



100TH GENERAL ASSEMBLY

State of Illinois

2017 and 2018

HB2745

by Rep. Michael J. Zalewski

SYNOPSIS AS INTRODUCED:

35 ILCS 5/201	from Ch. 120, par. 2-201
35 ILCS 5/224 new	
35 ILCS 105/3-5	
35 ILCS 105/3-50	from Ch. 120, par. 439.3-50
35 ILCS 105/3-85	
35 ILCS 110/2	from Ch. 120, par. 439.32
35 ILCS 110/3-5	
35 ILCS 110/3-70	
35 ILCS 115/2	from Ch. 120, par. 439.102
35 ILCS 115/3-5	
35 ILCS 115/9	from Ch. 120, par. 439.109
35 ILCS 120/2-5	
35 ILCS 120/2-45	from Ch. 120, par. 441-45
35 ILCS 120/3	from Ch. 120, par. 442

Amends the Illinois Income Tax Act. Reinstates the research and development credit for tax years ending on or after January 1, 2017, and provides that the credit applies on a permanent basis. Provides that the credit may be carried forward for a period of 20 years (instead of 5 years). Creates an apprenticeship income tax credit. Amends the Use Tax Act, the Service Use Tax Act, the Service Occupation Tax Act, and the Retailers' Occupation Tax Act. Provides that the manufacturing and assembling machinery and equipment exemption includes graphic arts machinery and equipment and production related tangible personal property. Provides that the exemption for coal and aggregate exploration, mining, off-highway hauling, processing, maintenance, and reclamation equipment applies on a permanent basis. Effective immediately.

LRB100 06198 HLH 16232 b

1 AN ACT concerning revenue.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 5. The Illinois Income Tax Act is amended by
5 changing Section 201 and by adding Section 224 as follows:

6 (35 ILCS 5/201) (from Ch. 120, par. 2-201)

7 Sec. 201. Tax Imposed.

8 (a) In general. A tax measured by net income is hereby
9 imposed on every individual, corporation, trust and estate for
10 each taxable year ending after July 31, 1969 on the privilege
11 of earning or receiving income in or as a resident of this
12 State. Such tax shall be in addition to all other occupation or
13 privilege taxes imposed by this State or by any municipal
14 corporation or political subdivision thereof.

15 (b) Rates. The tax imposed by subsection (a) of this
16 Section shall be determined as follows, except as adjusted by
17 subsection (d-1):

18 (1) In the case of an individual, trust or estate, for
19 taxable years ending prior to July 1, 1989, an amount equal
20 to 2 1/2% of the taxpayer's net income for the taxable
21 year.

22 (2) In the case of an individual, trust or estate, for
23 taxable years beginning prior to July 1, 1989 and ending

1 after June 30, 1989, an amount equal to the sum of (i) 2
2 1/2% of the taxpayer's net income for the period prior to
3 July 1, 1989, as calculated under Section 202.3, and (ii)
4 3% of the taxpayer's net income for the period after June
5 30, 1989, as calculated under Section 202.3.

6 (3) In the case of an individual, trust or estate, for
7 taxable years beginning after June 30, 1989, and ending
8 prior to January 1, 2011, an amount equal to 3% of the
9 taxpayer's net income for the taxable year.

10 (4) In the case of an individual, trust, or estate, for
11 taxable years beginning prior to January 1, 2011, and
12 ending after December 31, 2010, an amount equal to the sum
13 of (i) 3% of the taxpayer's net income for the period prior
14 to January 1, 2011, as calculated under Section 202.5, and
15 (ii) 5% of the taxpayer's net income for the period after
16 December 31, 2010, as calculated under Section 202.5.

17 (5) In the case of an individual, trust, or estate, for
18 taxable years beginning on or after January 1, 2011, and
19 ending prior to January 1, 2015, an amount equal to 5% of
20 the taxpayer's net income for the taxable year.

21 (5.1) In the case of an individual, trust, or estate,
22 for taxable years beginning prior to January 1, 2015, and
23 ending after December 31, 2014, an amount equal to the sum
24 of (i) 5% of the taxpayer's net income for the period prior
25 to January 1, 2015, as calculated under Section 202.5, and
26 (ii) 3.75% of the taxpayer's net income for the period

1 after December 31, 2014, as calculated under Section 202.5.

2 (5.2) In the case of an individual, trust, or estate,
3 for taxable years beginning on or after January 1, 2015,
4 and ending prior to January 1, 2025, an amount equal to
5 3.75% of the taxpayer's net income for the taxable year.

6 (5.3) In the case of an individual, trust, or estate,
7 for taxable years beginning prior to January 1, 2025, and
8 ending after December 31, 2024, an amount equal to the sum
9 of (i) 3.75% of the taxpayer's net income for the period
10 prior to January 1, 2025, as calculated under Section
11 202.5, and (ii) 3.25% of the taxpayer's net income for the
12 period after December 31, 2024, as calculated under Section
13 202.5.

14 (5.4) In the case of an individual, trust, or estate,
15 for taxable years beginning on or after January 1, 2025, an
16 amount equal to 3.25% of the taxpayer's net income for the
17 taxable year.

18 (6) In the case of a corporation, for taxable years
19 ending prior to July 1, 1989, an amount equal to 4% of the
20 taxpayer's net income for the taxable year.

21 (7) In the case of a corporation, for taxable years
22 beginning prior to July 1, 1989 and ending after June 30,
23 1989, an amount equal to the sum of (i) 4% of the
24 taxpayer's net income for the period prior to July 1, 1989,
25 as calculated under Section 202.3, and (ii) 4.8% of the
26 taxpayer's net income for the period after June 30, 1989,

1 as calculated under Section 202.3.

2 (8) In the case of a corporation, for taxable years
3 beginning after June 30, 1989, and ending prior to January
4 1, 2011, an amount equal to 4.8% of the taxpayer's net
5 income for the taxable year.

6 (9) In the case of a corporation, for taxable years
7 beginning prior to January 1, 2011, and ending after
8 December 31, 2010, an amount equal to the sum of (i) 4.8%
9 of the taxpayer's net income for the period prior to
10 January 1, 2011, as calculated under Section 202.5, and
11 (ii) 7% of the taxpayer's net income for the period after
12 December 31, 2010, as calculated under Section 202.5.

13 (10) In the case of a corporation, for taxable years
14 beginning on or after January 1, 2011, and ending prior to
15 January 1, 2015, an amount equal to 7% of the taxpayer's
16 net income for the taxable year.

17 (11) In the case of a corporation, for taxable years
18 beginning prior to January 1, 2015, and ending after
19 December 31, 2014, an amount equal to the sum of (i) 7% of
20 the taxpayer's net income for the period prior to January
21 1, 2015, as calculated under Section 202.5, and (ii) 5.25%
22 of the taxpayer's net income for the period after December
23 31, 2014, as calculated under Section 202.5.

24 (12) In the case of a corporation, for taxable years
25 beginning on or after January 1, 2015, and ending prior to
26 January 1, 2025, an amount equal to 5.25% of the taxpayer's

1 net income for the taxable year.

2 (13) In the case of a corporation, for taxable years
3 beginning prior to January 1, 2025, and ending after
4 December 31, 2024, an amount equal to the sum of (i) 5.25%
5 of the taxpayer's net income for the period prior to
6 January 1, 2025, as calculated under Section 202.5, and
7 (ii) 4.8% of the taxpayer's net income for the period after
8 December 31, 2024, as calculated under Section 202.5.

9 (14) In the case of a corporation, for taxable years
10 beginning on or after January 1, 2025, an amount equal to
11 4.8% of the taxpayer's net income for the taxable year.

12 The rates under this subsection (b) are subject to the
13 provisions of Section 201.5.

14 (c) Personal Property Tax Replacement Income Tax.
15 Beginning on July 1, 1979 and thereafter, in addition to such
16 income tax, there is also hereby imposed the Personal Property
17 Tax Replacement Income Tax measured by net income on every
18 corporation (including Subchapter S corporations), partnership
19 and trust, for each taxable year ending after June 30, 1979.
20 Such taxes are imposed on the privilege of earning or receiving
21 income in or as a resident of this State. The Personal Property
22 Tax Replacement Income Tax shall be in addition to the income
23 tax imposed by subsections (a) and (b) of this Section and in
24 addition to all other occupation or privilege taxes imposed by
25 this State or by any municipal corporation or political
26 subdivision thereof.

1 (d) Additional Personal Property Tax Replacement Income
2 Tax Rates. The personal property tax replacement income tax
3 imposed by this subsection and subsection (c) of this Section
4 in the case of a corporation, other than a Subchapter S
5 corporation and except as adjusted by subsection (d-1), shall
6 be an additional amount equal to 2.85% of such taxpayer's net
7 income for the taxable year, except that beginning on January
8 1, 1981, and thereafter, the rate of 2.85% specified in this
9 subsection shall be reduced to 2.5%, and in the case of a
10 partnership, trust or a Subchapter S corporation shall be an
11 additional amount equal to 1.5% of such taxpayer's net income
12 for the taxable year.

13 (d-1) Rate reduction for certain foreign insurers. In the
14 case of a foreign insurer, as defined by Section 35A-5 of the
15 Illinois Insurance Code, whose state or country of domicile
16 imposes on insurers domiciled in Illinois a retaliatory tax
17 (excluding any insurer whose premiums from reinsurance assumed
18 are 50% or more of its total insurance premiums as determined
19 under paragraph (2) of subsection (b) of Section 304, except
20 that for purposes of this determination premiums from
21 reinsurance do not include premiums from inter-affiliate
22 reinsurance arrangements), beginning with taxable years ending
23 on or after December 31, 1999, the sum of the rates of tax
24 imposed by subsections (b) and (d) shall be reduced (but not
25 increased) to the rate at which the total amount of tax imposed
26 under this Act, net of all credits allowed under this Act,

1 shall equal (i) the total amount of tax that would be imposed
2 on the foreign insurer's net income allocable to Illinois for
3 the taxable year by such foreign insurer's state or country of
4 domicile if that net income were subject to all income taxes
5 and taxes measured by net income imposed by such foreign
6 insurer's state or country of domicile, net of all credits
7 allowed or (ii) a rate of zero if no such tax is imposed on such
8 income by the foreign insurer's state of domicile. For the
9 purposes of this subsection (d-1), an inter-affiliate includes
10 a mutual insurer under common management.

11 (1) For the purposes of subsection (d-1), in no event
12 shall the sum of the rates of tax imposed by subsections
13 (b) and (d) be reduced below the rate at which the sum of:

14 (A) the total amount of tax imposed on such foreign
15 insurer under this Act for a taxable year, net of all
16 credits allowed under this Act, plus

17 (B) the privilege tax imposed by Section 409 of the
18 Illinois Insurance Code, the fire insurance company
19 tax imposed by Section 12 of the Fire Investigation
20 Act, and the fire department taxes imposed under
21 Section 11-10-1 of the Illinois Municipal Code,

22 equals 1.25% for taxable years ending prior to December 31,
23 2003, or 1.75% for taxable years ending on or after
24 December 31, 2003, of the net taxable premiums written for
25 the taxable year, as described by subsection (1) of Section
26 409 of the Illinois Insurance Code. This paragraph will in

1 no event increase the rates imposed under subsections (b)
2 and (d).

3 (2) Any reduction in the rates of tax imposed by this
4 subsection shall be applied first against the rates imposed
5 by subsection (b) and only after the tax imposed by
6 subsection (a) net of all credits allowed under this
7 Section other than the credit allowed under subsection (i)
8 has been reduced to zero, against the rates imposed by
9 subsection (d).

10 This subsection (d-1) is exempt from the provisions of
11 Section 250.

12 (e) Investment credit. A taxpayer shall be allowed a credit
13 against the Personal Property Tax Replacement Income Tax for
14 investment in qualified property.

15 (1) A taxpayer shall be allowed a credit equal to .5%
16 of the basis of qualified property placed in service during
17 the taxable year, provided such property is placed in
18 service on or after July 1, 1984. There shall be allowed an
19 additional credit equal to .5% of the basis of qualified
20 property placed in service during the taxable year,
21 provided such property is placed in service on or after
22 July 1, 1986, and the taxpayer's base employment within
23 Illinois has increased by 1% or more over the preceding
24 year as determined by the taxpayer's employment records
25 filed with the Illinois Department of Employment Security.
26 Taxpayers who are new to Illinois shall be deemed to have

1 met the 1% growth in base employment for the first year in
2 which they file employment records with the Illinois
3 Department of Employment Security. The provisions added to
4 this Section by Public Act 85-1200 (and restored by Public
5 Act 87-895) shall be construed as declaratory of existing
6 law and not as a new enactment. If, in any year, the
7 increase in base employment within Illinois over the
8 preceding year is less than 1%, the additional credit shall
9 be limited to that percentage times a fraction, the
10 numerator of which is .5% and the denominator of which is
11 1%, but shall not exceed .5%. The investment credit shall
12 not be allowed to the extent that it would reduce a
13 taxpayer's liability in any tax year below zero, nor may
14 any credit for qualified property be allowed for any year
15 other than the year in which the property was placed in
16 service in Illinois. For tax years ending on or after
17 December 31, 1987, and on or before December 31, 1988, the
18 credit shall be allowed for the tax year in which the
19 property is placed in service, or, if the amount of the
20 credit exceeds the tax liability for that year, whether it
21 exceeds the original liability or the liability as later
22 amended, such excess may be carried forward and applied to
23 the tax liability of the 5 taxable years following the
24 excess credit years if the taxpayer (i) makes investments
25 which cause the creation of a minimum of 2,000 full-time
26 equivalent jobs in Illinois, (ii) is located in an

1 enterprise zone established pursuant to the Illinois
2 Enterprise Zone Act and (iii) is certified by the
3 Department of Commerce and Community Affairs (now
4 Department of Commerce and Economic Opportunity) as
5 complying with the requirements specified in clause (i) and
6 (ii) by July 1, 1986. The Department of Commerce and
7 Community Affairs (now Department of Commerce and Economic
8 Opportunity) shall notify the Department of Revenue of all
9 such certifications immediately. For tax years ending
10 after December 31, 1988, the credit shall be allowed for
11 the tax year in which the property is placed in service,
12 or, if the amount of the credit exceeds the tax liability
13 for that year, whether it exceeds the original liability or
14 the liability as later amended, such excess may be carried
15 forward and applied to the tax liability of the 5 taxable
16 years following the excess credit years. The credit shall
17 be applied to the earliest year for which there is a
18 liability. If there is credit from more than one tax year
19 that is available to offset a liability, earlier credit
20 shall be applied first.

21 (2) The term "qualified property" means property
22 which:

23 (A) is tangible, whether new or used, including
24 buildings and structural components of buildings and
25 signs that are real property, but not including land or
26 improvements to real property that are not a structural

1 component of a building such as landscaping, sewer
2 lines, local access roads, fencing, parking lots, and
3 other appurtenances;

4 (B) is depreciable pursuant to Section 167 of the
5 Internal Revenue Code, except that "3-year property"
6 as defined in Section 168(c)(2)(A) of that Code is not
7 eligible for the credit provided by this subsection
8 (e);

9 (C) is acquired by purchase as defined in Section
10 179(d) of the Internal Revenue Code;

11 (D) is used in Illinois by a taxpayer who is
12 primarily engaged in manufacturing, or in mining coal
13 or fluorite, or in retailing, or was placed in service
14 on or after July 1, 2006 in a River Edge Redevelopment
15 Zone established pursuant to the River Edge
16 Redevelopment Zone Act; and

17 (E) has not previously been used in Illinois in
18 such a manner and by such a person as would qualify for
19 the credit provided by this subsection (e) or
20 subsection (f).

21 (3) For purposes of this subsection (e),
22 "manufacturing" means the material staging and production
23 of tangible personal property by procedures commonly
24 regarded as manufacturing, processing, fabrication, or
25 assembling which changes some existing material into new
26 shapes, new qualities, or new combinations. For purposes of

1 this subsection (e) the term "mining" shall have the same
2 meaning as the term "mining" in Section 613(c) of the
3 Internal Revenue Code. For purposes of this subsection (e),
4 the term "retailing" means the sale of tangible personal
5 property for use or consumption and not for resale, or
6 services rendered in conjunction with the sale of tangible
7 personal property for use or consumption and not for
8 resale. For purposes of this subsection (e), "tangible
9 personal property" has the same meaning as when that term
10 is used in the Retailers' Occupation Tax Act, and, for
11 taxable years ending after December 31, 2008, does not
12 include the generation, transmission, or distribution of
13 electricity.

14 (4) The basis of qualified property shall be the basis
15 used to compute the depreciation deduction for federal
16 income tax purposes.

17 (5) If the basis of the property for federal income tax
18 depreciation purposes is increased after it has been placed
19 in service in Illinois by the taxpayer, the amount of such
20 increase shall be deemed property placed in service on the
21 date of such increase in basis.

