehicle Code, that is used for
13 automobile renting, as defined in the Automobile Renting
14 Occupation and Use Tax Act.

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

34 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,
4 seeders, or spreaders. Precision farming equipment includes,
5 but is not limited to, soil testing sensors, computers,
6 monitors, software, global positioning and mapping systems,
7 and other such equipment.

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

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

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

31 (14) Oil field exploration, drilling, and production
32 equipment, including (i) rigs and parts of rigs, rotary rigs,
33 cable tool rigs, and workover rigs, (ii) pipe and tubular
34 goods, including casing and drill strings, (iii) pumps and

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

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

12 (16) Coal exploration, mining, offhighway hauling,
13 processing, maintenance, and reclamation equipment, including
14 replacement parts and equipment, and including equipment
15 purchased for lease, but excluding motor vehicles required to
16 be registered under the Illinois Vehicle Code.

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

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

34 (19) Personal property delivered to a purchaser or

1 purchaser's donee inside Illinois when the purchase order for
2 that personal property was received by a florist located
3 outside Illinois who has a florist located inside Illinois
4 deliver the personal property.

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

7 (21) Horses, or interests in horses, registered with and
8 meeting the requirements of any of the Arabian Horse Club
9 Registry of America, Appaloosa Horse Club, American Quarter
10 Horse Association, United States Trotting Association, or
11 Jockey Club, as appropriate, used for purposes of breeding or
12 racing for prizes.

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

1 lessor is liable to pay that amount to the Department.

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

23 (24) 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 donated
26 for disaster relief to be used in a State or federally
27 declared disaster area in Illinois or bordering Illinois by a
28 manufacturer or retailer that is registered in this State to
29 a corporation, society, association, foundation, or
30 institution that has been issued a sales tax exemption
31 identification number by the Department that assists victims
32 of the disaster who reside within the declared disaster area.

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

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

12 (26) Beginning July 1, 1999, game or game birds
13 purchased at a "game breeding and hunting preserve area" or
14 an "exotic game hunting area" as those terms are used in the
15 Wildlife Code or at a hunting enclosure approved through
16 rules adopted by the Department of Natural Resources. This
17 paragraph is exempt from the provisions of Section 3-90.

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

1 technical, mechanical, industrial, business, or commercial
2 occupation.

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

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

27 (30) Food for human consumption that is to be consumed
28 off the premises where it is sold (other than alcoholic
29 beverages, soft drinks, and food that has been prepared for
30 immediate consumption) and prescription and nonprescription
31 medicines, drugs, medical appliances, and insulin, urine
32 testing materials, syringes, and needles used by diabetics,
33 for human use, when purchased for use by a person receiving
34 medical assistance under Article 5 of the Illinois Public Aid

1 Code who resides in a licensed long-term care facility, as
2 defined in the Nursing Home Care Act.

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

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

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

18 (33) Beginning on January 1, 2003, broadband equipment
19 and its component parts purchased by a broadband provider.
20 For purposes of this exemption, "broadband provider" means a
21 person or an affiliate who provides the transmission of
22 signals from the Internet to the subscriber at speeds of at
23 least 128 kilobits per second. For purposes of this
24 exemption, "broadband equipment" means machinery, equipment,
25 operating software, cable, wires, fiber, replacement parts,
26 and accessories that are capable of providing the
27 transmission of Internet signals to the subscriber at speeds
28 of at least 128 kilobits per second. This paragraph (33) is
29 exempt from the provisions of Section 3-90.

30 (Source: P.A. 90-14, eff. 7-1-97; 90-552, eff. 12-12-97;
31 90-605, eff. 6-30-98; 91-51, eff. 6-30-99; 91-200, eff.
32 7-20-99; 91-439, eff. 8-6-99; 91-637, eff. 8-20-99; 91-644,
33 eff. 8-20-99; 91-901, eff. 1-1-01; 92-35, eff. 7-1-01;
34 92-227, eff. 8-2-01; 92-337, eff. 8-10-01; 92-484, eff.

1 8-23-01; revised 10-10-01.)

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

4 (35 ILCS 110/3-5) (from Ch. 120, par. 439.33-5)

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

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

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

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

32 (4) Legal tender, currency, medallions, or gold or

1 silver coinage issued by the State of Illinois, the
2 government of the United States of America, or the government
3 of any foreign country, and bullion.

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

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

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

34 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,
4 seeders, or spreaders. Precision farming equipment includes,
5 but is not limited to, soil testing sensors, computers,
6 monitors, software, global positioning and mapping systems,
7 and other such equipment.

