

1 AN ACT concerning taxation.

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 for the presentation or support of  
24 arts or cultural programming, activities, or services. These  
25 organizations include, but are not limited to, music and  
26 dramatic arts organizations such as symphony orchestras and  
27 theatrical groups, arts and cultural service organizations,  
28 local arts councils, visual arts organizations, and media  
29 arts organizations.

30 (4) Personal property purchased by a governmental body,  
31 by a corporation, society, association, foundation, or

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

14 (5) A passenger car that is a replacement vehicle to the  
15 extent that the purchase price of the car is subject to the  
16 Replacement Vehicle Tax.

17 (6) Graphic arts machinery and equipment, including  
18 repair and replacement parts, both new and used, and  
19 including that manufactured on special order, certified by  
20 the purchaser to be used primarily for graphic arts  
21 production, and including machinery and equipment purchased  
22 for lease.

23 (7) Farm chemicals.

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

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

31 (10) A motor vehicle of the first division, a motor  
32 vehicle of the second division that is a self-contained motor  
33 vehicle designed or permanently converted to provide living  
34 quarters for recreational, camping, or travel use, with

1 direct walk through to the living quarters from the driver's  
2 seat, or a motor vehicle of the second division that is of  
3 the van configuration designed for the transportation of not  
4 less than 7 nor more than 16 passengers, as defined in  
5 Section 1-146 of the Illinois Vehicle Code, that is used for  
6 automobile renting, as defined in the Automobile Renting  
7 Occupation and Use Tax Act.

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

27 Farm machinery and equipment shall include precision  
28 farming equipment that is installed or purchased to be  
29 installed on farm machinery and equipment including, but not  
30 limited to, tractors, harvesters, sprayers, planters,  
31 seeders, or spreaders. Precision farming equipment includes,  
32 but is not limited to, soil testing sensors, computers,  
33 monitors, software, global positioning and mapping systems,  
34 and other such equipment.

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

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

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

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

33 (15) Photoprocessing machinery and equipment, including  
34 repair and replacement parts, both new and used, including

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

5 (16) Coal exploration, mining, offhighway hauling,  
6 processing, maintenance, and reclamation equipment, including  
7 replacement parts and equipment, and including equipment  
8 purchased for lease, but excluding motor vehicles required to  
9 be registered under the Illinois Vehicle Code.

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

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

27 (19) Personal property delivered to a purchaser or  
28 purchaser's donee inside Illinois when the purchase order for  
29 that personal property was received by a florist located  
30 outside Illinois who has a florist located inside Illinois  
31 deliver the personal property.

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

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

29 (23) Personal property purchased by a lessor who leases  
30 the property, under a lease of one year or longer executed  
31 or in effect at the time the lessor would otherwise be  
32 subject to the tax imposed by this Act, to a governmental  
33 body that has been issued an active sales tax exemption  
34 identification number by the Department under Section 1g of

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

16 (24) 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  
19 for disaster relief to be used in a State or federally  
20 declared disaster area in Illinois or bordering Illinois by a  
21 manufacturer or retailer that is registered in this State to  
22 a corporation, society, association, foundation, or  
23 institution that has been issued a sales tax exemption  
24 identification number by the Department that assists victims  
25 of the disaster who reside within the declared disaster area.

26 (25) Beginning with taxable years ending on or after  
27 December 31, 1995 and ending with taxable years ending on or  
28 before December 31, 2004, personal property that is used in  
29 the performance of infrastructure repairs in this State,  
30 including but not limited to municipal roads and streets,  
31 access roads, bridges, sidewalks, waste disposal systems,  
32 water and sewer line extensions, water distribution and  
33 purification facilities, storm water drainage and retention  
34 facilities, and sewage treatment facilities, resulting from a

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

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

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

30 (28) Beginning January 1, 2000, personal property,  
31 including food, purchased through fundraising events for the  
32 benefit of a public or private elementary or secondary  
33 school, a group of those schools, or one or more school  
34 districts if the events are sponsored by an entity recognized



1 by the school district that consists primarily of volunteers  
2 and includes parents and teachers of the school children.  
3 This paragraph does not apply to fundraising events (i) for  
4 the benefit of private home instruction or (ii) for which the  
5 fundraising entity purchases the personal property sold at  
6 the events from another individual or entity that sold the  
7 property for the purpose of resale by the fundraising entity  
8 and that profits from the sale to the fundraising entity.  
9 This paragraph is exempt from the provisions of Section 3-90.