22 (6) The term "placed in service" shall have the same
23 meaning as under Section 46 of the Internal Revenue Code.

24 (7) If during any taxable year, any property ceases to
25 be qualified property in the hands of the taxpayer within
26 48 months after being placed in service, or the situs of

1 any qualified property is moved outside Illinois within 48
2 months after being placed in service, the Personal Property
3 Tax Replacement Income Tax for such taxable year shall be
4 increased. Such increase shall be determined by (i)
5 recomputing the investment credit which would have been
6 allowed for the year in which credit for such property was
7 originally allowed by eliminating such property from such
8 computation and, (ii) subtracting such recomputed credit
9 from the amount of credit previously allowed. For the
10 purposes of this paragraph (7), a reduction of the basis of
11 qualified property resulting from a redetermination of the
12 purchase price shall be deemed a disposition of qualified
13 property to the extent of such reduction.

14 (8) Unless the investment credit is extended by law,
15 the basis of qualified property shall not include costs
16 incurred after December 31, 2018, except for costs incurred
17 pursuant to a binding contract entered into on or before
18 December 31, 2018.

19 (9) Each taxable year ending before December 31, 2000,
20 a partnership may elect to pass through to its partners the
21 credits to which the partnership is entitled under this
22 subsection (e) for the taxable year. A partner may use the
23 credit allocated to him or her under this paragraph only
24 against the tax imposed in subsections (c) and (d) of this
25 Section. If the partnership makes that election, those
26 credits shall be allocated among the partners in the

1 partnership in accordance with the rules set forth in
2 Section 704(b) of the Internal Revenue Code, and the rules
3 promulgated under that Section, and the allocated amount of
4 the credits shall be allowed to the partners for that
5 taxable year. The partnership shall make this election on
6 its Personal Property Tax Replacement Income Tax return for
7 that taxable year. The election to pass through the credits
8 shall be irrevocable.

9 For taxable years ending on or after December 31, 2000,
10 a partner that qualifies its partnership for a subtraction
11 under subparagraph (I) of paragraph (2) of subsection (d)
12 of Section 203 or a shareholder that qualifies a Subchapter
13 S corporation for a subtraction under subparagraph (S) of
14 paragraph (2) of subsection (b) of Section 203 shall be
15 allowed a credit under this subsection (e) equal to its
16 share of the credit earned under this subsection (e) during
17 the taxable year by the partnership or Subchapter S
18 corporation, determined in accordance with the
19 determination of income and distributive share of income
20 under Sections 702 and 704 and Subchapter S of the Internal
21 Revenue Code. This paragraph is exempt from the provisions
22 of Section 250.

23 (f) Investment credit; Enterprise Zone; River Edge
24 Redevelopment Zone.

25 (1) A taxpayer shall be allowed a credit against the
26 tax imposed by subsections (a) and (b) of this Section for

1 investment in qualified property which is placed in service
2 in an Enterprise Zone created pursuant to the Illinois
3 Enterprise Zone Act or, for property placed in service on
4 or after July 1, 2006, a River Edge Redevelopment Zone
5 established pursuant to the River Edge Redevelopment Zone
6 Act. For partners, shareholders of Subchapter S
7 corporations, and owners of limited liability companies,
8 if the liability company is treated as a partnership for
9 purposes of federal and State income taxation, there shall
10 be allowed a credit under this subsection (f) to be
11 determined in accordance with the determination of income
12 and distributive share of income under Sections 702 and 704
13 and Subchapter S of the Internal Revenue Code. The credit
14 shall be .5% of the basis for such property. The credit
15 shall be available only in the taxable year in which the
16 property is placed in service in the Enterprise Zone or
17 River Edge Redevelopment Zone and shall not be allowed to
18 the extent that it would reduce a taxpayer's liability for
19 the tax imposed by subsections (a) and (b) of this Section
20 to below zero. For tax years ending on or after December
21 31, 1985, the credit shall be allowed for the tax year in
22 which the property is placed in service, or, if the amount
23 of the credit exceeds the tax liability for that year,
24 whether it exceeds the original liability or the liability
25 as later amended, such excess may be carried forward and
26 applied to the tax liability of the 5 taxable years

1 following the excess credit year. The credit shall be
2 applied to the earliest year for which there is a
3 liability. If there is credit from more than one tax year
4 that is available to offset a liability, the credit
5 accruing first in time shall be applied first.

6 (2) The term qualified property means property which:

7 (A) is tangible, whether new or used, including
8 buildings and structural components of buildings;

9 (B) is depreciable pursuant to Section 167 of the
10 Internal Revenue Code, except that "3-year property"
11 as defined in Section 168(c)(2)(A) of that Code is not
12 eligible for the credit provided by this subsection
13 (f);

14 (C) is acquired by purchase as defined in Section
15 179(d) of the Internal Revenue Code;

16 (D) is used in the Enterprise Zone or River Edge
17 Redevelopment Zone by the taxpayer; and

18 (E) has not been previously used in Illinois in
19 such a manner and by such a person as would qualify for
20 the credit provided by this subsection (f) or
21 subsection (e).

22 (3) The basis of qualified property shall be the basis
23 used to compute the depreciation deduction for federal
24 income tax purposes.

25 (4) If the basis of the property for federal income tax
26 depreciation purposes is increased after it has been placed

1 in service in the Enterprise Zone or River Edge
2 Redevelopment Zone by the taxpayer, the amount of such
3 increase shall be deemed property placed in service on the
4 date of such increase in basis.

5 (5) The term "placed in service" shall have the same
6 meaning as under Section 46 of the Internal Revenue Code.

7 (6) If during any taxable year, any property ceases to
8 be qualified property in the hands of the taxpayer within
9 48 months after being placed in service, or the situs of
10 any qualified property is moved outside the Enterprise Zone
11 or River Edge Redevelopment Zone within 48 months after
12 being placed in service, the tax imposed under subsections
13 (a) and (b) of this Section for such taxable year shall be
14 increased. Such increase shall be determined by (i)
15 recomputing the investment credit which would have been
16 allowed for the year in which credit for such property was
17 originally allowed by eliminating such property from such
18 computation, and (ii) subtracting such recomputed credit
19 from the amount of credit previously allowed. For the
20 purposes of this paragraph (6), a reduction of the basis of
21 qualified property resulting from a redetermination of the
22 purchase price shall be deemed a disposition of qualified
23 property to the extent of such reduction.

24 (7) There shall be allowed an additional credit equal
25 to 0.5% of the basis of qualified property placed in
26 service during the taxable year in a River Edge

1 Redevelopment Zone, provided such property is placed in
2 service on or after July 1, 2006, and the taxpayer's base
3 employment within Illinois has increased by 1% or more over
4 the preceding year as determined by the taxpayer's
5 employment records filed with the Illinois Department of
6 Employment Security. Taxpayers who are new to Illinois
7 shall be deemed to have met the 1% growth in base
8 employment for the first year in which they file employment
9 records with the Illinois Department of Employment
10 Security. If, in any year, the increase in base employment
11 within Illinois over the preceding year is less than 1%,
12 the additional credit shall be limited to that percentage
13 times a fraction, the numerator of which is 0.5% and the
14 denominator of which is 1%, but shall not exceed 0.5%.

15 (g) (Blank).

16 (h) Investment credit; High Impact Business.

17 (1) Subject to subsections (b) and (b-5) of Section 5.5
18 of the Illinois Enterprise Zone Act, a taxpayer shall be
19 allowed a credit against the tax imposed by subsections (a)
20 and (b) of this Section for investment in qualified
21 property which is placed in service by a Department of
22 Commerce and Economic Opportunity designated High Impact
23 Business. The credit shall be .5% of the basis for such
24 property. The credit shall not be available (i) until the
25 minimum investments in qualified property set forth in
26 subdivision (a)(3)(A) of Section 5.5 of the Illinois

1 Enterprise Zone Act have been satisfied or (ii) until the
2 time authorized in subsection (b-5) of the Illinois
3 Enterprise Zone Act for entities designated as High Impact
4 Businesses under subdivisions (a)(3)(B), (a)(3)(C), and
5 (a)(3)(D) of Section 5.5 of the Illinois Enterprise Zone
6 Act, and shall not be allowed to the extent that it would
7 reduce a taxpayer's liability for the tax imposed by
8 subsections (a) and (b) of this Section to below zero. The
9 credit applicable to such investments shall be taken in the
10 taxable year in which such investments have been completed.
11 The credit for additional investments beyond the minimum
12 investment by a designated high impact business authorized
13 under subdivision (a)(3)(A) of Section 5.5 of the Illinois
14 Enterprise Zone Act shall be available only in the taxable
15 year in which the property is placed in service and shall
16 not be allowed to the extent that it would reduce a
17 taxpayer's liability for the tax imposed by subsections (a)
18 and (b) of this Section to below zero. For tax years ending
19 on or after December 31, 1987, the credit shall be allowed
20 for the tax year in which the property is placed in
21 service, or, if the amount of the credit exceeds the tax
22 liability for that year, whether it exceeds the original
23 liability or the liability as later amended, such excess
24 may be carried forward and applied to the tax liability of
25 the 5 taxable years following the excess credit year. The
26 credit shall be applied to the earliest year for which

1 there is a liability. If there is credit from more than one
2 tax year that is available to offset a liability, the
3 credit accruing first in time shall be applied first.

4 Changes made in this subdivision (h) (1) by Public Act
5 88-670 restore changes made by Public Act 85-1182 and
6 reflect existing law.

7 (2) The term qualified property means property which:

8 (A) is tangible, whether new or used, including
9 buildings and structural components of buildings;

10 (B) is depreciable pursuant to Section 167 of the
11 Internal Revenue Code, except that "3-year property"
12 as defined in Section 168(c) (2) (A) of that Code is not
13 eligible for the credit provided by this subsection
14 (h);

15 (C) is acquired by purchase as defined in Section
16 179(d) of the Internal Revenue Code; and

17 (D) is not eligible for the Enterprise Zone
18 Investment Credit provided by subsection (f) of this
19 Section.

20 (3) The basis of qualified property shall be the basis
21 used to compute the depreciation deduction for federal
22 income tax purposes.

23 (4) If the basis of the property for federal income tax
24 depreciation purposes is increased after it has been placed
25 in service in a federally designated Foreign Trade Zone or
26 Sub-Zone located in Illinois by the taxpayer, the amount of

1 such increase shall be deemed property placed in service on
2 the date of such increase in basis.

3 (5) The term "placed in service" shall have the same
4 meaning as under Section 46 of the Internal Revenue Code.

5 (6) If during any taxable year ending on or before
6 December 31, 1996, any property ceases to be qualified
7 property in the hands of the taxpayer within 48 months
8 after being placed in service, or the situs of any
9 qualified property is moved outside Illinois within 48
10 months after being placed in service, the tax imposed under
11 subsections (a) and (b) of this Section for such taxable
12 year shall be increased. Such increase shall be determined
13 by (i) recomputing the investment credit which would have
14 been allowed for the year in which credit for such property
15 was originally allowed by eliminating such property from
16 such computation, and (ii) subtracting such recomputed
17 credit from the amount of credit previously allowed. For
18 the purposes of this paragraph (6), a reduction of the
19 basis of qualified property resulting from a
20 redetermination of the purchase price shall be deemed a
21 disposition of qualified property to the extent of such
22 reduction.

23 (7) Beginning with tax years ending after December 31,
24 1996, if a taxpayer qualifies for the credit under this
25 subsection (h) and thereby is granted a tax abatement and
26 the taxpayer relocates its entire facility in violation of

1 the explicit terms and length of the contract under Section
2 18-183 of the Property Tax Code, the tax imposed under
3 subsections (a) and (b) of this Section shall be increased
4 for the taxable year in which the taxpayer relocated its
5 facility by an amount equal to the amount of credit
6 received by the taxpayer under this subsection (h).

7 (i) Credit for Personal Property Tax Replacement Income
8 Tax. For tax years ending prior to December 31, 2003, a credit
9 shall be allowed against the tax imposed by subsections (a) and
10 (b) of this Section for the tax imposed by subsections (c) and
11 (d) of this Section. This credit shall be computed by
12 multiplying the tax imposed by subsections (c) and (d) of this
13 Section by a fraction, the numerator of which is base income
14 allocable to Illinois and the denominator of which is Illinois
15 base income, and further multiplying the product by the tax
16 rate imposed by subsections (a) and (b) of this Section.

17 Any credit earned on or after December 31, 1986 under this
18 subsection which is unused in the year the credit is computed
19 because it exceeds the tax liability imposed by subsections (a)
20 and (b) for that year (whether it exceeds the original
21 liability or the liability as later amended) may be carried
22 forward and applied to the tax liability imposed by subsections
23 (a) and (b) of the 5 taxable years following the excess credit
24 year, provided that no credit may be carried forward to any
25 year ending on or after December 31, 2003. This credit shall be
26 applied first to the earliest year for which there is a

1 liability. If there is a credit under this subsection from more
2 than one tax year that is available to offset a liability the
3 earliest credit arising under this subsection shall be applied
4 first.

5 If, during any taxable year ending on or after December 31,
6 1986, the tax imposed by subsections (c) and (d) of this
7 Section for which a taxpayer has claimed a credit under this
8 subsection (i) is reduced, the amount of credit for such tax
9 shall also be reduced. Such reduction shall be determined by
10 recomputing the credit to take into account the reduced tax
11 imposed by subsections (c) and (d). If any portion of the
12 reduced amount of credit has been carried to a different
13 taxable year, an amended return shall be filed for such taxable
14 year to reduce the amount of credit claimed.

15 (j) Training expense credit. Beginning with tax years
16 ending on or after December 31, 1986 and prior to December 31,
17 2003, a taxpayer shall be allowed a credit against the tax
18 imposed by subsections (a) and (b) under this Section for all
19 amounts paid or accrued, on behalf of all persons employed by
20 the taxpayer in Illinois or Illinois residents employed outside
21 of Illinois by a taxpayer, for educational or vocational
22 training in semi-technical or technical fields or semi-skilled
23 or skilled fields, which were deducted from gross income in the
24 computation of taxable income. The credit against the tax
25 imposed by subsections (a) and (b) shall be 1.6% of such
26 training expenses. For partners, shareholders of subchapter S

1 corporations, and owners of limited liability companies, if the
2 liability company is treated as a partnership for purposes of
3 federal and State income taxation, there shall be allowed a
4 credit under this subsection (j) to be determined in accordance
5 with the determination of income and distributive share of
6 income under Sections 702 and 704 and subchapter S of the
7 Internal Revenue Code.

8 Any credit allowed under this subsection which is unused in
9 the year the credit is earned may be carried forward to each of
10 the 5 taxable years following the year for which the credit is
11 first computed until it is used. This credit shall be applied
12 first to the earliest year for which there is a liability. If
13 there is a credit under this subsection from more than one tax
14 year that is available to offset a liability the earliest
15 credit arising under this subsection shall be applied first. No
16 carryforward credit may be claimed in any tax year ending on or
17 after December 31, 2003.

18 (k) Research and development credit. For tax years ending
19 after July 1, 1990 and prior to December 31, 2003, and
20 beginning again for tax years ending on or after December 31,
21 ~~2004, and ending prior to January 1, 2016,~~ a taxpayer shall be
22 allowed a credit against the tax imposed by subsections (a) and
23 (b) of this Section for increasing research activities in this
24 State. The credit allowed against the tax imposed by
25 subsections (a) and (b) shall be equal to 6 1/2% of the
26 qualifying expenditures for increasing research activities in

1 this State. For partners, shareholders of subchapter S
2 corporations, and owners of limited liability companies, if the
3 liability company is treated as a partnership for purposes of
4 federal and State income taxation, there shall be allowed a
5 credit under this subsection to be determined in accordance
6 with the determination of income and distributive share of
7 income under Sections 702 and 704 and subchapter S of the
8 Internal Revenue Code.

9 For purposes of this subsection, "qualifying expenditures"
10 means the qualifying expenditures as defined for the federal
11 credit for increasing research activities which would be
12 allowable under Section 41 of the Internal Revenue Code and
13 which are conducted in this State, "qualifying expenditures for
14 increasing research activities in this State" means the excess
15 of qualifying expenditures for the taxable year in which
16 incurred over qualifying expenditures for the base period,
17 "qualifying expenditures for the base period" means: (1) for
18 tax years ending prior to December 31, 2017, the average of the
19 qualifying expenditures for each year in the base period; and
20 (2) for tax years ending on or after December 31, 2017, 50% of
21 the average of the qualifying expenditures for each year in the
22 base period, and "base period" means the 3 taxable years
23 immediately preceding the taxable year for which the
24 determination is being made.

25 Any credit in excess of the tax liability for the taxable
26 year may be carried forward. A taxpayer may elect to have the

1 unused credit shown on its final completed return carried over
2 as a credit against the tax liability for the following 20 ~~5~~
3 taxable years or until it has been fully used, whichever occurs
4 first; provided that no credit earned in a tax year ending
5 prior to December 31, 2003 may be carried forward to any year
6 ending on or after December 31, 2003.