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

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

23 (9) Proceeds of mandatory service charges separately
24 stated on customers' bills for the purchase and consumption
25 of food and beverages acquired as an incident to the purchase
26 of a service from a serviceman, to the extent that the
27 proceeds of the service charge are in fact turned over as
28 tips or as a substitute for tips to the employees who
29 participate directly in preparing, serving, hosting or
30 cleaning up the food or beverage function with respect to
31 which the service charge is imposed.

32 (10) Oil field exploration, drilling, and production
33 equipment, including (i) rigs and parts of rigs, rotary rigs,
34 cable tool rigs, and workover rigs, (ii) pipe and tubular

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

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

13 (12) Coal exploration, mining, offhighway hauling,
14 processing, maintenance, and reclamation equipment, including
15 replacement parts and equipment, and including equipment
16 purchased for lease, but excluding motor vehicles required to
17 be registered under the Illinois Vehicle Code.

18 (13) Semen used for artificial insemination of livestock
19 for direct agricultural production.

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

26 (15) Computers and communications equipment utilized for
27 any hospital purpose and equipment used in the diagnosis,
28 analysis, or treatment of hospital patients purchased by a
29 lessor who leases the equipment, under a lease of one year or
30 longer executed or in effect at the time the lessor would
31 otherwise be subject to the tax imposed by this Act, to a
32 hospital that has been issued an active tax exemption
33 identification number by the Department under Section 1g of
34 the Retailers' Occupation Tax Act. If the equipment is leased

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

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

1 Department.

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

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

25 (19) Beginning July 1, 1999, game or game birds
26 purchased at a "game breeding and hunting preserve area" or
27 an "exotic game hunting area" as those terms are used in the
28 Wildlife Code or at a hunting enclosure approved through
29 rules adopted by the Department of Natural Resources. This
30 paragraph is exempt from the provisions of Section 3-75.

31 (20) A motor vehicle, as that term is defined in Section
32 1-146 of the Illinois Vehicle Code, that is donated to a
33 corporation, limited liability company, society, association,
34 foundation, or institution that is determined by the

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

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

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

1 used in commercial, coin-operated amusement and vending
2 business if a use or occupation tax is paid on the gross
3 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 3-75.

6 (23) Food for human consumption that is to be consumed
7 off the premises where it is sold (other than alcoholic
8 beverages, soft drinks, and food that has been prepared for
9 immediate consumption) and prescription and nonprescription
10 medicines, drugs, medical appliances, and insulin, urine
11 testing materials, syringes, and needles used by diabetics,
12 for human use, when purchased for use by a person receiving
13 medical assistance under Article 5 of the Illinois Public Aid
14 Code who resides in a licensed long-term care facility, as
15 defined in the Nursing Home Care Act.

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

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

8 (25) ~~(24)~~ Beginning on the effective date of this
 9 amendatory Act of the 92nd General Assembly, personal
 10 property purchased by a lessor who leases the property, under
 11 a lease of one year or longer executed or in effect at the
 12 time the lessor would otherwise be subject to the tax imposed
 13 by this Act, to a governmental body that has been issued an
 14 active tax exemption identification number by the Department
 15 under Section 1g of the Retailers' Occupation Tax Act. If
 16 the property is leased in a manner that does not qualify for
 17 this exemption or is used in any other nonexempt manner, the
 18 lessor shall be liable for the tax imposed under this Act or
 19 the Use Tax Act, as the case may be, based on the fair market
 20 value of the property at the time the nonqualifying use
 21 occurs. No lessor shall collect or attempt to collect an
 22 amount (however designated) that purports to reimburse that
 23 lessor for the tax imposed by this Act or the Use Tax Act, as
 24 the case may be, if the tax has not been paid by the lessor.
 25 If a lessor improperly collects any such amount from the
 26 lessee, the lessee shall have a legal right to claim a refund
 27 of that amount from the lessor. If, however, that amount is
 28 not refunded to the lessee for any reason, the lessor is
 29 liable to pay that amount to the Department. This paragraph
 30 is exempt from the provisions of Section 3-75.

31 (26) Beginning on January 1, 2003, broadband equipment
 32 and its component parts purchased by a broadband provider.
 33 For purposes of this exemption, "broadband provider" means a
 34 person or an affiliate who provides the transmission of

1 signals from the Internet to the subscriber at speeds of at
 2 least 128 kilobits per second. For purposes of this
 3 exemption, "broadband equipment" means machinery, equipment,
 4 operating software, cable, wires, fiber, replacement parts,
 5 and accessories that are capable of providing the
 6 transmission of Internet signals to the subscriber at speeds
 7 of at least 128 kilobits per second. This paragraph (26) is
 8 exempt from the provisions of Section 3-75.