10 (29) Beginning January 1, 2000, new or used automatic  
11 vending machines that prepare and serve hot food and  
12 beverages, including coffee, soup, and other items, and  
13 replacement parts for these machines. This paragraph is  
14 exempt from the provisions of Section 3-90.

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

25 (31) Beginning on the effective date of this amendatory  
26 Act of the 92nd General Assembly and ending 10 years after  
27 the effective date of this amendatory Act of the 92nd General  
28 Assembly, production related tangible personal property and  
29 machinery and equipment, including repair and replacement  
30 parts, both new and used, and including those items  
31 manufactured on special order or purchased for lease,  
32 certified by the purchaser to be essential to and used in the  
33 integrated process of the production of electricity by an  
34 eligible facility owned, operated, or leased by an exempt

1 wholesale generator. "Eligible facility" and "exempt  
2 wholesale generator" shall mean "eligible facility" and  
3 "exempt wholesale generator" as defined in Section 32 of the  
4 Public Utility Holding Company Act of 1935, 15 U.S.C. 79z-5a,  
5 in effect as of the date of this amendatory Act of the 92nd  
6 General Assembly. "Machinery" includes mechanical machines  
7 and components of those machines that directly contribute to  
8 or are directly used in or essential to the process of the  
9 production of electricity. "Equipment" includes an  
10 independent device or tool separate from machinery but  
11 essential to an integrated electricity generation process;  
12 including pipes of any kind used in the process of the  
13 production of electricity; computers used primarily in  
14 operating exempt machinery; any subunit or assembly  
15 comprising a component of any machinery or auxiliary,  
16 adjunct, or attachment parts of machinery, and any parts that  
17 require periodic replacement in the course of normal  
18 operation; but does not include hand tools. "Production  
19 related tangible personal property" means all tangible  
20 personal property directly used in or essential to the  
21 process of the production of electricity including, but not  
22 limited to, tangible personal property used in activities  
23 such as preproduction material handling, receiving, quality  
24 control, inventory control, storage, staging, and piping or  
25 lines necessary for the transportation of water, natural gas,  
26 steam, and similar items to and from an eligible facility for  
27 use in the process of the production of electricity. This  
28 paragraph (31) shall apply also to machinery and equipment  
29 used in the general maintenance or repair of exempt machinery  
30 and equipment. This paragraph is solely for the purpose of  
31 determining whether the production related tangible personal  
32 property defined in this paragraph is exempt from the tax  
33 imposed by this Act. Nothing in this paragraph, including,  
34 but not limited to, any definitions set forth in this

1 paragraph, shall be construed, applied, or relied upon in any  
 2 way to ascertain whether the property exempt from the tax  
 3 imposed by this Act is real property or personal property for  
 4 the purpose of determining whether the property is subject to  
 5 ad valorem taxes on real property or to any other taxes.  
 6 This exemption does not apply to any additional tax imposed  
 7 by the Board of Directors of the Regional Transportation  
 8 Authority under Section 4.03 of the Regional Transportation  
 9 Authority Act.

10 (Source: P.A. 90-14, eff. 7-1-97; 90-552, eff. 12-12-97;  
 11 90-605, eff. 6-30-98; 91-51, eff. 6-30-99; 91-200, eff.  
 12 7-20-99; 91-439, eff. 8-6-99; 91-637, eff. 8-20-99; 91-644,  
 13 eff. 8-20-99; 91-901, eff. 1-1-01.)

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

16 (35 ILCS 110/3-5) (from Ch. 120, par. 439.33-5)

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

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

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

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

1 is organized and operated for the presentation or support of  
2 arts or cultural programming, activities, or services. These  
3 organizations include, but are not limited to, music and  
4 dramatic arts organizations such as symphony orchestras and  
5 theatrical groups, arts and cultural service organizations,  
6 local arts councils, visual arts organizations, and media  
7 arts organizations.

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

12 (5) Graphic arts machinery and equipment, including  
13 repair and replacement parts, both new and used, and  
14 including that manufactured on special order or purchased for  
15 lease, certified by the purchaser to be used primarily for  
16 graphic arts production.