7 If an unused credit is carried forward to a given year from
8 2 or more earlier years, that credit arising in the earliest
9 year will be applied first against the tax liability for the
10 given year. If a tax liability for the given year still
11 remains, the credit from the next earliest year will then be
12 applied, and so on, until all credits have been used or no tax
13 liability for the given year remains. Any remaining unused
14 credit or credits then will be carried forward to the next
15 following year in which a tax liability is incurred, except
16 that no credit can be carried forward to a year which is more
17 than 5 years after the year in which the expense for which the
18 credit is given was incurred.

19 No inference shall be drawn from this amendatory Act of the
20 91st General Assembly in construing this Section for taxable
21 years beginning before January 1, 1999.

22 It is the intent of the General Assembly that the credit
23 established under this subsection (k) shall apply for all tax
24 years ending on or after December 31, 2004, including, but not
25 limited to, tax years ending on or after January 1, 2017.

26 This subsection (k) is exempt from the provisions of

1 Section 250.

2 (1) Environmental Remediation Tax Credit.

3 (i) For tax years ending after December 31, 1997 and on
4 or before December 31, 2001, a taxpayer shall be allowed a
5 credit against the tax imposed by subsections (a) and (b)
6 of this Section for certain amounts paid for unreimbursed
7 eligible remediation costs, as specified in this
8 subsection. For purposes of this Section, "unreimbursed
9 eligible remediation costs" means costs approved by the
10 Illinois Environmental Protection Agency ("Agency") under
11 Section 58.14 of the Environmental Protection Act that were
12 paid in performing environmental remediation at a site for
13 which a No Further Remediation Letter was issued by the
14 Agency and recorded under Section 58.10 of the
15 Environmental Protection Act. The credit must be claimed
16 for the taxable year in which Agency approval of the
17 eligible remediation costs is granted. The credit is not
18 available to any taxpayer if the taxpayer or any related
19 party caused or contributed to, in any material respect, a
20 release of regulated substances on, in, or under the site
21 that was identified and addressed by the remedial action
22 pursuant to the Site Remediation Program of the
23 Environmental Protection Act. After the Pollution Control
24 Board rules are adopted pursuant to the Illinois
25 Administrative Procedure Act for the administration and
26 enforcement of Section 58.9 of the Environmental

1 Protection Act, determinations as to credit availability
2 for purposes of this Section shall be made consistent with
3 those rules. For purposes of this Section, "taxpayer"
4 includes a person whose tax attributes the taxpayer has
5 succeeded to under Section 381 of the Internal Revenue Code
6 and "related party" includes the persons disallowed a
7 deduction for losses by paragraphs (b), (c), and (f)(1) of
8 Section 267 of the Internal Revenue Code by virtue of being
9 a related taxpayer, as well as any of its partners. The
10 credit allowed against the tax imposed by subsections (a)
11 and (b) shall be equal to 25% of the unreimbursed eligible
12 remediation costs in excess of \$100,000 per site, except
13 that the \$100,000 threshold shall not apply to any site
14 contained in an enterprise zone as determined by the
15 Department of Commerce and Community Affairs (now
16 Department of Commerce and Economic Opportunity). The
17 total credit allowed shall not exceed \$40,000 per year with
18 a maximum total of \$150,000 per site. For partners and
19 shareholders of subchapter S corporations, there shall be
20 allowed a credit under this subsection to be determined in
21 accordance with the determination of income and
22 distributive share of income under Sections 702 and 704 and
23 subchapter S of the Internal Revenue Code.

24 (ii) A credit allowed under this subsection that is
25 unused in the year the credit is earned may be carried
26 forward to each of the 5 taxable years following the year

1 for which the credit is first earned until it is used. The
2 term "unused credit" does not include any amounts of
3 unreimbursed eligible remediation costs in excess of the
4 maximum credit per site authorized under paragraph (i).
5 This credit shall be applied first to the earliest year for
6 which there is a liability. If there is a credit under this
7 subsection from more than one tax year that is available to
8 offset a liability, the earliest credit arising under this
9 subsection shall be applied first. A credit allowed under
10 this subsection may be sold to a buyer as part of a sale of
11 all or part of the remediation site for which the credit
12 was granted. The purchaser of a remediation site and the
13 tax credit shall succeed to the unused credit and remaining
14 carry-forward period of the seller. To perfect the
15 transfer, the assignor shall record the transfer in the
16 chain of title for the site and provide written notice to
17 the Director of the Illinois Department of Revenue of the
18 assignor's intent to sell the remediation site and the
19 amount of the tax credit to be transferred as a portion of
20 the sale. In no event may a credit be transferred to any
21 taxpayer if the taxpayer or a related party would not be
22 eligible under the provisions of subsection (i).

23 (iii) For purposes of this Section, the term "site"
24 shall have the same meaning as under Section 58.2 of the
25 Environmental Protection Act.

26 (m) Education expense credit. Beginning with tax years

1 ending after December 31, 1999, a taxpayer who is the custodian
2 of one or more qualifying pupils shall be allowed a credit
3 against the tax imposed by subsections (a) and (b) of this
4 Section for qualified education expenses incurred on behalf of
5 the qualifying pupils. The credit shall be equal to 25% of
6 qualified education expenses, but in no event may the total
7 credit under this subsection claimed by a family that is the
8 custodian of qualifying pupils exceed \$500. In no event shall a
9 credit under this subsection reduce the taxpayer's liability
10 under this Act to less than zero. This subsection is exempt
11 from the provisions of Section 250 of this Act.

12 For purposes of this subsection:

13 "Qualifying pupils" means individuals who (i) are
14 residents of the State of Illinois, (ii) are under the age of
15 21 at the close of the school year for which a credit is
16 sought, and (iii) during the school year for which a credit is
17 sought were full-time pupils enrolled in a kindergarten through
18 twelfth grade education program at any school, as defined in
19 this subsection.

20 "Qualified education expense" means the amount incurred on
21 behalf of a qualifying pupil in excess of \$250 for tuition,
22 book fees, and lab fees at the school in which the pupil is
23 enrolled during the regular school year.

24 "School" means any public or nonpublic elementary or
25 secondary school in Illinois that is in compliance with Title
26 VI of the Civil Rights Act of 1964 and attendance at which

1 satisfies the requirements of Section 26-1 of the School Code,
2 except that nothing shall be construed to require a child to
3 attend any particular public or nonpublic school to qualify for
4 the credit under this Section.

5 "Custodian" means, with respect to qualifying pupils, an
6 Illinois resident who is a parent, the parents, a legal
7 guardian, or the legal guardians of the qualifying pupils.

8 (n) River Edge Redevelopment Zone site remediation tax
9 credit.

10 (i) For tax years ending on or after December 31, 2006,
11 a taxpayer shall be allowed a credit against the tax
12 imposed by subsections (a) and (b) of this Section for
13 certain amounts paid for unreimbursed eligible remediation
14 costs, as specified in this subsection. For purposes of
15 this Section, "unreimbursed eligible remediation costs"
16 means costs approved by the Illinois Environmental
17 Protection Agency ("Agency") under Section 58.14a of the
18 Environmental Protection Act that were paid in performing
19 environmental remediation at a site within a River Edge
20 Redevelopment Zone for which a No Further Remediation
21 Letter was issued by the Agency and recorded under Section
22 58.10 of the Environmental Protection Act. The credit must
23 be claimed for the taxable year in which Agency approval of
24 the eligible remediation costs is granted. The credit is
25 not available to any taxpayer if the taxpayer or any
26 related party caused or contributed to, in any material

1 respect, a release of regulated substances on, in, or under
2 the site that was identified and addressed by the remedial
3 action pursuant to the Site Remediation Program of the
4 Environmental Protection Act. Determinations as to credit
5 availability for purposes of this Section shall be made
6 consistent with rules adopted by the Pollution Control
7 Board pursuant to the Illinois Administrative Procedure
8 Act for the administration and enforcement of Section 58.9
9 of the Environmental Protection Act. For purposes of this
10 Section, "taxpayer" includes a person whose tax attributes
11 the taxpayer has succeeded to under Section 381 of the
12 Internal Revenue Code and "related party" includes the
13 persons disallowed a deduction for losses by paragraphs
14 (b), (c), and (f) (1) of Section 267 of the Internal Revenue
15 Code by virtue of being a related taxpayer, as well as any
16 of its partners. The credit allowed against the tax imposed
17 by subsections (a) and (b) shall be equal to 25% of the
18 unreimbursed eligible remediation costs in excess of
19 \$100,000 per site.

20 (ii) A credit allowed under this subsection that is
21 unused in the year the credit is earned may be carried
22 forward to each of the 5 taxable years following the year
23 for which the credit is first earned until it is used. This
24 credit shall be applied first to the earliest year for
25 which there is a liability. If there is a credit under this
26 subsection from more than one tax year that is available to

1 offset a liability, the earliest credit arising under this
2 subsection shall be applied first. A credit allowed under
3 this subsection may be sold to a buyer as part of a sale of
4 all or part of the remediation site for which the credit
5 was granted. The purchaser of a remediation site and the
6 tax credit shall succeed to the unused credit and remaining
7 carry-forward period of the seller. To perfect the
8 transfer, the assignor shall record the transfer in the
9 chain of title for the site and provide written notice to
10 the Director of the Illinois Department of Revenue of the
11 assignor's intent to sell the remediation site and the
12 amount of the tax credit to be transferred as a portion of
13 the sale. In no event may a credit be transferred to any
14 taxpayer if the taxpayer or a related party would not be
15 eligible under the provisions of subsection (i).

16 (iii) For purposes of this Section, the term "site"
17 shall have the same meaning as under Section 58.2 of the
18 Environmental Protection Act.

19 (o) For each of taxable years during the Compassionate Use
20 of Medical Cannabis Pilot Program, a surcharge is imposed on
21 all taxpayers on income arising from the sale or exchange of
22 capital assets, depreciable business property, real property
23 used in the trade or business, and Section 197 intangibles of
24 an organization registrant under the Compassionate Use of
25 Medical Cannabis Pilot Program Act. The amount of the surcharge
26 is equal to the amount of federal income tax liability for the

1 taxable year attributable to those sales and exchanges. The
2 surcharge imposed does not apply if:

3 (1) the medical cannabis cultivation center
4 registration, medical cannabis dispensary registration, or
5 the property of a registration is transferred as a result
6 of any of the following:

7 (A) bankruptcy, a receivership, or a debt
8 adjustment initiated by or against the initial
9 registration or the substantial owners of the initial
10 registration;

11 (B) cancellation, revocation, or termination of
12 any registration by the Illinois Department of Public
13 Health;

14 (C) a determination by the Illinois Department of
15 Public Health that transfer of the registration is in
16 the best interests of Illinois qualifying patients as
17 defined by the Compassionate Use of Medical Cannabis
18 Pilot Program Act;

19 (D) the death of an owner of the equity interest in
20 a registrant;

21 (E) the acquisition of a controlling interest in
22 the stock or substantially all of the assets of a
23 publicly traded company;

24 (F) a transfer by a parent company to a wholly
25 owned subsidiary; or

26 (G) the transfer or sale to or by one person to

1 another person where both persons were initial owners
2 of the registration when the registration was issued;
3 or

4 (2) the cannabis cultivation center registration,
5 medical cannabis dispensary registration, or the
6 controlling interest in a registrant's property is
7 transferred in a transaction to lineal descendants in which
8 no gain or loss is recognized or as a result of a
9 transaction in accordance with Section 351 of the Internal
10 Revenue Code in which no gain or loss is recognized.

11 (Source: P.A. 97-2, eff. 5-6-11; 97-636, eff. 6-1-12; 97-905,
12 eff. 8-7-12; 98-109, eff. 7-25-13; 98-122, eff. 1-1-14; 98-756,
13 eff. 7-16-14.)

14 (35 ILCS 5/224 new)

15 Sec. 224. Apprenticeship Education expense credit.

16 (a) For tax years ending after December 31, 2017, a
17 taxpayer who is the employer of one or more qualifying
18 apprentices shall be allowed a credit against the tax imposed
19 by subsections (a) and (b) of Section 201 for qualified
20 education expenses incurred on behalf of the qualifying
21 apprentices. The credit shall be equal to 100% of qualified
22 education expenses, but in no event may the total credit under
23 this Section claimed by an employer of a qualifying apprentice
24 in any year exceed \$3,500. In no event shall a credit under
25 this subsection reduce the taxpayer's liability under this Act

1 to less than zero. This Section is exempt from the provisions
2 of Section 250 of this Act.

3 (b) For purposes of this Section:

4 "Qualifying apprentices" means individuals who (i) are
5 residents of the State of Illinois, (ii) are between the ages
6 of 16 and 30 years old at the close of the school year for which
7 a credit is sought, and (iii) during the school year for which
8 a credit is sought were full-time apprentices enrolled in an
9 apprenticeship program which is registered with the US
10 Department of Labor, Office of Apprenticeship.

11 "Qualified education expense" means the amount incurred on
12 behalf of a qualifying apprentice of up to \$3,500 for tuition,
13 book fees, and lab fees at the school or community college in
14 which the apprentice is enrolled during the regular school
15 year.

16 "School" means any public or nonpublic secondary school in
17 Illinois, or any community college that is in compliance with
18 Title VI of the Civil Rights Act of 1964, except that nothing
19 shall be construed to allow a student to attend a community
20 college not a part of an approved apprenticeship program to
21 qualify for the credit under this Section.

22 "Employer" means, with respect to qualifying apprentices,
23 an Illinois taxpayer who is the employer of the qualifying
24 apprentices.

25 Section 10. The Use Tax Act is amended by changing Sections

1 3-5, 3-50, and 3-85 as follows:

2 (35 ILCS 105/3-5)

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

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

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

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

1 of this amendatory Act of the 92nd General Assembly, however,
2 an entity otherwise eligible for this exemption shall not make
3 tax-free purchases unless it has an active identification
4 number issued by the Department.

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

19 (5) Until July 1, 2003, a passenger car that is a
20 replacement vehicle to the extent that the purchase price of
21 the car is subject to the Replacement Vehicle Tax.

22 (6) Until July 1, 2003 and beginning again on September 1,
23 2004 through August 30, 2014, graphic arts machinery and
24 equipment, including repair and replacement parts, both new and
25 used, and including that manufactured on special order,
26 certified by the purchaser to be used primarily for graphic

1 arts production, and including machinery and equipment
2 purchased for lease. Equipment includes chemicals or chemicals
3 acting as catalysts but only if the chemicals or chemicals
4 acting as catalysts effect a direct and immediate change upon a
5 graphic arts product. Beginning on August 31, 2014, graphic
6 arts machinery and equipment is included in the manufacturing
7 and assembling machinery and equipment exemption under
8 paragraph (18).

9 (7) Farm chemicals.

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

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

17 (10) A motor vehicle that is used for automobile renting,
18 as defined in the Automobile Renting Occupation and Use Tax
19 Act.

20 (11) Farm machinery and equipment, both new and used,
21 including that manufactured on special order, certified by the
22 purchaser to be used primarily for production agriculture or
23 State or federal agricultural programs, including individual
24 replacement parts for the machinery and equipment, including
25 machinery and equipment purchased for lease, and including
26 implements of husbandry defined in Section 1-130 of the

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

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

21 Farm machinery and equipment also includes computers,
22 sensors, software, and related equipment used primarily in the
23 computer-assisted operation of production agriculture
24 facilities, equipment, and activities such as, but not limited
25 to, the collection, monitoring, and correlation of animal and
26 crop data for the purpose of formulating animal diets and

1 agricultural chemicals. This item (11) is exempt from the
2 provisions of Section 3-90.

3 (12) Until June 30, 2013, fuel and petroleum products sold
4 to or used by an air common carrier, certified by the carrier
5 to be used for consumption, shipment, or storage in the conduct
6 of its business as an air common carrier, for a flight destined
7 for or returning from a location or locations outside the
8 United States without regard to previous or subsequent domestic
9 stopovers.

10 Beginning July 1, 2013, fuel and petroleum products sold to
11 or used by an air carrier, certified by the carrier to be used
12 for consumption, shipment, or storage in the conduct of its
13 business as an air common carrier, for a flight that (i) is
14 engaged in foreign trade or is engaged in trade between the
15 United States and any of its possessions and (ii) transports at
16 least one individual or package for hire from the city of
17 origination to the city of final destination on the same
18 aircraft, without regard to a change in the flight number of
19 that aircraft.

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

1 respect to which the service charge is imposed.

2 (14) Until July 1, 2003, oil field exploration, drilling,
3 and production equipment, including (i) rigs and parts of rigs,
4 rotary rigs, cable tool rigs, and workover rigs, (ii) pipe and
5 tubular goods, including casing and drill strings, (iii) pumps
6 and pump-jack units, (iv) storage tanks and flow lines, (v) any
7 individual replacement part for oil field exploration,
8 drilling, and production equipment, and (vi) machinery and
9 equipment purchased for lease; but excluding motor vehicles
10 required to be registered under the Illinois Vehicle Code.

