

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 3-55 as follows:

6 (35 ILCS 105/3-55) (from Ch. 120, par. 439.3-55)

7 Sec. 3-55. Multistate exemption. The tax imposed by this  
8 Act does not apply to the use of tangible personal property  
9 in this State under the following circumstances:

10 (a) The use, in this State, of tangible personal  
11 property acquired outside this State by a nonresident  
12 individual and brought into this State by the individual for  
13 his or her own use while temporarily within this State or  
14 while passing through this State.

15 (b) The use, in this State, of tangible personal  
16 property by an interstate carrier for hire as rolling stock  
17 moving in interstate commerce or by lessors under a lease of  
18 one year or longer executed or in effect at the time of  
19 purchase of tangible personal property by interstate carriers  
20 for-hire for use as rolling stock moving in interstate  
21 commerce as long as so used by the interstate carriers  
22 for-hire, and equipment operated by a telecommunications  
23 provider, licensed as a common carrier by the Federal  
24 Communications Commission, which is permanently installed in  
25 or affixed to aircraft moving in interstate commerce.

26 (c) The use, in this State, by owners, lessors, or  
27 shippers of tangible personal property that is utilized by  
28 interstate carriers for hire for use as rolling stock moving  
29 in interstate commerce as long as so used by the interstate  
30 carriers for hire, and equipment operated by a  
31 telecommunications provider, licensed as a common carrier by

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

4 (d) The use, in this State, of tangible personal  
5 property that is acquired outside this State and caused to be  
6 brought into this State by a person who has already paid a  
7 tax in another State in respect to the sale, purchase, or use  
8 of that property, to the extent of the amount of the tax  
9 properly due and paid in the other State.

10 (e) The temporary storage, in this State, of tangible  
11 personal property that is acquired outside this State and  
12 that, after being brought into this State and stored here  
13 temporarily, is used solely outside this State or is  
14 physically attached to or incorporated into other tangible  
15 personal property that is used solely outside this State, or  
16 is altered by converting, fabricating, manufacturing,  
17 printing, processing, or shaping, and, as altered, is used  
18 solely outside this State.

19 (f) The temporary storage in this State of building  
20 materials and fixtures that are acquired either in this State  
21 or outside this State by an Illinois registered combination  
22 retailer and construction contractor, and that the purchaser  
23 thereafter uses outside this State by incorporating that  
24 property into real estate located outside this State.

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

33 (h) The use, in this State, of a motor vehicle that was  
34 sold in this State to a nonresident, even though the motor

1 vehicle is delivered to the nonresident in this State, if the  
2 motor vehicle is not to be titled in this State, and if a  
3 driveaway decal permit is issued to the motor vehicle as  
4 provided in Section 3-603 of the Illinois Vehicle Code or if  
5 the nonresident purchaser has vehicle registration plates to  
6 transfer to the motor vehicle upon returning to his or her  
7 home state. The issuance of the driveaway decal permit or  
8 having the out-of-state registration plates to be transferred  
9 shall be prima facie evidence that the motor vehicle will not  
10 be titled in this State.

11 (i) Beginning July 1, 1999, the use, in this State, of  
12 fuel acquired outside this State and brought into this State  
13 in the fuel supply tanks of locomotives engaged in freight  
14 hauling and passenger service for interstate commerce. This  
15 subsection is exempt from the provisions of Section 3-90.

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

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

5 (Source: P.A. 90-519, eff. 6-1-98; 90-552, eff. 12-12-97;  
 6 91-51, eff. 6-30-99; 91-313, eff. 7-29-99; 91-587, eff.  
 7 8-14-99; revised 9-29-99.)

8 Section 10. The Service Use Tax Act is amended by  
 9 changing Section 3-45 as follows:

10 (35 ILCS 110/3-45) (from Ch. 120, par. 439.33-45)

11 Sec. 3-45. Multistate exemption. The tax imposed by this  
 12 Act does not apply to the use of tangible personal property  
 13 in this State under the following circumstances:

14 (a) The use, in this State, of property acquired outside  
 15 this State by a nonresident individual and brought into this  
 16 State by the individual for his or her own use while  
 17 temporarily within this State or while passing through this  
 18 State.

19 (b) The use, in this State, of property that is acquired  
 20 outside this State and that is moved into this State for use  
 21 as rolling stock moving in interstate commerce.

22 (c) The use, in this State, of property that is acquired  
 23 outside this State and caused to be brought into this State  
 24 by a person who has already paid a tax in another state in  
 25 respect to the sale, purchase, or use of that property, to  
 26 the extent of the amount of the tax properly due and paid in  
 27 the other state.

28 (d) The temporary storage, in this State, of property  
 29 that is acquired outside this State and that after being  
 30 brought into this State and stored here temporarily, is used  
 31 solely outside this State or is physically attached to or  
 32 incorporated into other property that is used solely outside

1 this State, or is altered by converting, fabricating,  
2 manufacturing, printing, processing, or shaping, and, as  
3 altered, is used solely outside this State.

4 (e) Beginning July 1, 1999, the use, in this State, of  
5 fuel acquired outside this State and brought into this State  
6 in the fuel supply tanks of locomotives engaged in freight  
7 hauling and passenger service for interstate commerce. This  
8 subsection is exempt from the provisions of Section 3-75.

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

32 (Source: P.A. 91-51, eff. 6-30-99; 91-313, eff. 7-29-99;  
33 91-587, eff. 8-14-99; revised 9-29-99.)