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

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

1 tanks and dry boxes shall include units sold separately from  
2 a motor vehicle required to be licensed and units sold  
3 mounted on a motor vehicle required to be licensed if the  
4 selling price of the tender is separately stated.

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

13 Farm machinery and equipment also includes computers,  
14 sensors, software, and related equipment used primarily in  
15 the computer-assisted operation of production agriculture  
16 facilities, equipment, and activities such as, but not  
17 limited to, the collection, monitoring, and correlation of  
18 animal and crop data for the purpose of formulating animal  
19 diets and agricultural chemicals. This item (7) is exempt  
20 from the provisions of Section 3-55 3-75.

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

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

1 cleaning up the food or beverage function with respect to  
2 which the service charge is imposed.

3 (10) Oil field exploration, drilling, and production  
4 equipment, including (i) rigs and parts of rigs, rotary rigs,  
5 cable tool rigs, and workover rigs, (ii) pipe and tubular  
6 goods, including casing and drill strings, (iii) pumps and  
7 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 (11) Proceeds from the sale of photoprocessing machinery  
13 and equipment, including repair and replacement parts, both  
14 new and used, including that manufactured on special order,  
15 certified by the purchaser to be used primarily for  
16 photoprocessing, and including photoprocessing machinery and  
17 equipment purchased for lease.

18 (12) Coal exploration, mining, offhighway hauling,  
19 processing, maintenance, and reclamation equipment, including  
20 replacement parts and equipment, and including equipment  
21 purchased for lease, but excluding motor vehicles required to  
22 be registered under the Illinois Vehicle Code.

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

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

31 (15) Computers and communications equipment utilized for  
32 any hospital purpose and equipment used in the diagnosis,  
33 analysis, or treatment of hospital patients purchased by a  
34 lessor who leases the equipment, under a lease of one year or

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

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

1 not been paid by the lessor. If a lessor improperly collects  
2 any such amount from the lessee, the lessee shall have a  
3 legal right to claim a refund of that amount from the lessor.  
4 If, however, that amount is not refunded to the lessee for  
5 any reason, the lessor is liable to pay that amount to the  
6 Department.

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

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

30 (19) Beginning July 1, 1999, game or game birds  
31 purchased at a "game breeding and hunting preserve area" or  
32 an "exotic game hunting area" as those terms are used in the  
33 Wildlife Code or at a hunting enclosure approved through  
34 rules adopted by the Department of Natural Resources. This



1 paragraph is exempt from the provisions of Section 3-75.

2 (20) ~~(19)~~ A motor vehicle, as that term is defined in  
3 Section 1-146 of the Illinois Vehicle Code, that is donated  
4 to a corporation, limited liability company, society,  
5 association, foundation, or institution that is determined by  
6 the Department to be organized and operated exclusively for  
7 educational purposes. For purposes of this exemption, "a  
8 corporation, limited liability company, society, association,  
9 foundation, or institution organized and operated exclusively  
10 for educational purposes" means all tax-supported public  
11 schools, private schools that offer systematic instruction in  
12 useful branches of learning by methods common to public  
13 schools and that compare favorably in their scope and  
14 intensity with the course of study presented in tax-supported  
15 schools, and vocational or technical schools or institutes  
16 organized and operated exclusively to provide a course of  
17 study of not less than 6 weeks duration and designed to  
18 prepare individuals to follow a trade or to pursue a manual,  
19 technical, mechanical, industrial, business, or commercial  
20 occupation.

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

1        (22) ~~(19)~~ Beginning January 1, 2000, new or used  
2 automatic vending machines that prepare and serve hot food  
3 and beverages, including coffee, soup, and other items, and  
4 replacement parts for these machines. This paragraph is  
5 exempt from the provisions of Section 3-75.