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

16 (16) Coal and aggregate exploration, mining, off-highway
17 hauling, processing, maintenance, and reclamation equipment,
18 including replacement parts and equipment, and including
19 equipment purchased for lease, but excluding motor vehicles
20 required to be registered under the Illinois Vehicle Code. The
21 changes made to this Section by Public Act 97-767 apply on and
22 after July 1, 2003, but no claim for credit or refund is
23 allowed on or after August 16, 2013 (the effective date of
24 Public Act 98-456) for such taxes paid during the period
25 beginning July 1, 2003 and ending on August 16, 2013 (the
26 effective date of Public Act 98-456). This item (16) is exempt

1 from the provisions of Section 3-90.

2 (17) Until July 1, 2003, distillation machinery and
3 equipment, sold as a unit or kit, assembled or installed by the
4 retailer, certified by the user to be used only for the
5 production of ethyl alcohol that will be used for consumption
6 as motor fuel or as a component of motor fuel for the personal
7 use of the user, and not subject to sale or resale.

8 (18) Manufacturing and assembling machinery and equipment
9 used primarily in the process of manufacturing or assembling
10 tangible personal property for wholesale or retail sale or
11 lease, whether that sale or lease is made directly by the
12 manufacturer or by some other person, whether the materials
13 used in the process are owned by the manufacturer or some other
14 person, or whether that sale or lease is made apart from or as
15 an incident to the seller's engaging in the service occupation
16 of producing machines, tools, dies, jigs, patterns, gauges, or
17 other similar items of no commercial value on special order for
18 a particular purchaser. The exemption provided by this
19 paragraph (18) does not include machinery and equipment used in
20 (i) the generation of electricity for wholesale or retail sale;
21 (ii) the generation or treatment of natural or artificial gas
22 for wholesale or retail sale that is delivered to customers
23 through pipes, pipelines, or mains; or (iii) the treatment of
24 water for wholesale or retail sale that is delivered to
25 customers through pipes, pipelines, or mains. The provisions of
26 Public Act 98-583 are declaratory of existing law as to the

1 meaning and scope of this exemption. Beginning on August 31,
2 2014, manufacturing and assembling machinery and equipment
3 also includes, but is not limited to, graphic arts machinery
4 and equipment, as defined in paragraph (6) of this Section, and
5 production related tangible personal property, as defined in
6 Section 3-50. The exemption provided by this paragraph (18) is
7 exempt from the provisions of Section 3-90.

8 (19) Personal property delivered to a purchaser or
9 purchaser's donee inside Illinois when the purchase order for
10 that personal property was received by a florist located
11 outside Illinois who has a florist located inside Illinois
12 deliver the personal property.

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

15 (21) Horses, or interests in horses, registered with and
16 meeting the requirements of any of the Arabian Horse Club
17 Registry of America, Appaloosa Horse Club, American Quarter
18 Horse Association, United States Trotting Association, or
19 Jockey Club, as appropriate, used for purposes of breeding or
20 racing for prizes. This item (21) is exempt from the provisions
21 of Section 3-90, and the exemption provided for under this item
22 (21) applies for all periods beginning May 30, 1995, but no
23 claim for credit or refund is allowed on or after January 1,
24 2008 for such taxes paid during the period beginning May 30,
25 2000 and ending on January 1, 2008.

26 (22) Computers and communications equipment utilized for

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

23 (23) Personal property purchased by a lessor who leases the
24 property, under a lease of one year or longer executed or in
25 effect at the time the lessor would otherwise be subject to the
26 tax imposed by this Act, to a governmental body that has been

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

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

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

13 (26) Beginning July 1, 1999, game or game birds purchased
14 at a "game breeding and hunting preserve area" as that term is
15 used in the Wildlife Code. This paragraph is exempt from the
16 provisions of Section 3-90.

17 (27) A motor vehicle, as that term is defined in Section
18 1-146 of the Illinois Vehicle Code, that is donated to a
19 corporation, limited liability company, society, association,
20 foundation, or institution that is determined by the Department
21 to be organized and operated exclusively for educational
22 purposes. For purposes of this exemption, "a corporation,
23 limited liability company, society, association, foundation,
24 or institution organized and operated exclusively for
25 educational purposes" means all tax-supported public schools,
26 private schools that offer systematic instruction in useful

1 branches of learning by methods common to public schools and
2 that compare favorably in their scope and intensity with the
3 course of study presented in tax-supported schools, and
4 vocational or technical schools or institutes organized and
5 operated exclusively to provide a course of study of not less
6 than 6 weeks duration and designed to prepare individuals to
7 follow a trade or to pursue a manual, technical, mechanical,
8 industrial, business, or commercial occupation.

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

23 (29) Beginning January 1, 2000 and through December 31,
24 2001, new or used automatic vending machines that prepare and
25 serve hot food and beverages, including coffee, soup, and other
26 items, and replacement parts for these machines. Beginning

1 January 1, 2002 and through June 30, 2003, machines and parts
2 for machines used in commercial, coin-operated amusement and
3 vending business if a use or occupation tax is paid on the
4 gross receipts derived from the use of the commercial,
5 coin-operated amusement and vending machines. This paragraph
6 is exempt from the provisions of Section 3-90.

7 (30) Beginning January 1, 2001 and through June 30, 2016,
8 food for human consumption that is to be consumed off the
9 premises where it is sold (other than alcoholic beverages, soft
10 drinks, and food that has been prepared for immediate
11 consumption) and prescription and nonprescription medicines,
12 drugs, medical appliances, and insulin, urine testing
13 materials, syringes, and needles used by diabetics, for human
14 use, when purchased for use by a person receiving medical
15 assistance under Article V of the Illinois Public Aid Code who
16 resides in a licensed long-term care facility, as defined in
17 the Nursing Home Care Act, or in a licensed facility as defined
18 in the ID/DD Community Care Act, the MC/DD Act, or the
19 Specialized Mental Health Rehabilitation Act of 2013.

20 (31) Beginning on the effective date of this amendatory Act
21 of the 92nd General Assembly, computers and communications
22 equipment utilized for any hospital purpose and equipment used
23 in the diagnosis, analysis, or treatment of hospital patients
24 purchased by a lessor who leases the equipment, under a lease
25 of one year or longer executed or in effect at the time the
26 lessor would otherwise be subject to the tax imposed by this

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

19 (32) Beginning on the effective date of this amendatory Act
20 of the 92nd General Assembly, personal property purchased by a
21 lessor who leases the property, under a lease of one year or
22 longer executed or in effect at the time the lessor would
23 otherwise be subject to the tax imposed by this Act, to a
24 governmental body that has been issued an active sales tax
25 exemption identification number by the Department under
26 Section 1g of the Retailers' Occupation Tax Act. If the

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

16 (33) On and after July 1, 2003 and through June 30, 2004,
17 the use in this State of motor vehicles of the second division
18 with a gross vehicle weight in excess of 8,000 pounds and that
19 are subject to the commercial distribution fee imposed under
20 Section 3-815.1 of the Illinois Vehicle Code. Beginning on July
21 1, 2004 and through June 30, 2005, the use in this State of
22 motor vehicles of the second division: (i) with a gross vehicle
23 weight rating in excess of 8,000 pounds; (ii) that are subject
24 to the commercial distribution fee imposed under Section
25 3-815.1 of the Illinois Vehicle Code; and (iii) that are
26 primarily used for commercial purposes. Through June 30, 2005,

1 this exemption applies to repair and replacement parts added
2 after the initial purchase of such a motor vehicle if that
3 motor vehicle is used in a manner that would qualify for the
4 rolling stock exemption otherwise provided for in this Act. For
5 purposes of this paragraph, the term "used for commercial
6 purposes" means the transportation of persons or property in
7 furtherance of any commercial or industrial enterprise,
8 whether for-hire or not.

9 (34) Beginning January 1, 2008, tangible personal property
10 used in the construction or maintenance of a community water
11 supply, as defined under Section 3.145 of the Environmental
12 Protection Act, that is operated by a not-for-profit
13 corporation that holds a valid water supply permit issued under
14 Title IV of the Environmental Protection Act. This paragraph is
15 exempt from the provisions of Section 3-90.

16 (35) Beginning January 1, 2010, materials, parts,
17 equipment, components, and furnishings incorporated into or
18 upon an aircraft as part of the modification, refurbishment,
19 completion, replacement, repair, or maintenance of the
20 aircraft. This exemption includes consumable supplies used in
21 the modification, refurbishment, completion, replacement,
22 repair, and maintenance of aircraft, but excludes any
23 materials, parts, equipment, components, and consumable
24 supplies used in the modification, replacement, repair, and
25 maintenance of aircraft engines or power plants, whether such
26 engines or power plants are installed or uninstalled upon any

1 such aircraft. "Consumable supplies" include, but are not
2 limited to, adhesive, tape, sandpaper, general purpose
3 lubricants, cleaning solution, latex gloves, and protective
4 films. This exemption applies only to the use of qualifying
5 tangible personal property by persons who modify, refurbish,
6 complete, repair, replace, or maintain aircraft and who (i)
7 hold an Air Agency Certificate and are empowered to operate an
8 approved repair station by the Federal Aviation
9 Administration, (ii) have a Class IV Rating, and (iii) conduct
10 operations in accordance with Part 145 of the Federal Aviation
11 Regulations. The exemption does not include aircraft operated
12 by a commercial air carrier providing scheduled passenger air
13 service pursuant to authority issued under Part 121 or Part 129
14 of the Federal Aviation Regulations. The changes made to this
15 paragraph (35) by Public Act 98-534 are declarative of existing
16 law.

17 (36) Tangible personal property purchased by a
18 public-facilities corporation, as described in Section
19 11-65-10 of the Illinois Municipal Code, for purposes of
20 constructing or furnishing a municipal convention hall, but
21 only if the legal title to the municipal convention hall is
22 transferred to the municipality without any further
23 consideration by or on behalf of the municipality at the time
24 of the completion of the municipal convention hall or upon the
25 retirement or redemption of any bonds or other debt instruments
26 issued by the public-facilities corporation in connection with

1 the development of the municipal convention hall. This
2 exemption includes existing public-facilities corporations as
3 provided in Section 11-65-25 of the Illinois Municipal Code.
4 This paragraph is exempt from the provisions of Section 3-90.

5 (37) Beginning January 1, 2017, menstrual pads, tampons,
6 and menstrual cups.

7 (Source: P.A. 98-104, eff. 7-22-13; 98-422, eff. 8-16-13;
8 98-456, eff. 8-16-13; 98-534, eff. 8-23-13; 98-574, eff.
9 1-1-14; 98-583, eff. 1-1-14; 98-756, eff. 7-16-14; 99-180, eff.
10 7-29-15; 99-855, eff. 8-19-16.)

11 (35 ILCS 105/3-50) (from Ch. 120, par. 439.3-50)

12 Sec. 3-50. Manufacturing and assembly exemption. The
13 manufacturing and assembling machinery and equipment exemption
14 includes machinery and equipment that replaces machinery and
15 equipment in an existing manufacturing facility as well as
16 machinery and equipment that are for use in an expanded or new
17 manufacturing facility. The machinery and equipment exemption
18 also includes machinery and equipment used in the general
19 maintenance or repair of exempt machinery and equipment or for
20 in-house manufacture of exempt machinery and equipment.
21 Beginning on August 31, 2014, the manufacturing and assembling
22 machinery and equipment exemption also includes graphic arts
23 machinery and equipment, as defined in paragraph (6) of Section
24 3-5, and production related tangible personal property, as
25 defined in this Section. The machinery and equipment exemption

1 does not include machinery and equipment used in (i) the
2 generation of electricity for wholesale or retail sale; (ii)
3 the generation or treatment of natural or artificial gas for
4 wholesale or retail sale that is delivered to customers through
5 pipes, pipelines, or mains; or (iii) the treatment of water for
6 wholesale or retail sale that is delivered to customers through
7 pipes, pipelines, or mains. The provisions of this amendatory
8 Act of the 98th General Assembly are declaratory of existing
9 law as to the meaning and scope of this exemption. For the
10 purposes of this exemption, terms have the following meanings:

11 (1) "Manufacturing process" means the production of an
12 article of tangible personal property, whether the article
13 is a finished product or an article for use in the process
14 of manufacturing or assembling a different article of
15 tangible personal property, by a procedure commonly
16 regarded as manufacturing, processing, fabricating, or
17 refining that changes some existing material into a
18 material with a different form, use, or name. In relation
19 to a recognized integrated business composed of a series of
20 operations that collectively constitute manufacturing, or
21 individually constitute manufacturing operations, the
22 manufacturing process commences with the first operation
23 or stage of production in the series and does not end until
24 the completion of the final product in the last operation
25 or stage of production in the series. For purposes of this
26 exemption, photoprocessing is a manufacturing process of

1 tangible personal property for wholesale or retail sale.

2 (2) "Assembling process" means the production of an
3 article of tangible personal property, whether the article
4 is a finished product or an article for use in the process
5 of manufacturing or assembling a different article of
6 tangible personal property, by the combination of existing
7 materials in a manner commonly regarded as assembling that
8 results in an article or material of a different form, use,
9 or name.

10 (3) "Machinery" means major mechanical machines or
11 major components of those machines contributing to a
12 manufacturing or assembling process.

13 (4) "Equipment" includes an independent device or tool
14 separate from machinery but essential to an integrated
15 manufacturing or assembly process; including computers
16 used primarily in a manufacturer's computer assisted
17 design, computer assisted manufacturing (CAD/CAM) system;
18 any subunit or assembly comprising a component of any
19 machinery or auxiliary, adjunct, or attachment parts of
20 machinery, such as tools, dies, jigs, fixtures, patterns,
21 and molds; and any parts that require periodic replacement
22 in the course of normal operation; but does not include
23 hand tools. Equipment includes chemicals or chemicals
24 acting as catalysts but only if the chemicals or chemicals
25 acting as catalysts effect a direct and immediate change
26 upon a product being manufactured or assembled for

1 wholesale or retail sale or lease.

2 (5) "Production related tangible personal property"
3 means all tangible personal property that is used or
4 consumed by the purchaser in a manufacturing facility in
5 which a manufacturing process described in Section 2-45 of
6 the Retailers' Occupation Tax Act takes place, including
7 ~~and includes, without limitation,~~ tangible personal
8 property that is purchased for incorporation into real
9 estate within a manufacturing facility and including, but
10 not limited to, tangible personal property that is used or
11 consumed in activities such as ~~research and development,~~
12 preproduction material handling, receiving, quality
13 control, inventory control, storage, staging, and
14 packaging for shipping and transportation purposes.
15 Tangible personal property used or consumed by the
16 purchaser for research and development is considered
17 "production related tangible personal property" regardless
18 of use within or without a manufacturing facility.

19 "Production related tangible personal property" does not
20 include (i) tangible personal property that is used, within
21 or without a manufacturing facility, in sales, purchasing,
22 accounting, fiscal management, marketing, personnel
23 recruitment or selection, or landscaping or (ii) tangible
24 personal property that is required to be titled or
25 registered with a department, agency, or unit of federal,
26 State, or local government.

1 ~~The manufacturing and assembling machinery and equipment~~
2 ~~exemption includes production related tangible personal~~
3 ~~property that is purchased on or after July 1, 2007 and on or~~
4 ~~before June 30, 2008. The exemption for production related~~
5 ~~tangible personal property is subject to both of the following~~
6 ~~limitations:~~

7 ~~(1) The maximum amount of the exemption for any one~~
8 ~~taxpayer may not exceed 5% of the purchase price of~~
9 ~~production related tangible personal property that is~~
10 ~~purchased on or after July 1, 2007 and on or before June~~
11 ~~30, 2008. A credit under Section 3-85 of this Act may not~~
12 ~~be earned by the purchase of production related tangible~~
13 ~~personal property for which an exemption is received under~~
14 ~~this Section.~~

15 ~~(2) The maximum aggregate amount of the exemptions for~~
16 ~~production related tangible personal property awarded~~
17 ~~under this Act and the Retailers' Occupation Tax Act to all~~
18 ~~taxpayers may not exceed \$10,000,000. If the claims for the~~
19 ~~exemption exceed \$10,000,000, then the Department shall~~
20 ~~reduce the amount of the exemption to each taxpayer on a~~
21 ~~pro rata basis.~~

22 ~~The Department may adopt rules to implement and administer the~~
23 ~~exemption for production related tangible personal property.~~

24 The manufacturing and assembling machinery and equipment
25 exemption includes the sale of materials to a purchaser who
26 produces exempted types of machinery, equipment, or tools and

1 who rents or leases that machinery, equipment, or tools to a
2 manufacturer of tangible personal property. This exemption
3 also includes the sale of materials to a purchaser who
4 manufactures those materials into an exempted type of
5 machinery, equipment, or tools that the purchaser uses himself
6 or herself in the manufacturing of tangible personal property.
7 This exemption includes the sale of exempted types of machinery
8 or equipment to a purchaser who is not the manufacturer, but
9 who rents or leases the use of the property to a manufacturer.
10 The purchaser of the machinery and equipment who has an active
11 resale registration number shall furnish that number to the
12 seller at the time of purchase. A user of the machinery,
13 equipment, or tools without an active resale registration
14 number shall prepare a certificate of exemption for each
15 transaction stating facts establishing the exemption for that
16 transaction, and that certificate shall be available to the
17 Department for inspection or audit. The Department shall
18 prescribe the form of the certificate. Informal rulings,
19 opinions, or letters issued by the Department in response to an
20 inquiry or request for an opinion from any person regarding the
21 coverage and applicability of this exemption to specific
22 devices shall be published, maintained as a public record, and
23 made available for public inspection and copying. If the
24 informal ruling, opinion, or letter contains trade secrets or
25 other confidential information, where possible, the Department
26 shall delete that information before publication. Whenever

1 informal rulings, opinions, or letters contain a policy of
2 general applicability, the Department shall formulate and
3 adopt that policy as a rule in accordance with the Illinois
4 Administrative Procedure Act.