9 (Source: P.A. 91-51, eff. 6-30-99; 91-200, eff. 7-20-99;
 10 91-439, eff. 8-6-99; 91-637, eff. 8-20-99; 91-644, eff.
 11 8-20-99; 92-16, eff. 6-28-01; 92-35, eff. 7-1-01; 92-227,
 12 eff. 8-2-01; 92-337, eff. 8-10-01; 92-484, eff. 8-23-01;
 13 revised 10-10-01.)

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

16 (35 ILCS 115/3-5) (from Ch. 120, par. 439.103-5)

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

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

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

29 (3) Personal property purchased by any not-for-profit
 30 arts or cultural organization that establishes, by proof
 31 required by the Department by rule, that it has received an
 32 exemption under Section 501(c)(3) of the Internal Revenue

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

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

16 (5) Graphic arts machinery and equipment, including
17 repair and replacement parts, both new and used, and
18 including that manufactured on special order or purchased for
19 lease, certified by the purchaser to be used primarily for
20 graphic arts production. Equipment includes chemicals or
21 chemicals acting as catalysts but only if the chemicals or
22 chemicals acting as catalysts effect a direct and immediate
23 change upon a graphic arts product.

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

27 (7) Farm machinery and equipment, both new and used,
28 including that manufactured on special order, certified by
29 the purchaser to be used primarily for production agriculture
30 or State or federal agricultural programs, including
31 individual replacement parts for the machinery and equipment,
32 including machinery and equipment purchased for lease, and
33 including implements of husbandry defined in Section 1-130 of
34 the Illinois Vehicle Code, farm machinery and agricultural

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

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

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

28 (8) Fuel and petroleum products sold to or used by an
29 air common carrier, certified by the carrier to be used for
30 consumption, shipment, or storage in the conduct of its
31 business as an air common carrier, for a flight destined for
32 or returning from a location or locations outside the United
33 States without regard to previous or subsequent domestic
34 stopovers.

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

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

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

24 (12) Coal exploration, mining, offhighway hauling,
25 processing, maintenance, and reclamation equipment, including
26 replacement parts and equipment, and including equipment
27 purchased for lease, but excluding motor vehicles required to
28 be registered under the Illinois Vehicle Code.

29 (13) Food for human consumption that is to be consumed
30 off the premises where it is sold (other than alcoholic
31 beverages, soft drinks and food that has been prepared for
32 immediate consumption) and prescription and non-prescription
33 medicines, drugs, medical appliances, and insulin, urine
34 testing materials, syringes, and needles used by diabetics,

1 for human use, when purchased for use by a person receiving
2 medical assistance under Article 5 of the Illinois Public Aid
3 Code who resides in a licensed long-term care facility, as
4 defined in the Nursing Home Care Act.

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

7 (15) Horses, or interests in horses, registered with and
8 meeting the requirements of any of the Arabian Horse Club
9 Registry of America, Appaloosa Horse Club, American Quarter
10 Horse Association, United States Trotting Association, or
11 Jockey Club, as appropriate, used for purposes of breeding or
12 racing for prizes.

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

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

27 (18) Beginning with taxable years ending on or after
28 December 31, 1995 and ending with taxable years ending on or
29 before December 31, 2004, personal property that is donated
30 for disaster relief to be used in a State or federally
31 declared disaster area in Illinois or bordering Illinois by a
32 manufacturer or retailer that is registered in this State to
33 a corporation, society, association, foundation, or
34 institution that has been issued a sales tax exemption

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

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

16 (20) Beginning July 1, 1999, game or game birds sold at
17 a "game breeding and hunting preserve area" or an "exotic
18 game hunting area" as those terms are used in the Wildlife
19 Code or at a hunting enclosure approved through rules adopted
20 by the Department of Natural Resources. This paragraph is
21 exempt from the provisions of Section 3-55.

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

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

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

21 (23) Beginning January 1, 2000 and through December 31,
22 2001, new or used automatic vending machines that prepare and
23 serve hot food and beverages, including coffee, soup, and
24 other items, and replacement parts for these machines.
25 Beginning January 1, 2002, machines and parts for machines
26 used in commercial, coin-operated amusement and vending
27 business if a use or occupation tax is paid on the gross
28 receipts derived from the use of the commercial,
29 coin-operated amusement and vending machines. This paragraph
30 is exempt from the provisions of Section 3-55.