6        (23) Beginning on the effective date of this amendatory  
7 Act of the 92nd General Assembly and ending 10 years after  
8 the effective date of this amendatory Act of the 92nd General  
9 Assembly, production related tangible personal property and  
10 machinery and equipment, including repair and replacement  
11 parts, both new and used, and including those items  
12 manufactured on special order or purchased for lease,  
13 certified by the purchaser to be essential to and used in the  
14 integrated process of the production of electricity by an  
15 eligible facility owned, operated, or leased by an exempt  
16 wholesale generator. "Eligible facility" and "exempt  
17 wholesale generator" shall mean "eligible facility" and  
18 "exempt wholesale generator" as defined in Section 32 of the  
19 Public Utility Holding Company Act of 1935, 15 U.S.C. 79z-5a,  
20 in effect as of the date of this amendatory Act of the 92nd  
21 General Assembly. "Machinery" includes mechanical machines  
22 and components of those machines that directly contribute to  
23 or are directly used in or essential to the process of the  
24 production of electricity. "Equipment" includes an  
25 independent device or tool separate from machinery but  
26 essential to an integrated electricity generation process;  
27 including pipes of any kind used in the process of the  
28 production of electricity; computers used primarily in  
29 operating exempt machinery; any subunit or assembly  
30 comprising a component of any machinery or auxiliary,  
31 adjunct, or attachment parts of machinery, and any parts that  
32 require periodic replacement in the course of normal  
33 operation; but does not include hand tools. "Production  
34 related tangible personal property" means all tangible

1 personal property directly used in or essential to the  
2 process of the production of electricity including, but not  
3 limited to, tangible personal property used in activities  
4 such as preproduction material handling, receiving, quality  
5 control, inventory control, storage, staging, and piping or  
6 lines necessary for the transportation of water, natural gas,  
7 steam, and similar items to and from an eligible facility for  
8 use in the process of the production of electricity. This  
9 paragraph (23) shall apply also to machinery and equipment  
10 used in the general maintenance or repair of exempt machinery  
11 and equipment. This paragraph is solely for the purpose of  
12 determining whether the production related tangible personal  
13 property defined in this paragraph is exempt from the tax  
14 imposed by this Act. Nothing in this paragraph, including,  
15 but not limited to, any definitions set forth in this  
16 paragraph, shall be construed, applied, or relied upon in any  
17 way to ascertain whether the property exempt from the tax  
18 imposed by this Act is real property or personal property for  
19 the purpose of determining whether the property is subject to  
20 ad valorem taxes on real property or to any other taxes. This  
21 exemption does not apply to any additional tax imposed by the  
22 Board of Directors of the Regional Transportation Authority  
23 under Section 4.03 of the Regional Transportation Authority  
24 Act.

25 (Source: P.A. 90-14, eff. 7-1-97; 90-552, eff. 12-12-97;  
26 90-605, eff. 6-30-98; 91-51, eff. 6-30-99; 91-200, eff.  
27 7-20-99; 91-439, eff. 8-6-99; 91-637, eff. 8-20-99; 91-644,  
28 eff. 8-20-99; revised 9-29-99.)

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

31 (35 ILCS 115/3-5) (from Ch. 120, par. 439.103-5)

32 Sec. 3-5. Exemptions. The following tangible personal

1 property is exempt from the tax imposed by this Act:

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

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

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

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

27 (5) Graphic arts machinery and equipment, including  
28 repair and replacement parts, both new and used, and  
29 including that manufactured on special order or purchased for  
30 lease, certified by the purchaser to be used primarily for  
31 graphic arts production.

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

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

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

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

1 from the provisions of Section 3-55.

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

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

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

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

32 (12) Coal exploration, mining, offhighway hauling,  
33 processing, maintenance, and reclamation equipment, including  
34 replacement parts and equipment, and including equipment

1 purchased for lease, but excluding motor vehicles required to  
2 be registered under the Illinois Vehicle Code.

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

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

15 (15) Horses, or interests in horses, registered with and  
16 meeting the requirements of any of the Arabian Horse Club  
17 Registry of America, Appaloosa Horse Club, American Quarter  
18 Horse Association, United States Trotting Association, or  
19 Jockey Club, as appropriate, used for purposes of breeding or  
20 racing for prizes.

21 (16) Computers and communications equipment utilized for  
22 any hospital purpose and equipment used in the diagnosis,  
23 analysis, or treatment of hospital patients sold to a lessor  
24 who leases the equipment, under a lease of one year or longer  
25 executed or in effect at the time of the purchase, to a  
26 hospital that has been issued an active tax exemption  
27 identification number by the Department under Section 1g of  
28 the Retailers' Occupation Tax Act.