5 The exemption under this Section is exempt from the
6 provisions of Section 3-90.

7 (Source: P.A. 98-583, eff. 1-1-14.)

8 (35 ILCS 105/3-85)

9 Sec. 3-85. Manufacturer's Purchase Credit. For purchases
10 of machinery and equipment made on and after January 1, 1995
11 through June 30, 2003, and on and after September 1, 2004
12 through August 30, 2014, a purchaser of manufacturing machinery
13 and equipment that qualifies for the exemption provided by
14 paragraph (18) of Section 3-5 of this Act earns a credit in an
15 amount equal to a fixed percentage of the tax which would have
16 been incurred under this Act on those purchases. For purchases
17 of graphic arts machinery and equipment made on or after July
18 1, 1996 and through June 30, 2003, and on and after September
19 1, 2004 through August 30, 2014, a purchaser of graphic arts
20 machinery and equipment that qualifies for the exemption
21 provided by paragraph (6) of Section 3-5 of this Act earns a
22 credit in an amount equal to a fixed percentage of the tax that
23 would have been incurred under this Act on those purchases. The
24 credit earned for purchases of manufacturing machinery and
25 equipment or graphic arts machinery and equipment shall be

1 referred to as the Manufacturer's Purchase Credit. A graphic
2 arts producer is a person engaged in graphic arts production as
3 defined in Section 2-30 of the Retailers' Occupation Tax Act.
4 Beginning July 1, 1996, all references in this Section to
5 manufacturers or manufacturing shall also be deemed to refer to
6 graphic arts producers or graphic arts production.

7 The amount of credit shall be a percentage of the tax that
8 would have been incurred on the purchase of manufacturing
9 machinery and equipment or graphic arts machinery and equipment
10 if the exemptions provided by paragraph (6) or paragraph (18)
11 of Section 3-5 of this Act had not been applicable. The
12 percentage shall be as follows:

13 (1) 15% for purchases made on or before June 30, 1995.

14 (2) 25% for purchases made after June 30, 1995, and on
15 or before June 30, 1996.

16 (3) 40% for purchases made after June 30, 1996, and on
17 or before June 30, 1997.

18 (4) 50% for purchases made on or after July 1, 1997.

19 (a) Manufacturer's Purchase Credit earned prior to July 1,
20 2003. This subsection (a) applies to Manufacturer's Purchase
21 Credit earned prior to July 1, 2003. A purchaser of production
22 related tangible personal property desiring to use the
23 Manufacturer's Purchase Credit shall certify to the seller
24 prior to October 1, 2003 that the purchaser is satisfying all
25 or part of the liability under the Use Tax Act or the Service
26 Use Tax Act that is due on the purchase of the production

1 related tangible personal property by use of Manufacturer's
2 Purchase Credit. The Manufacturer's Purchase Credit
3 certification must be dated and shall include the name and
4 address of the purchaser, the purchaser's registration number,
5 if registered, the credit being applied, and a statement that
6 the State Use Tax or Service Use Tax liability is being
7 satisfied with the manufacturer's or graphic arts producer's
8 accumulated purchase credit. Certification may be incorporated
9 into the manufacturer's or graphic arts producer's purchase
10 order. Manufacturer's Purchase Credit certification provided
11 by the manufacturer or graphic arts producer prior to October
12 1, 2003 may be used to satisfy the retailer's or serviceman's
13 liability under the Retailers' Occupation Tax Act or Service
14 Occupation Tax Act for the credit claimed, not to exceed 6.25%
15 of the receipts subject to tax from a qualifying purchase, but
16 only if the retailer or serviceman reports the Manufacturer's
17 Purchase Credit claimed as required by the Department. A
18 Manufacturer's Purchase Credit reported on any original or
19 amended return filed under this Act after October 20, 2003
20 shall be disallowed. The Manufacturer's Purchase Credit earned
21 by purchase of exempt manufacturing machinery and equipment or
22 graphic arts machinery and equipment is a non-transferable
23 credit. A manufacturer or graphic arts producer that enters
24 into a contract involving the installation of tangible personal
25 property into real estate within a manufacturing or graphic
26 arts production facility may, prior to October 1, 2003,

1 authorize a construction contractor to utilize credit
2 accumulated by the manufacturer or graphic arts producer to
3 purchase the tangible personal property. A manufacturer or
4 graphic arts producer intending to use accumulated credit to
5 purchase such tangible personal property shall execute a
6 written contract authorizing the contractor to utilize a
7 specified dollar amount of credit. The contractor shall
8 furnish, prior to October 1, 2003, the supplier with the
9 manufacturer's or graphic arts producer's name, registration
10 or resale number, and a statement that a specific amount of the
11 Use Tax or Service Use Tax liability, not to exceed 6.25% of
12 the selling price, is being satisfied with the credit. The
13 manufacturer or graphic arts producer shall remain liable to
14 timely report all information required by the annual Report of
15 Manufacturer's Purchase Credit Used for all credit utilized by
16 a construction contractor.

17 No Manufacturer's Purchase Credit earned prior to July 1,
18 2003 may be used after October 1, 2003. The Manufacturer's
19 Purchase Credit may be used to satisfy liability under the Use
20 Tax Act or the Service Use Tax Act due on the purchase of
21 production related tangible personal property (including
22 purchases by a manufacturer, by a graphic arts producer, or by
23 a lessor who rents or leases the use of the property to a
24 manufacturer or graphic arts producer) that does not otherwise
25 qualify for the manufacturing machinery and equipment
26 exemption or the graphic arts machinery and equipment

1 exemption. "Production related tangible personal property"
2 means (i) all tangible personal property used or consumed by
3 the purchaser in a manufacturing facility in which a
4 manufacturing process described in Section 2-45 of the
5 Retailers' Occupation Tax Act takes place, including tangible
6 personal property purchased for incorporation into real estate
7 within a manufacturing facility and including, but not limited
8 to, tangible personal property used or consumed in activities
9 such as preproduction material handling, receiving, quality
10 control, inventory control, storage, staging, and packaging
11 for shipping and transportation purposes; (ii) all tangible
12 personal property used or consumed by the purchaser in a
13 graphic arts facility in which graphic arts production as
14 described in Section 2-30 of the Retailers' Occupation Tax Act
15 takes place, including tangible personal property purchased
16 for incorporation into real estate within a graphic arts
17 facility and including, but not limited to, all tangible
18 personal property used or consumed in activities such as
19 graphic arts preliminary or pre-press production,
20 pre-production material handling, receiving, quality control,
21 inventory control, storage, staging, sorting, labeling,
22 mailing, tying, wrapping, and packaging; and (iii) all tangible
23 personal property used or consumed by the purchaser for
24 research and development. "Production related tangible
25 personal property" does not include (i) tangible personal
26 property used, within or without a manufacturing facility, in

1 sales, purchasing, accounting, fiscal management, marketing,
2 personnel recruitment or selection, or landscaping or (ii)
3 tangible personal property required to be titled or registered
4 with a department, agency, or unit of federal, state, or local
5 government. The Manufacturer's Purchase Credit may be used,
6 prior to October 1, 2003, to satisfy the tax arising either
7 from the purchase of machinery and equipment on or after
8 January 1, 1995 for which the exemption provided by paragraph
9 (18) of Section 3-5 of this Act was erroneously claimed, or the
10 purchase of machinery and equipment on or after July 1, 1996
11 for which the exemption provided by paragraph (6) of Section
12 3-5 of this Act was erroneously claimed, but not in
13 satisfaction of penalty, if any, and interest for failure to
14 pay the tax when due. A purchaser of production related
15 tangible personal property who is required to pay Illinois Use
16 Tax or Service Use Tax on the purchase directly to the
17 Department may, prior to October 1, 2003, utilize the
18 Manufacturer's Purchase Credit in satisfaction of the tax
19 arising from that purchase, but not in satisfaction of penalty
20 and interest. A purchaser who uses the Manufacturer's Purchase
21 Credit to purchase property which is later determined not to be
22 production related tangible personal property may be liable for
23 tax, penalty, and interest on the purchase of that property as
24 of the date of purchase but shall be entitled to use the
25 disallowed Manufacturer's Purchase Credit, so long as it has
26 not expired and is used prior to October 1, 2003, on qualifying

1 purchases of production related tangible personal property not
2 previously subject to credit usage. The Manufacturer's
3 Purchase Credit earned by a manufacturer or graphic arts
4 producer expires the last day of the second calendar year
5 following the calendar year in which the credit arose. No
6 Manufacturer's Purchase Credit may be used after September 30,
7 2003 regardless of when that credit was earned.

8 A purchaser earning Manufacturer's Purchase Credit shall
9 sign and file an annual Report of Manufacturer's Purchase
10 Credit Earned for each calendar year no later than the last day
11 of the sixth month following the calendar year in which a
12 Manufacturer's Purchase Credit is earned. A Report of
13 Manufacturer's Purchase Credit Earned shall be filed on forms
14 as prescribed or approved by the Department and shall state,
15 for each month of the calendar year: (i) the total purchase
16 price of all purchases of exempt manufacturing or graphic arts
17 machinery on which the credit was earned; (ii) the total State
18 Use Tax or Service Use Tax which would have been due on those
19 items; (iii) the percentage used to calculate the amount of
20 credit earned; (iv) the amount of credit earned; and (v) such
21 other information as the Department may reasonably require. A
22 purchaser earning Manufacturer's Purchase Credit shall
23 maintain records which identify, as to each purchase of
24 manufacturing or graphic arts machinery and equipment on which
25 the purchaser earned Manufacturer's Purchase Credit, the
26 vendor (including, if applicable, either the vendor's

1 registration number or Federal Employer Identification
2 Number), the purchase price, and the amount of Manufacturer's
3 Purchase Credit earned on each purchase.

4 A purchaser using Manufacturer's Purchase Credit shall
5 sign and file an annual Report of Manufacturer's Purchase
6 Credit Used for each calendar year no later than the last day
7 of the sixth month following the calendar year in which a
8 Manufacturer's Purchase Credit is used. A Report of
9 Manufacturer's Purchase Credit Used shall be filed on forms as
10 prescribed or approved by the Department and shall state, for
11 each month of the calendar year: (i) the total purchase price
12 of production related tangible personal property purchased
13 from Illinois suppliers; (ii) the total purchase price of
14 production related tangible personal property purchased from
15 out-of-state suppliers; (iii) the total amount of credit used
16 during such month; and (iv) such other information as the
17 Department may reasonably require. A purchaser using
18 Manufacturer's Purchase Credit shall maintain records that
19 identify, as to each purchase of production related tangible
20 personal property on which the purchaser used Manufacturer's
21 Purchase Credit, the vendor (including, if applicable, either
22 the vendor's registration number or Federal Employer
23 Identification Number), the purchase price, and the amount of
24 Manufacturer's Purchase Credit used on each purchase.

25 No annual report shall be filed before May 1, 1996 or after
26 June 30, 2004. A purchaser that fails to file an annual Report

1 of Manufacturer's Purchase Credit Earned or an annual Report of
2 Manufacturer's Purchase Credit Used by the last day of the
3 sixth month following the end of the calendar year shall
4 forfeit all Manufacturer's Purchase Credit for that calendar
5 year unless it establishes that its failure to file was due to
6 reasonable cause. Manufacturer's Purchase Credit reports may
7 be amended to report and claim credit on qualifying purchases
8 not previously reported at any time before the credit would
9 have expired, unless both the Department and the purchaser have
10 agreed to an extension of the statute of limitations for the
11 issuance of a notice of tax liability as provided in Section 4
12 of the Retailers' Occupation Tax Act. If the time for
13 assessment or refund has been extended, then amended reports
14 for a calendar year may be filed at any time prior to the date
15 to which the statute of limitations for the calendar year or
16 portion thereof has been extended. No Manufacturer's Purchase
17 Credit report filed with the Department for periods prior to
18 January 1, 1995 shall be approved. Manufacturer's Purchase
19 Credit claimed on an amended report may be used, until October
20 1, 2003, to satisfy tax liability under the Use Tax Act or the
21 Service Use Tax Act (i) on qualifying purchases of production
22 related tangible personal property made after the date the
23 amended report is filed or (ii) assessed by the Department on
24 qualifying purchases of production related tangible personal
25 property made in the case of manufacturers on or after January
26 1, 1995, or in the case of graphic arts producers on or after

1 July 1, 1996.

2 If the purchaser is not the manufacturer or a graphic arts
3 producer, but rents or leases the use of the property to a
4 manufacturer or graphic arts producer, the purchaser may earn,
5 report, and use Manufacturer's Purchase Credit in the same
6 manner as a manufacturer or graphic arts producer.

7 A purchaser shall not be entitled to any Manufacturer's
8 Purchase Credit for a purchase that is required to be reported
9 and is not timely reported as provided in this Section. A
10 purchaser remains liable for (i) any tax that was satisfied by
11 use of a Manufacturer's Purchase Credit, as of the date of
12 purchase, if that use is not timely reported as required in
13 this Section and (ii) for any applicable penalties and interest
14 for failing to pay the tax when due. No Manufacturer's Purchase
15 Credit may be used after September 30, 2003 to satisfy any tax
16 liability imposed under this Act, including any audit
17 liability.

18 (b) Manufacturer's Purchase Credit earned on and after
19 September 1, 2004 and through August 30, 2014. This subsection
20 (b) applies to Manufacturer's Purchase Credit earned on and
21 after September 1, 2004 and through August 30, 2014. No
22 Manufacturer's Purchase Credit may be used after September 30,
23 2014 to satisfy any tax liability incurred on purchases of
24 production related tangible personal property made on or before
25 August 30, 2014 or to satisfy any audit liability established
26 after September 30, 2014. Manufacturer's Purchase Credit

1 earned on or after September 1, 2004 may only be used to
2 satisfy the Use Tax or Service Use Tax liability incurred on
3 production related tangible personal property purchased on or
4 after September 1, 2004. A purchaser of production related
5 tangible personal property desiring to use the Manufacturer's
6 Purchase Credit shall certify to the seller that the purchaser
7 is satisfying all or part of the liability under the Use Tax
8 Act or the Service Use Tax Act that is due on the purchase of
9 the production related tangible personal property by use of
10 Manufacturer's Purchase Credit. The Manufacturer's Purchase
11 Credit certification must be dated and shall include the name
12 and address of the purchaser, the purchaser's registration
13 number, if registered, the credit being applied, and a
14 statement that the State Use Tax or Service Use Tax liability
15 is being satisfied with the manufacturer's or graphic arts
16 producer's accumulated purchase credit. Certification may be
17 incorporated into the manufacturer's or graphic arts
18 producer's purchase order. Manufacturer's Purchase Credit
19 certification provided by the manufacturer or graphic arts
20 producer may be used to satisfy the retailer's or serviceman's
21 liability under the Retailers' Occupation Tax Act or Service
22 Occupation Tax Act for the credit claimed, not to exceed 6.25%
23 of the receipts subject to tax from a qualifying purchase, but
24 only if the retailer or serviceman reports the Manufacturer's
25 Purchase Credit claimed as required by the Department. The
26 Manufacturer's Purchase Credit earned by purchase of exempt

1 manufacturing machinery and equipment or graphic arts
2 machinery and equipment is a non-transferable credit. A
3 manufacturer or graphic arts producer that enters into a
4 contract involving the installation of tangible personal
5 property into real estate within a manufacturing or graphic
6 arts production facility may, on or after September 1, 2004,
7 authorize a construction contractor to utilize credit
8 accumulated by the manufacturer or graphic arts producer to
9 purchase the tangible personal property. A manufacturer or
10 graphic arts producer intending to use accumulated credit to
11 purchase such tangible personal property shall execute a
12 written contract authorizing the contractor to utilize a
13 specified dollar amount of credit. The contractor shall furnish
14 the supplier with the manufacturer's or graphic arts producer's
15 name, registration or resale number, and a statement that a
16 specific amount of the Use Tax or Service Use Tax liability,
17 not to exceed 6.25% of the selling price, is being satisfied
18 with the credit. The manufacturer or graphic arts producer
19 shall remain liable to timely report all information required
20 by the annual Report of Manufacturer's Purchase Credit Used for
21 all credit utilized by a construction contractor.

