

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.