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

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

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

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

30           (21) ~~(20)~~ A motor vehicle, as that term is defined in  
31 Section 1-146 of the Illinois Vehicle Code, that is donated  
32 to a corporation, limited liability company, society,  
33 association, foundation, or institution that is determined by  
34 the Department to be organized and operated exclusively for



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

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

29 (23) ~~(20)~~ Beginning January 1, 2000, new or used  
 30 automatic vending machines that prepare and serve hot food  
 31 and beverages, including coffee, soup, and other items, and  
 32 replacement parts for these machines. This paragraph is  
 33 exempt from the provisions of Section 3-55.

34 (24) Beginning on the effective date of this amendatory

1 Act of the 92nd General Assembly and ending 10 years after  
2 the effective date of this amendatory Act of the 92nd General  
3 Assembly, production related tangible personal property and  
4 machinery and equipment, including repair and replacement  
5 parts, both new and used, and including those items  
6 manufactured on special order or purchased for lease,  
7 certified by the purchaser to be essential to and used in the  
8 integrated process of the production of electricity by an  
9 eligible facility owned, operated, or leased by an exempt  
10 wholesale generator. "Eligible facility" and "exempt  
11 wholesale generator" shall mean "eligible facility" and  
12 "exempt wholesale generator" as defined in Section 32 of the  
13 Public Utility Holding Company Act of 1935, 15 U.S.C. 79z-5a,  
14 in effect as of the date of this amendatory Act of the 92nd  
15 General Assembly. "Machinery" includes mechanical machines  
16 and components of those machines that directly contribute to  
17 or are directly used in or essential to the process of the  
18 production of electricity. "Equipment" includes an  
19 independent device or tool separate from machinery but  
20 essential to an integrated electricity generation process;  
21 including pipes of any kind used in the process of the  
22 production of electricity; computers used primarily in  
23 operating exempt machinery; any subunit or assembly  
24 comprising a component of any machinery or auxiliary,  
25 adjunct, or attachment parts of machinery, and any parts that  
26 require periodic replacement in the course of normal  
27 operation; but does not include hand tools. "Production  
28 related tangible personal property" means all tangible  
29 personal property directly used in or essential to the  
30 process of the production of electricity including, but not  
31 limited to, tangible personal property used in activities  
32 such as preproduction material handling, receiving, quality  
33 control, inventory control, storage, staging, and piping or  
34 lines necessary for the transportation of water, natural gas,

1 steam, and similar items to and from an eligible facility for  
2 use in the process of the production of electricity. This  
3 paragraph (24) shall apply also to machinery and equipment  
4 used in the general maintenance or repair of exempt machinery  
5 and equipment. This paragraph is solely for the purpose of  
6 determining whether the production related tangible personal  
7 property defined in this paragraph is exempt from the tax  
8 imposed by this Act. Nothing in this paragraph, including,  
9 but not limited to, any definitions set forth in this  
10 paragraph, shall be construed, applied, or relied upon in any  
11 way to ascertain whether the property exempt from the tax  
12 imposed by this Act is real property or personal property for  
13 the purpose of determining whether the property is subject to  
14 ad valorem taxes on real property or to any other taxes. This  
15 exemption does not apply to any additional tax imposed by the  
16 Board of Directors of the Regional Transportation Authority  
17 under Section 4.03 of the Regional Transportation Authority  
18 Act.

19 (Source: P.A. 90-14, eff. 7-1-97; 90-552, eff. 12-12-97;  
20 90-605, eff. 6-30-98; 91-51, eff. 6-30-99; 91-200, eff.  
21 7-20-99; 91-439, eff. 8-6-99; 91-533, eff. 8-13-99; 91-637,  
22 eff. 8-20-99; 91-644, eff. 8-20-99; revised 9-29-99.)

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

25 (35 ILCS 120/2-5) (from Ch. 120, par. 441-5)  
26 Sec. 2-5. Exemptions. Gross receipts from proceeds from  
27 the sale of the following tangible personal property are  
28 exempt from the tax imposed by this Act:  
29 (1) Farm chemicals.  
30 (2) Farm machinery and equipment, both new and used,  
31 including that manufactured on special order, certified by  
32 the purchaser to be used primarily for production agriculture

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

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

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

33 (3) Distillation machinery and equipment, sold as a unit  
34 or kit, assembled or installed by the retailer, certified by

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

5 (4) Graphic arts machinery and equipment, including  
6 repair and replacement parts, both new and used, and  
7 including that manufactured on special order or purchased for  
8 lease, certified by the purchaser to be used primarily for  
9 graphic arts production.