22 The Manufacturer's Purchase Credit may be used to satisfy
23 liability under the Use Tax Act or the Service Use Tax Act due
24 on the purchase, made on or after September 1, 2004, of
25 production related tangible personal property (including
26 purchases by a manufacturer, by a graphic arts producer, or by

1 a lessor who rents or leases the use of the property to a
2 manufacturer or graphic arts producer) that does not otherwise
3 qualify for the manufacturing machinery and equipment
4 exemption or the graphic arts machinery and equipment
5 exemption. "Production related tangible personal property"
6 means (i) all tangible personal property used or consumed by
7 the purchaser in a manufacturing facility in which a
8 manufacturing process described in Section 2-45 of the
9 Retailers' Occupation Tax Act takes place, including tangible
10 personal property purchased for incorporation into real estate
11 within a manufacturing facility and including, but not limited
12 to, tangible personal property used or consumed in activities
13 such as preproduction material handling, receiving, quality
14 control, inventory control, storage, staging, and packaging
15 for shipping and transportation purposes; (ii) all tangible
16 personal property used or consumed by the purchaser in a
17 graphic arts facility in which graphic arts production as
18 described in Section 2-30 of the Retailers' Occupation Tax Act
19 takes place, including tangible personal property purchased
20 for incorporation into real estate within a graphic arts
21 facility and including, but not limited to, all tangible
22 personal property used or consumed in activities such as
23 graphic arts preliminary or pre-press production,
24 pre-production material handling, receiving, quality control,
25 inventory control, storage, staging, sorting, labeling,
26 mailing, tying, wrapping, and packaging; and (iii) all tangible

1 personal property used or consumed by the purchaser for
2 research and development. "Production related tangible
3 personal property" does not include (i) tangible personal
4 property used, within or without a manufacturing facility, in
5 sales, purchasing, accounting, fiscal management, marketing,
6 personnel recruitment or selection, or landscaping or (ii)
7 tangible personal property required to be titled or registered
8 with a department, agency, or unit of federal, state, or local
9 government. The Manufacturer's Purchase Credit may be used to
10 satisfy the tax arising either from the purchase of machinery
11 and equipment on or after September 1, 2004 for which the
12 exemption provided by paragraph (18) of Section 3-5 of this Act
13 was erroneously claimed, or the purchase of machinery and
14 equipment on or after September 1, 2004 for which the exemption
15 provided by paragraph (6) of Section 3-5 of this Act was
16 erroneously claimed, but not in satisfaction of penalty, if
17 any, and interest for failure to pay the tax when due. A
18 purchaser of production related tangible personal property
19 that is purchased on or after September 1, 2004 who is required
20 to pay Illinois Use Tax or Service Use Tax on the purchase
21 directly to the Department may utilize the Manufacturer's
22 Purchase Credit in satisfaction of the tax arising from that
23 purchase, but not in satisfaction of penalty and interest. A
24 purchaser who uses the Manufacturer's Purchase Credit to
25 purchase property on and after September 1, 2004 which is later
26 determined not to be production related tangible personal

1 property may be liable for tax, penalty, and interest on the
2 purchase of that property as of the date of purchase but shall
3 be entitled to use the disallowed Manufacturer's Purchase
4 Credit, so long as it has not expired and is used on qualifying
5 purchases of production related tangible personal property not
6 previously subject to credit usage. The Manufacturer's
7 Purchase Credit earned by a manufacturer or graphic arts
8 producer expires the last day of the second calendar year
9 following the calendar year in which the credit arose. A
10 purchaser earning Manufacturer's Purchase Credit shall sign
11 and file an annual Report of Manufacturer's Purchase Credit
12 Earned for each calendar year no later than the last day of the
13 sixth month following the calendar year in which a
14 Manufacturer's Purchase Credit is earned. A Report of
15 Manufacturer's Purchase Credit Earned shall be filed on forms
16 as prescribed or approved by the Department and shall state,
17 for each month of the calendar year: (i) the total purchase
18 price of all purchases of exempt manufacturing or graphic arts
19 machinery on which the credit was earned; (ii) the total State
20 Use Tax or Service Use Tax which would have been due on those
21 items; (iii) the percentage used to calculate the amount of
22 credit earned; (iv) the amount of credit earned; and (v) such
23 other information as the Department may reasonably require. A
24 purchaser earning Manufacturer's Purchase Credit shall
25 maintain records which identify, as to each purchase of
26 manufacturing or graphic arts machinery and equipment on which

1 the purchaser earned Manufacturer's Purchase Credit, the
2 vendor (including, if applicable, either the vendor's
3 registration number or Federal Employer Identification
4 Number), the purchase price, and the amount of Manufacturer's
5 Purchase Credit earned on each purchase. A purchaser using
6 Manufacturer's Purchase Credit shall sign and file an annual
7 Report of Manufacturer's Purchase Credit Used for each calendar
8 year no later than the last day of the sixth month following
9 the calendar year in which a Manufacturer's Purchase Credit is
10 used. A Report of Manufacturer's Purchase Credit Used shall be
11 filed on forms as prescribed or approved by the Department and
12 shall state, for each month of the calendar year: (i) the total
13 purchase price of production related tangible personal
14 property purchased from Illinois suppliers; (ii) the total
15 purchase price of production related tangible personal
16 property purchased from out-of-state suppliers; (iii) the
17 total amount of credit used during such month; and (iv) such
18 other information as the Department may reasonably require. A
19 purchaser using Manufacturer's Purchase Credit shall maintain
20 records that identify, as to each purchase of production
21 related tangible personal property on which the purchaser used
22 Manufacturer's Purchase Credit, the vendor (including, if
23 applicable, either the vendor's registration number or Federal
24 Employer Identification Number), the purchase price, and the
25 amount of Manufacturer's Purchase Credit used on each purchase.

26 A purchaser that fails to file an annual Report of

1 Manufacturer's Purchase Credit Earned or an annual Report of
2 Manufacturer's Purchase Credit Used by the last day of the
3 sixth month following the end of the calendar year shall
4 forfeit all Manufacturer's Purchase Credit for that calendar
5 year unless it establishes that its failure to file was due to
6 reasonable cause. Manufacturer's Purchase Credit reports may
7 be amended to report and claim credit on qualifying purchases
8 not previously reported at any time before the credit would
9 have expired, unless both the Department and the purchaser have
10 agreed to an extension of the statute of limitations for the
11 issuance of a notice of tax liability as provided in Section 4
12 of the Retailers' Occupation Tax Act. If the time for
13 assessment or refund has been extended, then amended reports
14 for a calendar year may be filed at any time prior to the date
15 to which the statute of limitations for the calendar year or
16 portion thereof has been extended. Manufacturer's Purchase
17 Credit claimed on an amended report may be used to satisfy tax
18 liability under the Use Tax Act or the Service Use Tax Act (i)
19 on qualifying purchases of production related tangible
20 personal property made after the date the amended report is
21 filed or (ii) assessed by the Department on qualifying
22 production related tangible personal property purchased on or
23 after September 1, 2004. If the purchaser is not the
24 manufacturer or a graphic arts producer, but rents or leases
25 the use of the property to a manufacturer or graphic arts
26 producer, the purchaser may earn, report, and use

1 Manufacturer's Purchase Credit in the same manner as a
2 manufacturer or graphic arts producer. A purchaser shall not be
3 entitled to any Manufacturer's Purchase Credit for a purchase
4 that is required to be reported and is not timely reported as
5 provided in this Section. A purchaser remains liable for (i)
6 any tax that was satisfied by use of a Manufacturer's Purchase
7 Credit, as of the date of purchase, if that use is not timely
8 reported as required in this Section and (ii) for any
9 applicable penalties and interest for failing to pay the tax
10 when due.

11 (Source: P.A. 96-116, eff. 7-31-09.)

12 Section 15. The Service Use Tax Act is amended by changing
13 Sections 2, 3-5, and 3-70 as follows:

14 (35 ILCS 110/2) (from Ch. 120, par. 439.32)

15 Sec. 2. Definitions.

16 "Use" means the exercise by any person of any right or
17 power over tangible personal property incident to the ownership
18 of that property, but does not include the sale or use for
19 demonstration by him of that property in any form as tangible
20 personal property in the regular course of business. "Use" does
21 not mean the interim use of tangible personal property nor the
22 physical incorporation of tangible personal property, as an
23 ingredient or constituent, into other tangible personal
24 property, (a) which is sold in the regular course of business

1 or (b) which the person incorporating such ingredient or
2 constituent therein has undertaken at the time of such purchase
3 to cause to be transported in interstate commerce to
4 destinations outside the State of Illinois.

5 "Purchased from a serviceman" means the acquisition of the
6 ownership of, or title to, tangible personal property through a
7 sale of service.

8 "Purchaser" means any person who, through a sale of
9 service, acquires the ownership of, or title to, any tangible
10 personal property.

11 "Cost price" means the consideration paid by the serviceman
12 for a purchase valued in money, whether paid in money or
13 otherwise, including cash, credits and services, and shall be
14 determined without any deduction on account of the supplier's
15 cost of the property sold or on account of any other expense
16 incurred by the supplier. When a serviceman contracts out part
17 or all of the services required in his sale of service, it
18 shall be presumed that the cost price to the serviceman of the
19 property transferred to him or her by his or her subcontractor
20 is equal to 50% of the subcontractor's charges to the
21 serviceman in the absence of proof of the consideration paid by
22 the subcontractor for the purchase of such property.

23 "Selling price" means the consideration for a sale valued
24 in money whether received in money or otherwise, including
25 cash, credits and service, and shall be determined without any
26 deduction on account of the serviceman's cost of the property

1 sold, the cost of materials used, labor or service cost or any
2 other expense whatsoever, but does not include interest or
3 finance charges which appear as separate items on the bill of
4 sale or sales contract nor charges that are added to prices by
5 sellers on account of the seller's duty to collect, from the
6 purchaser, the tax that is imposed by this Act.

7 "Department" means the Department of Revenue.

8 "Person" means any natural individual, firm, partnership,
9 association, joint stock company, joint venture, public or
10 private corporation, limited liability company, and any
11 receiver, executor, trustee, guardian or other representative
12 appointed by order of any court.

13 "Sale of service" means any transaction except:

14 (1) a retail sale of tangible personal property taxable
15 under the Retailers' Occupation Tax Act or under the Use
16 Tax Act.

17 (2) a sale of tangible personal property for the
18 purpose of resale made in compliance with Section 2c of the
19 Retailers' Occupation Tax Act.

20 (3) except as hereinafter provided, a sale or transfer
21 of tangible personal property as an incident to the
22 rendering of service for or by any governmental body, or
23 for or by any corporation, society, association,
24 foundation or institution organized and operated
25 exclusively for charitable, religious or educational
26 purposes or any not-for-profit corporation, society,

1 association, foundation, institution or organization which
2 has no compensated officers or employees and which is
3 organized and operated primarily for the recreation of
4 persons 55 years of age or older. A limited liability
5 company may qualify for the exemption under this paragraph
6 only if the limited liability company is organized and
7 operated exclusively for educational purposes.

8 (4) a sale or transfer of tangible personal property as
9 an incident to the rendering of service for interstate
10 carriers for hire for use as rolling stock moving in
11 interstate commerce or by lessors under a lease of one year
12 or longer, executed or in effect at the time of purchase of
13 personal property, to interstate carriers for hire for use
14 as rolling stock moving in interstate commerce so long as
15 so used by such interstate carriers for hire, and equipment
16 operated by a telecommunications provider, licensed as a
17 common carrier by the Federal Communications Commission,
18 which is permanently installed in or affixed to aircraft
19 moving in interstate commerce.

20 (4a) a sale or transfer of tangible personal property
21 as an incident to the rendering of service for owners,
22 lessors, or shippers of tangible personal property which is
23 utilized by interstate carriers for hire for use as rolling
24 stock moving in interstate commerce so long as so used by
25 interstate carriers for hire, and equipment operated by a
26 telecommunications provider, licensed as a common carrier

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

4 (4a-5) on and after July 1, 2003 and through June 30,
5 2004, a sale or transfer of a motor vehicle of the second
6 division with a gross vehicle weight in excess of 8,000
7 pounds as an incident to the rendering of service if that
8 motor vehicle is subject to the commercial distribution fee
9 imposed under Section 3-815.1 of the Illinois Vehicle Code.
10 Beginning on July 1, 2004 and through June 30, 2005, the
11 use in this State of motor vehicles of the second division:
12 (i) with a gross vehicle weight rating in excess of 8,000
13 pounds; (ii) that are subject to the commercial
14 distribution fee imposed under Section 3-815.1 of the
15 Illinois Vehicle Code; and (iii) that are primarily used
16 for commercial purposes. Through June 30, 2005, this
17 exemption applies to repair and replacement parts added
18 after the initial purchase of such a motor vehicle if that
19 motor vehicle is used in a manner that would qualify for
20 the rolling stock exemption otherwise provided for in this
21 Act. For purposes of this paragraph, "used for commercial
22 purposes" means the transportation of persons or property
23 in furtherance of any commercial or industrial enterprise
24 whether for-hire or not.

25 (5) a sale or transfer of machinery and equipment used
26 primarily in the process of the manufacturing or

1 assembling, either in an existing, an expanded or a new
2 manufacturing facility, of tangible personal property for
3 wholesale or retail sale or lease, whether such sale or
4 lease is made directly by the manufacturer or by some other
5 person, whether the materials used in the process are owned
6 by the manufacturer or some other person, or whether such
7 sale or lease is made apart from or as an incident to the
8 seller's engaging in a service occupation and the
9 applicable tax is a Service Use Tax or Service Occupation
10 Tax, rather than Use Tax or Retailers' Occupation Tax. The
11 exemption provided by this paragraph (5) does not include
12 machinery and equipment used in (i) the generation of
13 electricity for wholesale or retail sale; (ii) the
14 generation or treatment of natural or artificial gas for
15 wholesale or retail sale that is delivered to customers
16 through pipes, pipelines, or mains; or (iii) the treatment
17 of water for wholesale or retail sale that is delivered to
18 customers through pipes, pipelines, or mains. The
19 provisions of this amendatory Act of the 98th General
20 Assembly are declaratory of existing law as to the meaning
21 and scope of this exemption. The exemption under this
22 paragraph (5) is exempt from the provisions of Section
23 3-75.

24 (5a) the repairing, reconditioning or remodeling, for
25 a common carrier by rail, of tangible personal property
26 which belongs to such carrier for hire, and as to which

1 such carrier receives the physical possession of the
2 repaired, reconditioned or remodeled item of tangible
3 personal property in Illinois, and which such carrier
4 transports, or shares with another common carrier in the
5 transportation of such property, out of Illinois on a
6 standard uniform bill of lading showing the person who
7 repaired, reconditioned or remodeled the property to a
8 destination outside Illinois, for use outside Illinois.

9 (5b) a sale or transfer of tangible personal property
10 which is produced by the seller thereof on special order in
11 such a way as to have made the applicable tax the Service
12 Occupation Tax or the Service Use Tax, rather than the
13 Retailers' Occupation Tax or the Use Tax, for an interstate
14 carrier by rail which receives the physical possession of
15 such property in Illinois, and which transports such
16 property, or shares with another common carrier in the
17 transportation of such property, out of Illinois on a
18 standard uniform bill of lading showing the seller of the
19 property as the shipper or consignor of such property to a
20 destination outside Illinois, for use outside Illinois.

21 (6) until July 1, 2003, a sale or transfer of
22 distillation machinery and equipment, sold as a unit or kit
23 and assembled or installed by the retailer, which machinery
24 and equipment is certified by the user to be used only for
25 the production of ethyl alcohol that will be used for
26 consumption as motor fuel or as a component of motor fuel

1 for the personal use of such user and not subject to sale
2 or resale.

3 (7) at the election of any serviceman not required to
4 be otherwise registered as a retailer under Section 2a of
5 the Retailers' Occupation Tax Act, made for each fiscal
6 year sales of service in which the aggregate annual cost
7 price of tangible personal property transferred as an
8 incident to the sales of service is less than 35%, or 75%
9 in the case of servicemen transferring prescription drugs
10 or servicemen engaged in graphic arts production, of the
11 aggregate annual total gross receipts from all sales of
12 service. The purchase of such tangible personal property by
13 the serviceman shall be subject to tax under the Retailers'
14 Occupation Tax Act and the Use Tax Act. However, if a
15 primary serviceman who has made the election described in
16 this paragraph subcontracts service work to a secondary
17 serviceman who has also made the election described in this
18 paragraph, the primary serviceman does not incur a Use Tax
19 liability if the secondary serviceman (i) has paid or will
20 pay Use Tax on his or her cost price of any tangible
21 personal property transferred to the primary serviceman
22 and (ii) certifies that fact in writing to the primary
23 serviceman.