31 (24) Beginning on the effective date of this amendatory
32 Act of the 92nd General Assembly, computers and
33 communications equipment utilized for any hospital purpose
34 and equipment used in the diagnosis, analysis, or treatment

1 of hospital patients sold to a lessor who leases the
2 equipment, under a lease of one year or longer executed or in
3 effect at the time of the purchase, to a hospital that has
4 been issued an active tax exemption identification number by
5 the Department under Section 1g of the Retailers' Occupation
6 Tax Act. This paragraph is exempt from the provisions of
7 Section 3-55.

8 (25) Beginning on the effective date of this amendatory
9 Act of the 92nd General Assembly, personal property sold to a
10 lessor who leases the property, under a lease of one year or
11 longer executed or in effect at the time of the purchase, to
12 a governmental body 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
15 paragraph is exempt from the provisions of Section 3-55.

16 (26) ~~(24)~~ Beginning on January 1, 2002, tangible
17 personal property purchased from an Illinois retailer by a
18 taxpayer engaged in centralized purchasing activities in
19 Illinois who will, upon receipt of the property in Illinois,
20 temporarily store the property in Illinois (i) for the
21 purpose of subsequently transporting it outside this State
22 for use or consumption thereafter solely outside this State
23 or (ii) for the purpose of being processed, fabricated, or
24 manufactured into, attached to, or incorporated into other
25 tangible personal property to be transported outside this
26 State and thereafter used or consumed solely outside this
27 State. The Director of Revenue shall, pursuant to rules
28 adopted in accordance with the Illinois Administrative
29 Procedure Act, issue a permit to any taxpayer in good
30 standing with the Department who is eligible for the
31 exemption under this paragraph (26) ~~(24)~~. The permit issued
32 under this paragraph (26) ~~(24)~~ shall authorize the holder, to
33 the extent and in the manner specified in the rules adopted
34 under this Act, to purchase tangible personal property from a

1 retailer exempt from the taxes imposed by this Act.
 2 Taxpayers shall maintain all necessary books and records to
 3 substantiate the use and consumption of all such tangible
 4 personal property outside of the State of Illinois.

5 (27) Beginning on January 1, 2003, broadband equipment
 6 and its component parts purchased by a broadband provider.
 7 For purposes of this exemption, "broadband provider" means a
 8 person or an affiliate who provides the transmission of
 9 signals from the Internet to the subscriber at speeds of at
 10 least 128 kilobits per second. For purposes of this
 11 exemption, "broadband equipment" means machinery, equipment,
 12 operating software, cable, wires, fiber, replacement parts,
 13 and accessories that are capable of providing the
 14 transmission of Internet signals to the subscriber at speeds
 15 of at least 128 kilobits per second. This paragraph (27) is
 16 exempt from the provisions of Section 3-55.

17 (Source: P.A. 91-51, eff. 6-30-99; 91-200, eff. 7-20-99;
 18 91-439, eff. 8-6-99; 91-533, eff. 8-13-99; 91-637, eff.
 19 8-20-99; 91-644, eff. 8-20-99; 92-16, eff. 6-28-01; 92-35,
 20 eff. 7-1-01; 92-227, eff. 8-2-01; 92-337, eff. 8-10-01;
 21 92-484, eff. 8-23-01; 92-488, eff. 8-23-01; revised 1-15-02.)

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

24 (35 ILCS 120/2-5) (from Ch. 120, par. 441-5)

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

- 28 (1) Farm chemicals.
- 29 (2) Farm machinery and equipment, both new and used,
 30 including that manufactured on special order, certified by
 31 the purchaser to be used primarily for production agriculture
 32 or State or federal agricultural programs, including

1 individual replacement parts for the machinery and equipment,
2 including machinery and equipment purchased for lease, and
3 including implements of husbandry defined in Section 1-130 of
4 the Illinois Vehicle Code, farm machinery and agricultural
5 chemical and fertilizer spreaders, and nurse wagons required
6 to be registered under Section 3-809 of the Illinois Vehicle
7 Code, but excluding other motor vehicles required to be
8 registered under the Illinois Vehicle Code. Horticultural
9 polyhouses or hoop houses used for propagating, growing, or
10 overwintering plants shall be considered farm machinery and
11 equipment under this item (2). Agricultural chemical tender
12 tanks and dry boxes shall include units sold separately from
13 a motor vehicle required to be licensed and units sold
14 mounted on a motor vehicle required to be licensed, if the
15 selling price of the 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,
20 seeders, or spreaders. Precision farming equipment includes,
21 but is not limited to, soil testing sensors, computers,
22 monitors, software, global positioning and mapping systems,
23 and other such equipment.