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

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

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

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

30 (9) Personal property sold to a not-for-profit arts or  
31 cultural organization that establishes, by proof required by  
32 the Department by rule, that it has received an exemption  
33 under Section 501(c)(3) of the Internal Revenue Code and that  
34 is organized and operated for the presentation or support of

1 arts or cultural programming, activities, or services. These  
2 organizations include, but are not limited to, music and  
3 dramatic arts organizations such as symphony orchestras and  
4 theatrical groups, arts and cultural service organizations,  
5 local arts councils, visual arts organizations, and media  
6 arts organizations.

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

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

28 (12) Personal property sold to interstate carriers for  
29 hire for use as rolling stock moving in interstate commerce  
30 or to lessors under leases of one year or longer executed or  
31 in effect at the time of purchase by interstate carriers for  
32 hire for use as rolling stock moving in interstate commerce  
33 and equipment operated by a telecommunications provider,  
34 licensed as a common carrier by the Federal Communications

1 Commission, which is permanently installed in or affixed to  
2 aircraft moving in interstate commerce.

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

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

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

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

34 (17) Tangible personal property sold to a common carrier

1 by rail or motor that receives the physical possession of the  
2 property in Illinois and that transports the property, or  
3 shares with another common carrier in the transportation of  
4 the property, out of Illinois on a standard uniform bill of  
5 lading showing the seller of the property as the shipper or  
6 consignor of the property to a destination outside Illinois,  
7 for use outside Illinois.

8 (18) Legal tender, currency, medallions, or gold or  
9 silver coinage issued by the State of Illinois, the  
10 government of the United States of America, or the government  
11 of any foreign country, and bullion.

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

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

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

32 (22) Fuel and petroleum products sold to or used by an  
33 air carrier, certified by the carrier to be used for  
34 consumption, shipment, or storage in the conduct of its



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

5 (23) A transaction in which the purchase order is  
6 received by a florist who is located outside Illinois, but  
7 who has a florist located in Illinois deliver the property to  
8 the purchaser or the purchaser's donee in Illinois.

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

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

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

28 (27) Horses, or interests in horses, registered with and  
29 meeting the requirements of any of the Arabian Horse Club  
30 Registry of America, Appaloosa Horse Club, American Quarter  
31 Horse Association, United States Trotting Association, or  
32 Jockey Club, as appropriate, used for purposes of breeding or  
33 racing for prizes.

34 (28) Computers and communications equipment utilized for

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

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

13 (30) 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  
16 for disaster relief to be used in a State or federally  
17 declared disaster area in Illinois or bordering Illinois by a  
18 manufacturer or retailer that is registered in this State to  
19 a corporation, society, association, foundation, or  
20 institution that has been issued a sales tax exemption  
21 identification number by the Department that assists victims  
22 of the disaster who reside within the declared disaster area.

23 (31) 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  
26 the performance of infrastructure repairs in this State,  
27 including but not limited to municipal roads and streets,  
28 access roads, bridges, sidewalks, waste disposal systems,  
29 water and sewer line extensions, water distribution and  
30 purification facilities, storm water drainage and retention  
31 facilities, and sewage treatment facilities, resulting from a  
32 State or federally declared disaster in Illinois or bordering  
33 Illinois when such repairs are initiated on facilities  
34 located in the declared disaster area within 6 months after

1 the disaster.

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

8 (33) ~~(32)~~ A motor vehicle, as that term is defined in  
9 Section 1-146 of the Illinois Vehicle Code, that is donated  
10 to a corporation, limited liability company, society,  
11 association, foundation, or institution that is determined by  
12 the Department to be organized and operated exclusively for  
13 educational purposes. For purposes of this exemption, "a  
14 corporation, limited liability company, society, association,  
15 foundation, or institution organized and operated exclusively  
16 for educational purposes" means all tax-supported public  
17 schools, private schools that offer systematic instruction in  
18 useful branches of learning by methods common to public  
19 schools and that compare favorably in their scope and  
20 intensity with the course of study presented in tax-supported  
21 schools, and vocational or technical schools or institutes  
22 organized and operated exclusively to provide a course of  
23 study of not less than 6 weeks duration and designed to  
24 prepare individuals to follow a trade or to pursue a manual,  
25 technical, mechanical, industrial, business, or commercial  
26 occupation.

