

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

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

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

1 the lessee, the lessee shall have a legal right to claim a  
 2 refund of that amount from the lessor. If, however, that  
 3 amount is not refunded to the lessee for any reason, the  
 4 lessor is liable to pay that amount to the Department. This  
 5 paragraph is exempt from the provisions of Section 3-90.

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

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

12 (35 ILCS 110/3-5) (from Ch. 120, par. 439.33-5)

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

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

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

25 (3) Personal property purchased by a not-for-profit arts  
 26 or cultural organization that establishes, by proof required  
 27 by the Department by rule, that it has received an exemption  
 28 under Section 501(c)(3) of the Internal Revenue Code and that  
 29 is organized and operated for the presentation or support of  
 30 arts or cultural programming, activities, or services. These  
 31 organizations include, but are not limited to, music and  
 32 dramatic arts organizations such as symphony orchestras and

1 theatrical groups, arts and cultural service organizations,  
2 local arts councils, visual arts organizations, and media  
3 arts organizations.

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

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

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

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

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

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

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

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

33 (10) Oil field exploration, drilling, and production  
34 equipment, including (i) rigs and parts of rigs, rotary rigs,

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

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

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

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

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

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

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

1 any reason, the lessor is liable to pay that amount to the  
2 Department.

3 (17) 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 donated  
6 for disaster relief to be used in a State or federally  
7 declared disaster area in Illinois or bordering Illinois by a  
8 manufacturer or retailer that is registered in this State to  
9 a corporation, society, association, foundation, or  
10 institution that has been issued a sales tax exemption  
11 identification number by the Department that assists victims  
12 of the disaster who reside within the declared disaster area.

13 (18) 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 used in  
16 the performance of infrastructure repairs in this State,  
17 including but not limited to municipal roads and streets,  
18 access roads, bridges, sidewalks, waste disposal systems,  
19 water and sewer line extensions, water distribution and  
20 purification facilities, storm water drainage and retention  
21 facilities, and sewage treatment facilities, resulting from a  
22 State or federally declared disaster in Illinois or bordering  
23 Illinois when such repairs are initiated on facilities  
24 located in the declared disaster area within 6 months after  
25 the disaster.

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

32 (20) ~~(19)~~ A motor vehicle, as that term is defined in  
33 Section 1-146 of the Illinois Vehicle Code, that is donated  
34 to a corporation, limited liability company, society,



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

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

31 (22) ~~(19)~~ Beginning January 1, 2000, new or used  
32 automatic vending machines that prepare and serve hot food  
33 and beverages, including coffee, soup, and other items, and  
34 replacement parts for these machines. This paragraph is

1 exempt from the provisions of Section 3-75.

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

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

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

17 (Source: P.A. 90-14, eff. 7-1-97; 90-552, eff. 12-12-97;  
18 90-605, eff. 6-30-98; 91-51, eff. 6-30-99; 91-200, eff.  
19 7-20-99; 91-439, eff. 8-6-99; 91-637, eff. 8-20-99; 91-644,  
20 eff. 8-20-99; revised 9-29-99.)

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

23 (35 ILCS 115/3-5) (from Ch. 120, par. 439.103-5)

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

- 26 (1) Personal property sold by a corporation, society,  
27 association, foundation, institution, or organization, other  
28 than a limited liability company, that is organized and  
29 operated as a not-for-profit service enterprise for the  
30 benefit of persons 65 years of age or older if the personal  
31 property was not purchased by the enterprise for the purpose  
32 of resale by the enterprise.

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

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

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

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

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) ~~(20)~~ A motor vehicle, as that term is defined in  
23 Section 1-146 of the Illinois Vehicle Code, that is donated  
24 to a corporation, limited liability company, society,  
25 association, foundation, or institution that is determined by  
26 the 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) ~~(21)~~ 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) ~~(20)~~ Beginning January 1, 2000, new or used  
22 automatic vending machines that prepare and serve hot food  
23 and beverages, including coffee, soup, and other items, and  
24 replacement parts for these machines. This paragraph is  
25 exempt from the provisions of Section 3-55.

26 (24) Beginning on the effective date of this amendatory  
27 Act of the 92nd General Assembly, computers and  
28 communications equipment utilized for any hospital purpose  
29 and equipment used in the diagnosis, analysis, or treatment  
30 of hospital patients sold to a lessor who leases the  
31 equipment, under a lease of one year or longer executed or in  
32 effect at the time of the purchase, to a hospital that has  
33 been issued an active tax exemption identification number by  
34 the Department under Section 1g of the Retailers' Occupation

1 Tax Act. This paragraph is exempt from the provisions of  
2 Section 3-55.

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

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

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

17 (35 ILCS 120/2-5) (from Ch. 120, par. 441-5)

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

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

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

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

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

25 (3) Distillation machinery and equipment, sold as a unit  
26 or kit, assembled or installed by the retailer, certified by  
27 the user to be used only for the production of ethyl alcohol  
28 that will be used for consumption as motor fuel or as a  
29 component of motor fuel for the personal use of the user, and  
30 not subject to sale or resale.

31 (4) Graphic arts machinery and equipment, including  
32 repair and replacement parts, both new and used, and  
33 including that manufactured on special order or purchased for  
34 lease, certified by the purchaser to be used primarily for

1 graphic arts production.

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

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

16 (7) Proceeds of that portion of the selling price of a  
17 passenger car the sale of which is subject to the Replacement  
18 Vehicle Tax.