24 Farm machinery and equipment also includes computers,
25 sensors, software, and related equipment used primarily in
26 the computer-assisted operation of production agriculture
27 facilities, equipment, and activities such as, but not
28 limited to, the collection, monitoring, and correlation of
29 animal and crop data for the purpose of formulating animal
30 diets and agricultural chemicals. This item (7) is exempt
31 from the provisions of Section 2-70.

32 (3) Distillation machinery and equipment, sold as a unit
33 or kit, assembled or installed by the retailer, certified by
34 the user to be used only for the production of ethyl alcohol

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

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

12 (5) A motor vehicle of the first division, a motor
13 vehicle of the second division that is a self-contained motor
14 vehicle designed or permanently converted to provide living
15 quarters for recreational, camping, or travel use, with
16 direct walk through access to the living quarters from the
17 driver's seat, or a motor vehicle of the second division that
18 is of the van configuration designed for the transportation
19 of not less than 7 nor more than 16 passengers, as defined in
20 Section 1-146 of the Illinois Vehicle Code, that is used for
21 automobile renting, as defined in the Automobile Renting
22 Occupation and Use Tax Act.

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

26 (7) Proceeds of that portion of the selling price of a
27 passenger car the sale of which is subject to the Replacement
28 Vehicle Tax.

29 (8) Personal property sold to an Illinois county fair
30 association for use in conducting, operating, or promoting
31 the county fair.

32 (9) Personal property sold to a not-for-profit arts or
33 cultural organization that establishes, by proof required by
34 the Department by rule, that it has received an exemption

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

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

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

34 (12) Personal property sold to interstate carriers for

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

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

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

29 (15) Proceeds of mandatory service charges separately
30 stated on customers' bills for purchase and consumption of
31 food and beverages, to the extent that the proceeds of the
32 service charge are in fact turned over as tips or as a
33 substitute for tips to the employees who participate directly
34 in preparing, serving, hosting or cleaning up the food or

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

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

6 (17) Tangible personal property sold to a common carrier
7 by rail or motor that receives the physical possession of the
8 property in Illinois and that transports the property, or
9 shares with another common carrier in the transportation of
10 the property, out of Illinois on a standard uniform bill of
11 lading showing the seller of the property as the shipper or
12 consignor of the property to a destination outside Illinois,
13 for use outside Illinois.

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

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

27 (20) Photoprocessing machinery and equipment, including
28 repair and replacement parts, both new and used, including
29 that manufactured on special order, certified by the
30 purchaser to be used primarily for photoprocessing, and
31 including photoprocessing machinery and equipment purchased
32 for lease.

33 (21) Coal exploration, mining, offhighway hauling,
34 processing, maintenance, and reclamation equipment, including

1 replacement parts and equipment, and including equipment
2 purchased for lease, but excluding motor vehicles required to
3 be registered under the Illinois Vehicle Code.

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

11 (23) A transaction in which the purchase order is
12 received by a florist who is located outside Illinois, but
13 who has a florist located in Illinois deliver the property to
14 the purchaser or the purchaser's donee in Illinois.

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

21 (25) A motor vehicle sold in this State to a nonresident
22 even though the motor vehicle is delivered to the nonresident
23 in this State, if the motor vehicle is not to be titled in
24 this State, and if a driveaway decal permit is issued to the
25 motor vehicle as provided in Section 3-603 of the Illinois
26 Vehicle Code or if the nonresident purchaser has vehicle
27 registration plates to transfer to the motor vehicle upon
28 returning to his or her home state. The issuance of the
29 driveaway decal permit or having the out-of-state
30 registration plates to be transferred is prima facie evidence
31 that the motor vehicle will not be titled in this State.

32 (26) Semen used for artificial insemination of livestock
33 for direct agricultural production.

34 (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.

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

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

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

29 (31) Beginning with taxable years ending on or after
30 December 31, 1995 and ending with taxable years ending on or
31 before December 31, 2004, personal property that is used in
32 the performance of infrastructure repairs in this State,
33 including but not limited to municipal roads and streets,
34 access roads, bridges, sidewalks, waste disposal systems,

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

8 (32) Beginning July 1, 1999, game or game birds sold at
9 a "game breeding and hunting preserve area" or an "exotic
10 game hunting area" as those terms are used in the Wildlife
11 Code or at a hunting enclosure approved through rules adopted
12 by the Department of Natural Resources. This paragraph is
13 exempt from the provisions of Section 2-70.