27 (34) ~~(33)~~ Beginning January 1, 2000, personal property,  
28 including food, purchased through fundraising events for the  
29 benefit of a public or private elementary or secondary  
30 school, a group of those schools, or one or more school  
31 districts if the events are sponsored by an entity recognized  
32 by the school district that consists primarily of volunteers  
33 and includes parents and teachers of the school children.  
34 This paragraph does not apply to fundraising events (i) for

1 the benefit of private home instruction or (ii) for which the  
2 fundraising entity purchases the personal property sold at  
3 the events from another individual or entity that sold the  
4 property for the purpose of resale by the fundraising entity  
5 and that profits from the sale to the fundraising entity.  
6 This paragraph is exempt from the provisions of Section 2-70.

7 (35) ~~(32)~~ Beginning January 1, 2000, new or used  
8 automatic vending machines that prepare and serve hot food  
9 and beverages, including coffee, soup, and other items, and  
10 replacement parts for these machines. This paragraph is  
11 exempt from the provisions of Section 2-70.

12 (36) Beginning on the effective date of this amendatory  
13 Act of the 92nd General Assembly and ending 10 years after  
14 the effective date of this amendatory Act of the 92nd General  
15 Assembly, production related tangible personal property and  
16 machinery and equipment, including repair and replacement  
17 parts, both new and used, and including those items  
18 manufactured on special order or purchased for lease,  
19 certified by the purchaser to be essential to and used in the  
20 integrated process of the production of electricity by an  
21 eligible facility owned, operated, or leased by an exempt  
22 wholesale generator. "Eligible facility" and "exempt  
23 wholesale generator" shall mean "eligible facility" and  
24 "exempt wholesale generator" as defined in Section 32 of the  
25 Public Utility Holding Company Act of 1935, 15 U.S.C. 79z-5a,  
26 in effect as of the date of this amendatory Act of the 92nd  
27 General Assembly. "Machinery" includes mechanical machines  
28 and components of those machines that directly contribute to  
29 or are directly used in or essential to the process of the  
30 production of electricity. "Equipment" includes an  
31 independent device or tool separate from machinery but  
32 essential to an integrated electricity generation process;  
33 including pipes of any kind used in the process of the  
34 production of electricity; computers used primarily in

1 operating exempt machinery; any subunit or assembly  
2 comprising a component of any machinery or auxiliary,  
3 adjunct, or attachment parts of machinery, and any parts that  
4 require periodic replacement in the course of normal  
5 operation; but does not include hand tools. "Production  
6 related tangible personal property" means all tangible  
7 personal property directly used in or essential to the  
8 process of the production of electricity including, but not  
9 limited to, tangible personal property used in activities  
10 such as preproduction material handling, receiving, quality  
11 control, inventory control, storage, staging, and piping or  
12 lines necessary for the transportation of water, natural gas,  
13 steam, and similar items to and from an eligible facility for  
14 use in the process of the production of electricity. This  
15 paragraph (36) shall apply also to machinery and equipment  
16 used in the general maintenance or repair of exempt machinery  
17 and equipment. This paragraph is solely for the purpose of  
18 determining whether the production related tangible personal  
19 property defined in this paragraph is exempt from the tax  
20 imposed by this Act. Nothing in this paragraph, including,  
21 but not limited to, any definitions set forth in this  
22 paragraph, shall be construed, applied, or relied upon in any  
23 way to ascertain whether the property exempt from the tax  
24 imposed by this Act is real property or personal property for  
25 the purpose of determining whether the property is subject to  
26 ad valorem taxes on real property or to any other taxes. This  
27 exemption does not apply to any additional tax imposed by the  
28 Board of Directors of the Regional Transportation Authority  
29 under Section 4.03 of the Regional Transportation Authority  
30 Act.

31 (Source: P.A. 90-14, eff. 7-1-97; 90-519, eff. 6-1-98;  
32 90-552, eff. 12-12-97; 90-605, eff. 6-30-98; 91-51, eff.  
33 6-30-99; 91-200, eff. 7-20-99; 91-439, eff. 8-6-99; 91-533,  
34 eff. 8-13-99; 91-637, eff. 8-20-99; 91-644, eff. 8-20-99;

1 revised 9-28-99.)

2 Section 99. Effective date. This Act takes effect upon

3 becoming law.