24 Tangible personal property transferred incident to the
25 completion of a maintenance agreement is exempt from the tax
26 imposed pursuant to this Act.

1 Exemption (5) also includes machinery and equipment used in
2 the general maintenance or repair of such exempt machinery and
3 equipment or for in-house manufacture of exempt machinery and
4 equipment. On and after August 31, 2014, exemption (5) also
5 includes graphic arts machinery and equipment, as defined in
6 paragraph (5) of Section 3-5, and production related tangible
7 personal property, as defined in this Section. The machinery
8 and equipment exemption does not include machinery and
9 equipment used in (i) the generation of electricity for
10 wholesale or retail sale; (ii) the generation or treatment of
11 natural or artificial gas for wholesale or retail sale that is
12 delivered to customers through pipes, pipelines, or mains; or
13 (iii) the treatment of water for wholesale or retail sale that
14 is delivered to customers through pipes, pipelines, or mains.
15 The provisions of this amendatory Act of the 98th General
16 Assembly are declaratory of existing law as to the meaning and
17 scope of this exemption. For the purposes of exemption (5),
18 each of these terms shall have the following meanings: (1)
19 "manufacturing process" shall mean the production of any
20 article of tangible personal property, whether such article is
21 a finished product or an article for use in the process of
22 manufacturing or assembling a different article of tangible
23 personal property, by procedures commonly regarded as
24 manufacturing, processing, fabricating, or refining which
25 changes some existing material or materials into a material
26 with a different form, use or name. In relation to a recognized

1 integrated business composed of a series of operations which
2 collectively constitute manufacturing, or individually
3 constitute manufacturing operations, the manufacturing process
4 shall be deemed to commence with the first operation or stage
5 of production in the series, and shall not be deemed to end
6 until the completion of the final product in the last operation
7 or stage of production in the series; and further, for purposes
8 of exemption (5), photoprocessing is deemed to be a
9 manufacturing process of tangible personal property for
10 wholesale or retail sale; (2) "assembling process" shall mean
11 the production of any article of tangible personal property,
12 whether such article is a finished product or an article for
13 use in the process of manufacturing or assembling a different
14 article of tangible personal property, by the combination of
15 existing materials in a manner commonly regarded as assembling
16 which results in a material of a different form, use or name;
17 (3) "machinery" shall mean major mechanical machines or major
18 components of such machines contributing to a manufacturing or
19 assembling process; ~~and~~ (4) "equipment" shall include any
20 independent device or tool separate from any machinery but
21 essential to an integrated manufacturing or assembly process;
22 including computers used primarily in a manufacturer's
23 computer assisted design, computer assisted manufacturing
24 (CAD/CAM) system; or any subunit or assembly comprising a
25 component of any machinery or auxiliary, adjunct or attachment
26 parts of machinery, such as tools, dies, jigs, fixtures,

1 patterns and molds; or any parts which require periodic
2 replacement in the course of normal operation; but shall not
3 include hand tools; "equipment" . ~~Equipment~~ includes chemicals
4 or chemicals acting as catalysts but only if the chemicals or
5 chemicals acting as catalysts effect a direct and immediate
6 change upon a product being manufactured or assembled for
7 wholesale or retail sale or lease; and (5) "production related
8 tangible personal property" means all tangible personal
9 property that is used or consumed by the purchaser in a
10 manufacturing facility in which a manufacturing process
11 described in Section 2-45 of the Retailers' Occupation Tax Act
12 takes place, including tangible personal property that is
13 purchased for incorporation into real estate within a
14 manufacturing facility, and including, but not limited to,
15 tangible personal property that is used or consumed in
16 activities such as preproduction material handling, receiving,
17 quality control, inventory control, storage, staging,
18 packaging for shipping and transportation purposes, and all
19 tangible personal property used or consumed by the purchaser
20 for research and development; "production related tangible
21 personal property" does not include (i) tangible personal
22 property that is used, within or without a manufacturing
23 facility, in sales, purchasing, accounting, fiscal management,
24 marketing, personnel recruitment or selection, or landscaping,
25 or (ii) tangible personal property that is required to be
26 titled or registered with a department, agency, or unit of

1 federal, State, or local government. The purchaser of such
2 machinery and equipment who has an active resale registration
3 number shall furnish such number to the seller at the time of
4 purchase. The user of such machinery and equipment and tools
5 without an active resale registration number shall prepare a
6 certificate of exemption for each transaction stating facts
7 establishing the exemption for that transaction, which
8 certificate shall be available to the Department for inspection
9 or audit. The Department shall prescribe the form of the
10 certificate.

11 Any informal rulings, opinions or letters issued by the
12 Department in response to an inquiry or request for any opinion
13 from any person regarding the coverage and applicability of
14 exemption (5) to specific devices shall be published,
15 maintained as a public record, and made available for public
16 inspection and copying. If the informal ruling, opinion or
17 letter contains trade secrets or other confidential
18 information, where possible the Department shall delete such
19 information prior to publication. Whenever such informal
20 rulings, opinions, or letters contain any policy of general
21 applicability, the Department shall formulate and adopt such
22 policy as a rule in accordance with the provisions of the
23 Illinois Administrative Procedure Act.

24 On and after July 1, 1987, no entity otherwise eligible
25 under exemption (3) of this Section shall make tax free
26 purchases unless it has an active exemption identification

1 number issued by the Department.

2 The purchase, employment and transfer of such tangible
3 personal property as newsprint and ink for the primary purpose
4 of conveying news (with or without other information) is not a
5 purchase, use or sale of service or of tangible personal
6 property within the meaning of this Act.

7 "Serviceman" means any person who is engaged in the
8 occupation of making sales of service.

9 "Sale at retail" means "sale at retail" as defined in the
10 Retailers' Occupation Tax Act.

11 "Supplier" means any person who makes sales of tangible
12 personal property to servicemen for the purpose of resale as an
13 incident to a sale of service.

14 "Serviceman maintaining a place of business in this State",
15 or any like term, means and includes any serviceman:

16 1. having or maintaining within this State, directly or
17 by a subsidiary, an office, distribution house, sales
18 house, warehouse or other place of business, or any agent
19 or other representative operating within this State under
20 the authority of the serviceman or its subsidiary,
21 irrespective of whether such place of business or agent or
22 other representative is located here permanently or
23 temporarily, or whether such serviceman or subsidiary is
24 licensed to do business in this State;

25 1.1. having a contract with a person located in this
26 State under which the person, for a commission or other

1 consideration based on the sale of service by the
2 serviceman, directly or indirectly refers potential
3 customers to the serviceman by providing to the potential
4 customers a promotional code or other mechanism that allows
5 the serviceman to track purchases referred by such persons.
6 Examples of mechanisms that allow the serviceman to track
7 purchases referred by such persons include but are not
8 limited to the use of a link on the person's Internet
9 website, promotional codes distributed through the
10 person's hand-delivered or mailed material, and
11 promotional codes distributed by the person through radio
12 or other broadcast media. The provisions of this paragraph
13 1.1 shall apply only if the cumulative gross receipts from
14 sales of service by the serviceman to customers who are
15 referred to the serviceman by all persons in this State
16 under such contracts exceed \$10,000 during the preceding 4
17 quarterly periods ending on the last day of March, June,
18 September, and December; a serviceman meeting the
19 requirements of this paragraph 1.1 shall be presumed to be
20 maintaining a place of business in this State but may rebut
21 this presumption by submitting proof that the referrals or
22 other activities pursued within this State by such persons
23 were not sufficient to meet the nexus standards of the
24 United States Constitution during the preceding 4
25 quarterly periods;

26 1.2. beginning July 1, 2011, having a contract with a

1 person located in this State under which:

2 A. the serviceman sells the same or substantially
3 similar line of services as the person located in this
4 State and does so using an identical or substantially
5 similar name, trade name, or trademark as the person
6 located in this State; and

7 B. the serviceman provides a commission or other
8 consideration to the person located in this State based
9 upon the sale of services by the serviceman.

10 The provisions of this paragraph 1.2 shall apply only if
11 the cumulative gross receipts from sales of service by the
12 serviceman to customers in this State under all such
13 contracts exceed \$10,000 during the preceding 4 quarterly
14 periods ending on the last day of March, June, September,
15 and December;

16 2. soliciting orders for tangible personal property by
17 means of a telecommunication or television shopping system
18 (which utilizes toll free numbers) which is intended by the
19 retailer to be broadcast by cable television or other means
20 of broadcasting, to consumers located in this State;

21 3. pursuant to a contract with a broadcaster or
22 publisher located in this State, soliciting orders for
23 tangible personal property by means of advertising which is
24 disseminated primarily to consumers located in this State
25 and only secondarily to bordering jurisdictions;

26 4. soliciting orders for tangible personal property by

1 mail if the solicitations are substantial and recurring and
2 if the retailer benefits from any banking, financing, debt
3 collection, telecommunication, or marketing activities
4 occurring in this State or benefits from the location in
5 this State of authorized installation, servicing, or
6 repair facilities;

7 5. being owned or controlled by the same interests
8 which own or control any retailer engaging in business in
9 the same or similar line of business in this State;

10 6. having a franchisee or licensee operating under its
11 trade name if the franchisee or licensee is required to
12 collect the tax under this Section;

13 7. pursuant to a contract with a cable television
14 operator located in this State, soliciting orders for
15 tangible personal property by means of advertising which is
16 transmitted or distributed over a cable television system
17 in this State; or

18 8. engaging in activities in Illinois, which
19 activities in the state in which the supply business
20 engaging in such activities is located would constitute
21 maintaining a place of business in that state.

22 (Source: P.A. 98-583, eff. 1-1-14; 98-1089, eff. 1-1-15.)

23 (35 ILCS 110/3-5)

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

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

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

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

26 (4) Legal tender, currency, medallions, or gold or silver

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

4 (5) Until July 1, 2003 and beginning again on September 1,
5 2004 through August 30, 2014, graphic arts machinery and
6 equipment, including repair and replacement parts, both new and
7 used, and including that manufactured on special order or
8 purchased for lease, certified by the purchaser to be used
9 primarily for graphic arts production. Equipment includes
10 chemicals or chemicals acting as catalysts but only if the
11 chemicals or chemicals acting as catalysts effect a direct and
12 immediate change upon a graphic arts product. Beginning on
13 August 31, 2014, graphic arts machinery and equipment is
14 included in the manufacturing and assembling machinery and
15 equipment exemption under Section 2 of this Act.

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

19 (7) Farm machinery and equipment, both new and used,
20 including that manufactured on special order, certified by the
21 purchaser to be used primarily for production agriculture or
22 State or federal agricultural programs, including individual
23 replacement parts for the machinery and equipment, including
24 machinery and equipment purchased for lease, and including
25 implements of husbandry defined in Section 1-130 of the
26 Illinois Vehicle Code, farm machinery and agricultural

1 chemical and fertilizer spreaders, and nurse wagons required to
2 be registered under Section 3-809 of the Illinois Vehicle Code,
3 but excluding other motor vehicles required to be registered
4 under the Illinois Vehicle Code. Horticultural polyhouses or
5 hoop houses used for propagating, growing, or overwintering
6 plants shall be considered farm machinery and equipment under
7 this item (7). Agricultural chemical tender tanks and dry boxes
8 shall include units sold separately from a motor vehicle
9 required to be licensed and units sold mounted on a motor
10 vehicle required to be licensed if the selling price of the
11 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, seeders,
16 or spreaders. Precision farming equipment includes, but is not
17 limited to, soil testing sensors, computers, monitors,
18 software, global positioning and mapping systems, and other
19 such equipment.

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

1 provisions of Section 3-75.

2 (8) Until June 30, 2013, fuel and petroleum products sold
3 to or used by an air common carrier, certified by the carrier
4 to be used for consumption, shipment, or storage in the conduct
5 of its business as an air common carrier, for a flight destined
6 for or returning from a location or locations outside the
7 United States without regard to previous or subsequent domestic
8 stopovers.

9 Beginning July 1, 2013, fuel and petroleum products sold to
10 or used by an air carrier, certified by the carrier to be used
11 for consumption, shipment, or storage in the conduct of its
12 business as an air common carrier, for a flight that (i) is
13 engaged in foreign trade or is engaged in trade between the
14 United States and any of its possessions and (ii) transports at
15 least one individual or package for hire from the city of
16 origination to the city of final destination on the same
17 aircraft, without regard to a change in the flight number of
18 that aircraft.

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

1 imposed.

2 (10) Until July 1, 2003, oil field exploration, drilling,
3 and production equipment, including (i) rigs and parts of rigs,
4 rotary rigs, cable tool rigs, and workover rigs, (ii) pipe and
5 tubular goods, including casing and drill strings, (iii) pumps
6 and pump-jack units, (iv) storage tanks and flow lines, (v) any
7 individual replacement part for oil field exploration,
8 drilling, and production equipment, and (vi) machinery and
9 equipment purchased for lease; but excluding motor vehicles
10 required to be registered under the Illinois Vehicle Code.

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

17 (12) Coal and aggregate exploration, mining, off-highway
18 hauling, processing, maintenance, and reclamation equipment,
19 including replacement parts and equipment, and including
20 equipment purchased for lease, but excluding motor vehicles
21 required to be registered under the Illinois Vehicle Code. The
22 changes made to this Section by Public Act 97-767 apply on and
23 after July 1, 2003, but no claim for credit or refund is
24 allowed on or after August 16, 2013 (the effective date of
25 Public Act 98-456) for such taxes paid during the period
26 beginning July 1, 2003 and ending on August 16, 2013 (the

1 effective date of Public Act 98-456). This item (12) is exempt
2 from the provisions of Section 3-75.

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

5 (14) Horses, or interests in horses, registered with and
6 meeting the requirements of any of the Arabian Horse Club
7 Registry of America, Appaloosa Horse Club, American Quarter
8 Horse Association, United States Trotting Association, or
9 Jockey Club, as appropriate, used for purposes of breeding or
10 racing for prizes. This item (14) is exempt from the provisions
11 of Section 3-75, and the exemption provided for under this item
12 (14) applies for all periods beginning May 30, 1995, but no
13 claim for credit or refund is allowed on or after the effective
14 date of this amendatory Act of the 95th General Assembly for
15 such taxes paid during the period beginning May 30, 2000 and
16 ending on the effective date of this amendatory Act of the 95th
17 General Assembly.

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

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

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

1 reimburse that lessor for the tax imposed by this Act or the
2 Use Tax Act, as the case may be, if the tax has not been paid by
3 the lessor. If a lessor improperly collects any such amount
4 from the lessee, the lessee shall have a legal right to claim a
5 refund of that amount from the lessor. If, however, that amount
6 is not refunded to the lessee for any reason, the lessor is
7 liable to pay that amount to the Department.

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

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

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

4 (19) Beginning July 1, 1999, game or game birds purchased
5 at a "game breeding and hunting preserve area" as that term is
6 used in the Wildlife Code. This paragraph is exempt from the
7 provisions of Section 3-75.

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

26 (21) Beginning January 1, 2000, personal property,

1 including food, purchased through fundraising events for the
2 benefit of a public or private elementary or secondary school,
3 a group of those schools, or one or more school districts if
4 the events are sponsored by an entity recognized by the school
5 district that consists primarily of volunteers and includes
6 parents and teachers of the school children. This paragraph
7 does not apply to fundraising events (i) for the benefit of
8 private home instruction or (ii) for which the fundraising
9 entity purchases the personal property sold at the events from
10 another individual or entity that sold the property for the
11 purpose of resale by the fundraising entity and that profits
12 from the sale to the fundraising entity. This paragraph is
13 exempt from the provisions of Section 3-75.

14 (22) Beginning January 1, 2000 and through December 31,
15 2001, new or used automatic vending machines that prepare and
16 serve hot food and beverages, including coffee, soup, and other
17 items, and replacement parts for these machines. Beginning
18 January 1, 2002 and through June 30, 2003, machines and parts
19 for machines used in commercial, coin-operated amusement and
20 vending business if a use or occupation tax is paid on the
21 gross receipts derived from the use of the commercial,
22 coin-operated amusement and vending machines. This paragraph
23 is exempt from the provisions of Section 3-75.