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

22 (9) Personal property sold to a not-for-profit arts or  
23 cultural organization that establishes, by proof required by  
24 the Department by rule, that it has received an exemption  
25 under Section 501(c)(3) of the Internal Revenue Code and that  
26 is organized and operated for the presentation or support of  
27 arts or cultural programming, activities, or services. These  
28 organizations include, but are not limited to, music and  
29 dramatic arts organizations such as symphony orchestras and  
30 theatrical groups, arts and cultural service organizations,  
31 local arts councils, visual arts organizations, and media  
32 arts organizations.

33 (10) Personal property sold by a corporation, society,  
34 association, foundation, institution, or organization, other

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

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

20 (12) Personal property sold to interstate carriers for  
21 hire for use as rolling stock moving in interstate commerce  
22 or to lessors under leases of one year or longer executed or  
23 in effect at the time of purchase by interstate carriers for  
24 hire for use as rolling stock moving in interstate commerce  
25 and equipment operated by a telecommunications provider,  
26 licensed as a common carrier by the Federal Communications  
27 Commission, which is permanently installed in or affixed to  
28 aircraft moving in interstate commerce.

29 (13) Proceeds from sales to owners, lessors, or shippers  
30 of tangible personal property that is utilized by interstate  
31 carriers for hire for use as rolling stock moving in  
32 interstate commerce and equipment operated by a  
33 telecommunications provider, licensed as a common carrier by  
34 the Federal Communications Commission, which is permanently

1 installed in or affixed to aircraft moving in interstate  
2 commerce.

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

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

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

26 (17) Tangible personal property sold to a common carrier  
27 by rail or motor that receives the physical possession of the  
28 property in Illinois and that transports the property, or  
29 shares with another common carrier in the transportation of  
30 the property, out of Illinois on a standard uniform bill of  
31 lading showing the seller of the property as the shipper or  
32 consignor of the property to a destination outside Illinois,  
33 for use outside Illinois.

34 (18) 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 (19) Oil field exploration, drilling, and production  
5 equipment, including (i) rigs and parts of rigs, rotary rigs,  
6 cable tool rigs, and workover rigs, (ii) pipe and tubular  
7 goods, including casing and drill strings, (iii) pumps and  
8 pump-jack units, (iv) storage tanks and flow lines, (v) any  
9 individual replacement part for oil field exploration,  
10 drilling, and production equipment, and (vi) machinery and  
11 equipment purchased for lease; but excluding motor vehicles  
12 required to be registered under the Illinois Vehicle Code.

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

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

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

31 (23) A transaction in which the purchase order is  
32 received by a florist who is located outside Illinois, but  
33 who has a florist located in Illinois deliver the property to  
34 the purchaser or the purchaser's donee in Illinois.

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

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

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

20           (27) 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           (28) Computers and communications equipment utilized for  
27 any hospital purpose and equipment used in the diagnosis,  
28 analysis, or treatment of hospital patients sold to a lessor  
29 who leases the equipment, under a lease of one year or longer  
30 executed or in effect at the time of the purchase, to a  
31 hospital that has been issued an active tax exemption  
32 identification number by the Department under Section 1g of  
33 this Act.

34           (29) Personal property sold to a lessor who leases the



1 property, under a lease of one year or longer executed or in  
2 effect at the time of the purchase, to a governmental body  
3 that has been issued an active tax exemption identification  
4 number by the Department under Section 1g of this Act.

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

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

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

34 (33) ~~(32)~~ A motor vehicle, as that term is defined in

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

19 (34) ~~(33)~~ Beginning January 1, 2000, personal property,  
20 including food, purchased through fundraising events for the  
21 benefit of a public or private elementary or secondary  
22 school, a group of those schools, or one or more school  
23 districts if the events are sponsored by an entity recognized  
24 by the school district that consists primarily of volunteers  
25 and includes parents and teachers of the school children.  
26 This paragraph does not apply to fundraising events (i) for  
27 the benefit of private home instruction or (ii) for which the  
28 fundraising entity purchases the personal property sold at  
29 the events from another individual or entity that sold the  
30 property for the purpose of resale by the fundraising entity  
31 and that profits from the sale to the fundraising entity.  
32 This paragraph is exempt from the provisions of Section 2-70.

33 (35) ~~(32)~~ Beginning January 1, 2000, new or used  
34 automatic vending machines that prepare and serve hot food

1 and beverages, including coffee, soup, and other items, and  
2 replacement parts for these machines. This paragraph is  
3 exempt from the provisions of Section 2-70.

4 (36) Beginning on the effective date of this amendatory  
5 Act of the 92nd General Assembly, computers and  
6 communications equipment utilized for any hospital purpose  
7 and equipment used in the diagnosis, analysis, or treatment  
8 of hospital patients sold to a lessor who leases the  
9 equipment, under a lease of one year or longer executed or in  
10 effect at the time of the purchase, to a hospital that has  
11 been issued an active tax exemption identification number by  
12 the Department under Section 1g of this Act. This paragraph  
13 is exempt from the provisions of Section 2-70.

14 (37) Beginning on the effective date of this amendatory  
15 Act of the 92nd General Assembly, personal property sold to a  
16 lessor who leases the property, under a lease of one year or  
17 longer executed or in effect at the time of the purchase, to  
18 a governmental body that has been issued an active tax  
19 exemption identification number by the Department under  
20 Section 1g of this Act. This paragraph is exempt from the  
21 provisions of Section 2-70.

22 (Source: P.A. 90-14, eff. 7-1-97; 90-519, eff. 6-1-98;  
23 90-552, eff. 12-12-97; 90-605, eff. 6-30-98; 91-51, eff.  
24 6-30-99; 91-200, eff. 7-20-99; 91-439, eff. 8-6-99; 91-533,  
25 eff. 8-13-99; 91-637, eff. 8-20-99; 91-644, eff. 8-20-99;  
26 revised 9-28-99.)

27 Section 99. Effective date. This Act takes effect upon  
28 becoming law.