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

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

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

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

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

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

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

31          (5) 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

1 lease, certified by the purchaser to be used primarily for  
2 graphic arts production.

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

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

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

33 Farm machinery and equipment also includes computers,  
34 sensors, software, and related equipment used primarily in

1 the computer-assisted operation of production agriculture  
2 facilities, equipment, and activities such as, but not  
3 limited to, the collection, monitoring, and correlation of  
4 animal and crop data for the purpose of formulating animal  
5 diets and agricultural chemicals. This item (7) is exempt  
6 from the provisions of Section 3-55.

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

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

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

31 (11) Photoprocessing machinery and equipment, including  
32 repair and replacement parts, both new and used, including  
33 that manufactured on special order, certified by the  
34 purchaser to be used primarily for photoprocessing, and



1 including photoprocessing machinery and equipment purchased  
2 for lease.

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

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

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

20 (15) 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 (16) 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 the Retailers' Occupation Tax Act.

34 (17) 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 the Retailers'  
5 Occupation Tax Act.

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

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

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

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

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

34        (23) ~~(20)~~ Beginning January 1, 2000, new or used

1 automatic vending machines that prepare and serve hot food  
2 and beverages, including coffee, soup, and other items, and  
3 replacement parts for these machines. This paragraph is  
4 exempt from the provisions of Section 3-55.

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

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

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

1 (35 ILCS 120/2-5) (from Ch. 120, par. 441-5)  
2 Sec. 2-5. Exemptions. Gross receipts from proceeds from  
3 the sale of the following tangible personal property are  
4 exempt from the tax imposed by this Act:

5 (1) Farm chemicals.

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

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

33 Farm machinery and equipment also includes computers,  
34 sensors, software, and related equipment used primarily in

1 the computer-assisted operation of production agriculture  
2 facilities, equipment, and activities such as, but not  
3 limited to, the collection, monitoring, and correlation of  
4 animal and crop data for the purpose of formulating animal  
5 diets and agricultural chemicals. This item (7) is exempt  
6 from the provisions of Section 2-70.

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

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

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

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

32 (7) Proceeds of that portion of the selling price of a  
33 passenger car the sale of which is subject to the Replacement  
34 Vehicle Tax.

1           (8) Personal property sold to an Illinois county fair  
2 association for use in conducting, operating, or promoting  
3 the county fair.

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

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

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

1 active identification number issued by the Department.

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

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

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

31 (15) Proceeds of mandatory service charges separately  
32 stated on customers' bills for purchase and consumption of  
33 food and beverages, to the extent that the proceeds of the  
34 service charge are in fact turned over as tips or as a



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

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

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

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

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

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

1           (21) Coal exploration, mining, offhighway hauling,  
2 processing, maintenance, and reclamation equipment, including  
3 replacement parts and equipment, and including equipment  
4 purchased for lease, but excluding motor vehicles required to  
5 be registered under the Illinois Vehicle Code.

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

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

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

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

34           (26) Semen used for artificial insemination of livestock

1 for direct agricultural production.

2 (27) Horses, or interests in horses, registered with and  
3 meeting the requirements of any of the Arabian Horse Club  
4 Registry of America, Appaloosa Horse Club, American Quarter  
5 Horse Association, United States Trotting Association, or  
6 Jockey Club, as appropriate, used for purposes of breeding or  
7 racing for prizes.

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

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

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

31 (31) Beginning with taxable years ending on or after  
32 December 31, 1995 and ending with taxable years ending on or  
33 before December 31, 2004, personal property that is used in  
34 the performance of infrastructure repairs in this State,

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

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

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

1           (34) ~~(33)~~ Beginning January 1, 2000, personal property,  
2 including food, purchased through fundraising events for the  
3 benefit of a public or private elementary or secondary  
4 school, a group of those schools, or one or more school  
5 districts if the events are sponsored by an entity recognized  
6 by the school district that consists primarily of volunteers  
7 and includes parents and teachers of the school children.  
8 This paragraph does not apply to fundraising events (i) for  
9 the benefit of private home instruction or (ii) for which the  
10 fundraising entity purchases the personal property sold at  
11 the events from another individual or entity that sold the  
12 property for the purpose of resale by the fundraising entity  
13 and that profits from the sale to the fundraising entity.  
14 This paragraph is exempt from the provisions of Section 2-70.

15           (35) ~~(32)~~ Beginning January 1, 2000, new or used  
16 automatic vending machines that prepare and serve hot food  
17 and beverages, including coffee, soup, and other items, and  
18 replacement parts for these machines. This paragraph is  
19 exempt from the provisions of Section 2-70.

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

1 paragraph (36). The permit issued under this paragraph (36)  
2 shall authorize the holder, to the extent and in the manner  
3 specified in the rules adopted under this Act, to purchase  
4 tangible personal property from a retailer exempt from the  
5 taxes imposed by this Act. Taxpayers shall maintain all  
6 necessary books and records to substantiate the use and  
7 consumption of all such tangible personal property outside of  
8 the State of Illinois.

9 (Source: P.A. 90-14, eff. 7-1-97; 90-519, eff. 6-1-98;  
10 90-552, eff. 12-12-97; 90-605, eff. 6-30-98; 91-51, eff.  
11 6-30-99; 91-200, eff. 7-20-99; 91-439, eff. 8-6-99; 91-533,  
12 eff. 8-13-99; 91-637, eff. 8-20-99; 91-644, eff. 8-20-99;  
13 revised 9-28-99.)

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