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

33 (34) Beginning January 1, 2000, personal property,
34 including food, purchased through fundraising events for the

1 benefit of a public or private elementary or secondary
2 school, a group of those schools, or one or more school
3 districts if the events are sponsored by an entity recognized
4 by the school district that consists primarily of volunteers
5 and includes parents and teachers of the school children.
6 This paragraph does not apply to fundraising events (i) for
7 the benefit of private home instruction or (ii) for which the
8 fundraising entity purchases the personal property sold at
9 the events from another individual or entity that sold the
10 property for the purpose of resale by the fundraising entity
11 and that profits from the sale to the fundraising entity.
12 This paragraph is exempt from the provisions of Section 2-70.

13 (35) Beginning January 1, 2000 and through December 31,
14 2001, new or used automatic vending machines that prepare and
15 serve hot food and beverages, including coffee, soup, and
16 other items, and replacement parts for these machines.
17 Beginning January 1, 2002, machines and parts for machines
18 used in commercial, coin-operated amusement and vending
19 business if a use or occupation tax is paid on the gross
20 receipts derived from the use of the commercial,
21 coin-operated amusement and vending machines. This paragraph
22 is exempt from the provisions of Section 2-70.

23 (36) Beginning on the effective date of this amendatory
24 Act of the 92nd General Assembly, computers and
25 communications equipment utilized for any hospital purpose
26 and equipment used in the diagnosis, analysis, or treatment
27 of hospital patients sold to a lessor who leases the
28 equipment, under a lease of one year or longer executed or in
29 effect at the time of the purchase, to a hospital that has
30 been issued an active tax exemption identification number by
31 the Department under Section 1g of this Act. This paragraph
32 is exempt from the provisions of Section 2-70.

33 (37) Beginning on the effective date of this amendatory
34 Act of the 92nd General Assembly, personal property sold to a

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

7 (38) ~~(36)~~ Beginning on January 1, 2002, tangible
8 personal property purchased from an Illinois retailer by a
9 taxpayer engaged in centralized purchasing activities in
10 Illinois who will, upon receipt of the property in Illinois,
11 temporarily store the property in Illinois (i) for the
12 purpose of subsequently transporting it outside this State
13 for use or consumption thereafter solely outside this State
14 or (ii) for the purpose of being processed, fabricated, or
15 manufactured into, attached to, or incorporated into other
16 tangible personal property to be transported outside this
17 State and thereafter used or consumed solely outside this
18 State. The Director of Revenue shall, pursuant to rules
19 adopted in accordance with the Illinois Administrative
20 Procedure Act, issue a permit to any taxpayer in good
21 standing with the Department who is eligible for the
22 exemption under this paragraph (38) ~~(36)~~. The permit issued
23 under this paragraph (38) ~~(36)~~ shall authorize the holder, to
24 the extent and in the manner specified in the rules adopted
25 under this Act, to purchase tangible personal property from a
26 retailer exempt from the taxes imposed by this Act.
27 Taxpayers shall maintain all necessary books and records to
28 substantiate the use and consumption of all such tangible
29 personal property outside of the State of Illinois.

30 (39) Beginning on January 1, 2003, broadband equipment
31 and its component parts purchased by a broadband provider.
32 For purposes of this exemption, "broadband provider" means a
33 person or an affiliate who provides the transmission of
34 signals from the Internet to the subscriber at speeds of at

1 least 128 kilobits per second. For purposes of this
2 exemption, "broadband equipment" means machinery, equipment,
3 operating software, cable, wires, fiber, replacement parts,
4 and accessories that are capable of providing the
5 transmission of Internet signals to the subscriber at speeds
6 of at least 128 kilobits per second. This paragraph (39) is
7 exempt from the provisions of Section 2-70.

8 (Source: P.A. 91-51, eff. 6-30-99; 91-200, eff. 7-20-99;
9 91-439, eff. 8-6-99; 91-533, eff. 8-13-99; 91-637, eff.
10 8-20-99; 91-644, eff. 8-20-99; 92-16, eff. 6-28-01; 92-35,
11 eff. 7-1-01; 92-227, eff. 8-2-01; 92-337, eff. 8-10-01;
12 92-484, eff. 8-23-01; 92-488, eff. 8-23-01; revised 1-15-02.)

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