24 (23) Beginning August 23, 2001 and through June 30, 2016,
25 food for human consumption that is to be consumed off the
26 premises where it is sold (other than alcoholic beverages, soft

1 drinks, and food that has been prepared for immediate
2 consumption) and prescription and nonprescription medicines,
3 drugs, medical appliances, and insulin, urine testing
4 materials, syringes, and needles used by diabetics, for human
5 use, when purchased for use by a person receiving medical
6 assistance under Article V of the Illinois Public Aid Code who
7 resides in a licensed long-term care facility, as defined in
8 the Nursing Home Care Act, or in a licensed facility as defined
9 in the ID/DD Community Care Act, the MC/DD Act, or the
10 Specialized Mental Health Rehabilitation Act of 2013.

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

1 to reimburse that lessor for the tax imposed by this Act or the
2 Use Tax Act, as the case may be, if the tax has not been paid by
3 the lessor. If a lessor improperly collects any such amount
4 from the lessee, the lessee shall have a legal right to claim a
5 refund of that amount from the lessor. If, however, that amount
6 is not refunded to the lessee for any reason, the lessor is
7 liable to pay that amount to the Department. This paragraph is
8 exempt from the provisions of Section 3-75.

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

1 refund of that amount from the lessor. If, however, that amount
2 is not refunded to the lessee for any reason, the lessor is
3 liable to pay that amount to the Department. This paragraph is
4 exempt from the provisions of Section 3-75.

5 (26) Beginning January 1, 2008, tangible personal property
6 used in the construction or maintenance of a community water
7 supply, as defined under Section 3.145 of the Environmental
8 Protection Act, that is operated by a not-for-profit
9 corporation that holds a valid water supply permit issued under
10 Title IV of the Environmental Protection Act. This paragraph is
11 exempt from the provisions of Section 3-75.

12 (27) Beginning January 1, 2010, materials, parts,
13 equipment, components, and furnishings incorporated into or
14 upon an aircraft as part of the modification, refurbishment,
15 completion, replacement, repair, or maintenance of the
16 aircraft. This exemption includes consumable supplies used in
17 the modification, refurbishment, completion, replacement,
18 repair, and maintenance of aircraft, but excludes any
19 materials, parts, equipment, components, and consumable
20 supplies used in the modification, replacement, repair, and
21 maintenance of aircraft engines or power plants, whether such
22 engines or power plants are installed or uninstalled upon any
23 such aircraft. "Consumable supplies" include, but are not
24 limited to, adhesive, tape, sandpaper, general purpose
25 lubricants, cleaning solution, latex gloves, and protective
26 films. This exemption applies only to the use of qualifying

1 tangible personal property transferred incident to the
2 modification, refurbishment, completion, replacement, repair,
3 or maintenance of aircraft by persons who (i) hold an Air
4 Agency Certificate and are empowered to operate an approved
5 repair station by the Federal Aviation Administration, (ii)
6 have a Class IV Rating, and (iii) conduct operations in
7 accordance with Part 145 of the Federal Aviation Regulations.
8 The exemption does not include aircraft operated by a
9 commercial air carrier providing scheduled passenger air
10 service pursuant to authority issued under Part 121 or Part 129
11 of the Federal Aviation Regulations. The changes made to this
12 paragraph (27) by Public Act 98-534 are declarative of existing
13 law.

14 (28) Tangible personal property purchased by a
15 public-facilities corporation, as described in Section
16 11-65-10 of the Illinois Municipal Code, for purposes of
17 constructing or furnishing a municipal convention hall, but
18 only if the legal title to the municipal convention hall is
19 transferred to the municipality without any further
20 consideration by or on behalf of the municipality at the time
21 of the completion of the municipal convention hall or upon the
22 retirement or redemption of any bonds or other debt instruments
23 issued by the public-facilities corporation in connection with
24 the development of the municipal convention hall. This
25 exemption includes existing public-facilities corporations as
26 provided in Section 11-65-25 of the Illinois Municipal Code.

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

2 (29) Beginning January 1, 2017, menstrual pads, tampons,
3 and menstrual cups.

4 (Source: P.A. 98-104, eff. 7-22-13; 98-422, eff. 8-16-13;
5 98-456, eff. 8-16-13; 98-534, eff. 8-23-13; 98-756, eff.
6 7-16-14; 99-180, eff. 7-29-15; 99-855, eff. 8-19-16.)

7 (35 ILCS 110/3-70)

8 Sec. 3-70. Manufacturer's Purchase Credit. For purchases
9 of machinery and equipment made on and after January 1, 1995
10 and through June 30, 2003, and on and after September 1, 2004
11 through August 30, 2014, a purchaser of manufacturing machinery
12 and equipment that qualifies for the exemption provided by
13 Section 2 of this Act earns a credit in an amount equal to a
14 fixed percentage of the tax which would have been incurred
15 under this Act on those purchases. For purchases of graphic
16 arts machinery and equipment made on or after July 1, 1996
17 through June 30, 2003, and on and after September 1, 2004
18 through August 30, 2014, a purchase of graphic arts machinery
19 and equipment that qualifies for the exemption provided by
20 paragraph (5) of Section 3-5 of this Act earns a credit in an
21 amount equal to a fixed percentage of the tax that would have
22 been incurred under this Act on those purchases. The credit
23 earned for the purchase of manufacturing machinery and
24 equipment and graphic arts machinery and equipment shall be
25 referred to as the Manufacturer's Purchase Credit. A graphic

1 arts producer is a person engaged in graphic arts production as
2 defined in Section 3-30 of the Service Occupation Tax Act.
3 Beginning July 1, 1996, all references in this Section to
4 manufacturers or manufacturing shall also refer to graphic arts
5 producers or graphic arts production.

6 The amount of credit shall be a percentage of the tax that
7 would have been incurred on the purchase of the manufacturing
8 machinery and equipment or graphic arts machinery and equipment
9 if the exemptions provided by Section 2 or paragraph (5) of
10 Section 3-5 of this Act had not been applicable.

11 All purchases prior to October 1, 2003 and on and after
12 September 1, 2004 and through August 30, 2014 of manufacturing
13 machinery and equipment and graphic arts machinery and
14 equipment that qualify for the exemptions provided by paragraph
15 (5) of Section 2 or paragraph (5) of Section 3-5 of this Act
16 qualify for the credit without regard to whether the serviceman
17 elected, or could have elected, under paragraph (7) of Section
18 2 of this Act to exclude the transaction from this Act. If the
19 serviceman's billing to the service customer separately states
20 a selling price for the exempt manufacturing machinery or
21 equipment or the exempt graphic arts machinery and equipment,
22 the credit shall be calculated, as otherwise provided herein,
23 based on that selling price. If the serviceman's billing does
24 not separately state a selling price for the exempt
25 manufacturing machinery and equipment or the exempt graphic
26 arts machinery and equipment, the credit shall be calculated,

1 as otherwise provided herein, based on 50% of the entire
2 billing. If the serviceman contracts to design, develop, and
3 produce special order manufacturing machinery and equipment or
4 special order graphic arts machinery and equipment, and the
5 billing does not separately state a selling price for such
6 special order machinery and equipment, the credit shall be
7 calculated, as otherwise provided herein, based on 50% of the
8 entire billing. The provisions of this paragraph are effective
9 for purchases made on or after January 1, 1995.

10 The percentage shall be as follows:

11 (1) 15% for purchases made on or before June 30, 1995.

12 (2) 25% for purchases made after June 30, 1995, and on
13 or before June 30, 1996.

14 (3) 40% for purchases made after June 30, 1996, and on
15 or before June 30, 1997.

16 (4) 50% for purchases made on or after July 1, 1997.

17 (a) Manufacturer's Purchase Credit earned prior to July 1,
18 2003. This subsection (a) applies to Manufacturer's Purchase
19 Credit earned prior to July 1, 2003. A purchaser of production
20 related tangible personal property desiring to use the
21 Manufacturer's Purchase Credit shall certify to the seller
22 prior to October 1, 2003 that the purchaser is satisfying all
23 or part of the liability under the Use Tax Act or the Service
24 Use Tax Act that is due on the purchase of the production
25 related tangible personal property by use of a Manufacturer's
26 Purchase Credit. The Manufacturer's Purchase Credit

1 certification must be dated and shall include the name and
2 address of the purchaser, the purchaser's registration number,
3 if registered, the credit being applied, and a statement that
4 the State Use Tax or Service Use Tax liability is being
5 satisfied with the manufacturer's or graphic arts producer's
6 accumulated purchase credit. Certification may be incorporated
7 into the manufacturer's or graphic arts producer's purchase
8 order. Manufacturer's Purchase Credit certification provided
9 by the manufacturer or graphic arts producer prior to October
10 1, 2003 may be used to satisfy the retailer's or serviceman's
11 liability under the Retailers' Occupation Tax Act or Service
12 Occupation Tax Act for the credit claimed, not to exceed 6.25%
13 of the receipts subject to tax from a qualifying purchase, but
14 only if the retailer or serviceman reports the Manufacturer's
15 Purchase Credit claimed as required by the Department. A
16 Manufacturer's Purchase Credit reported on any original or
17 amended return filed under this Act after October 20, 2003
18 shall be disallowed. The Manufacturer's Purchase Credit earned
19 by purchase of exempt manufacturing machinery and equipment or
20 graphic arts machinery and equipment is a non-transferable
21 credit. A manufacturer or graphic arts producer that enters
22 into a contract involving the installation of tangible personal
23 property into real estate within a manufacturing or graphic
24 arts production facility, prior to October 1, 2003, may
25 authorize a construction contractor to utilize credit
26 accumulated by the manufacturer or graphic arts producer to

1 purchase the tangible personal property. A manufacturer or
2 graphic arts producer intending to use accumulated credit to
3 purchase such tangible personal property shall execute a
4 written contract authorizing the contractor to utilize a
5 specified dollar amount of credit. The contractor shall
6 furnish, prior to October 1, 2003, the supplier with the
7 manufacturer's or graphic arts producer's name, registration
8 or resale number, and a statement that a specific amount of the
9 Use Tax or Service Use Tax liability, not to exceed 6.25% of
10 the selling price, is being satisfied with the credit. The
11 manufacturer or graphic arts producer shall remain liable to
12 timely report all information required by the annual Report of
13 Manufacturer's Purchase Credit Used for credit utilized by a
14 construction contractor.

15 No Manufacturer's Purchase Credit earned prior to July 1,
16 2003 may be used after October 1, 2003. The Manufacturer's
17 Purchase Credit may be used to satisfy liability under the Use
18 Tax Act or the Service Use Tax Act due on the purchase of
19 production related tangible personal property (including
20 purchases by a manufacturer, by a graphic arts producer, or a
21 lessor who rents or leases the use of the property to a
22 manufacturer or graphic arts producer) that does not otherwise
23 qualify for the manufacturing machinery and equipment
24 exemption or the graphic arts machinery and equipment
25 exemption. "Production related tangible personal property"
26 means (i) all tangible personal property used or consumed by

1 the purchaser in a manufacturing facility in which a
2 manufacturing process described in Section 2-45 of the
3 Retailers' Occupation Tax Act takes place, including tangible
4 personal property purchased for incorporation into real estate
5 within a manufacturing facility and including, but not limited
6 to, tangible personal property used or consumed in activities
7 such as pre-production material handling, receiving, quality
8 control, inventory control, storage, staging, and packaging
9 for shipping and transportation purposes; (ii) all tangible
10 personal property used or consumed by the purchaser in a
11 graphic arts facility in which graphic arts production as
12 described in Section 2-30 of the Retailers' Occupation Tax Act
13 takes place, including tangible personal property purchased
14 for incorporation into real estate within a graphic arts
15 facility and including, but not limited to, all tangible
16 personal property used or consumed in activities such as
17 graphic arts preliminary or pre-press production,
18 pre-production material handling, receiving, quality control,
19 inventory control, storage, staging, sorting, labeling,
20 mailing, tying, wrapping, and packaging; and (iii) all tangible
21 personal property used or consumed by the purchaser for
22 research and development. "Production related tangible
23 personal property" does not include (i) tangible personal
24 property used, within or without a manufacturing or graphic
25 arts facility, in sales, purchasing, accounting, fiscal
26 management, marketing, personnel recruitment or selection, or

1 landscaping or (ii) tangible personal property required to be
2 titled or registered with a department, agency, or unit of
3 federal, state, or local government. The Manufacturer's
4 Purchase Credit may be used, prior to October 1, 2003, to
5 satisfy the tax arising either from the purchase of machinery
6 and equipment on or after January 1, 1995 for which the
7 manufacturing machinery and equipment exemption provided by
8 Section 2 of this Act was erroneously claimed, or the purchase
9 of machinery and equipment on or after July 1, 1996 for which
10 the exemption provided by paragraph (5) of Section 3-5 of this
11 Act was erroneously claimed, but not in satisfaction of
12 penalty, if any, and interest for failure to pay the tax when
13 due. A purchaser of production related tangible personal
14 property who is required to pay Illinois Use Tax or Service Use
15 Tax on the purchase directly to the Department may, prior to
16 October 1, 2003, utilize the Manufacturer's Purchase Credit in
17 satisfaction of the tax arising from that purchase, but not in
18 satisfaction of penalty and interest. A purchaser who uses the
19 Manufacturer's Purchase Credit to purchase property which is
20 later determined not to be production related tangible personal
21 property may be liable for tax, penalty, and interest on the
22 purchase of that property as of the date of purchase but shall
23 be entitled to use the disallowed Manufacturer's Purchase
24 Credit, so long as it has not expired and is used prior to
25 October 1, 2003, on qualifying purchases of production related
26 tangible personal property not previously subject to credit

1 usage. The Manufacturer's Purchase Credit earned by a
2 manufacturer or graphic arts producer expires the last day of
3 the second calendar year following the calendar year in which
4 the credit arose. No Manufacturer's Purchase Credit may be used
5 after September 30, 2003 regardless of when that credit was
6 earned.

7 A purchaser earning Manufacturer's Purchase Credit shall
8 sign and file an annual Report of Manufacturer's Purchase
9 Credit Earned for each calendar year no later than the last day
10 of the sixth month following the calendar year in which a
11 Manufacturer's Purchase Credit is earned. A Report of
12 Manufacturer's Purchase Credit Earned shall be filed on forms
13 as prescribed or approved by the Department and shall state,
14 for each month of the calendar year: (i) the total purchase
15 price of all purchases of exempt manufacturing or graphic arts
16 machinery on which the credit was earned; (ii) the total State
17 Use Tax or Service Use Tax which would have been due on those
18 items; (iii) the percentage used to calculate the amount of
19 credit earned; (iv) the amount of credit earned; and (v) such
20 other information as the Department may reasonably require. A
21 purchaser earning Manufacturer's Purchase Credit shall
22 maintain records which identify, as to each purchase of
23 manufacturing or graphic arts machinery and equipment on which
24 the purchaser earned Manufacturer's Purchase Credit, the
25 vendor (including, if applicable, either the vendor's
26 registration number or Federal Employer Identification

1 Number), the purchase price, and the amount of Manufacturer's
2 Purchase Credit earned on each purchase.

3 A purchaser using Manufacturer's Purchase Credit shall
4 sign and file an annual Report of Manufacturer's Purchase
5 Credit Used for each calendar year no later than the last day
6 of the sixth month following the calendar year in which a
7 Manufacturer's Purchase Credit is used. A Report of
8 Manufacturer's Purchase Credit Used shall be filed on forms as
9 prescribed or approved by the Department and shall state, for
10 each month of the calendar year: (i) the total purchase price
11 of production related tangible personal property purchased
12 from Illinois suppliers; (ii) the total purchase price of
13 production related tangible personal property purchased from
14 out-of-state suppliers; (iii) the total amount of credit used
15 during such month; and (iv) such other information as the
16 Department may reasonably require. A purchaser using
17 Manufacturer's Purchase Credit shall maintain records that
18 identify, as to each purchase of production related tangible
19 personal property on which the purchaser used Manufacturer's
20 Purchase Credit, the vendor (including, if applicable, either
21 the vendor's registration number or Federal Employer
22 Identification Number), the purchase price, and the amount of
23 Manufacturer's Purchase Credit used on each purchase.

24 No annual report shall be filed before May 1, 1996 or after
25 June 30, 2004. A purchaser that fails to file an annual Report
26 of Manufacturer's Purchase Credit Earned or an annual Report of

1 Manufacturer's Purchase Credit Used by the last day of the
2 sixth month following the end of the calendar year shall
3 forfeit all Manufacturer's Purchase Credit for that calendar
4 year unless it establishes that its failure to file was due to
5 reasonable cause. Manufacturer's Purchase Credit reports may
6 be amended to report and claim credit on qualifying purchases
7 not previously reported at any time before the credit would
8 have expired, unless both the Department and the purchaser have
9 agreed to an extension of the statute of limitations for the
10 issuance of a notice of tax liability as provided in Section 4
11 of the Retailers' Occupation Tax Act. If the time for
12 assessment or refund has been extended, then amended reports
13 for a calendar year may be filed at any time prior to the date
14 to which the statute of limitations for the calendar year or
15 portion thereof has been extended. No Manufacturer's Purchase
16 Credit report filed with the Department for periods prior to
17 January 1, 1995 shall be approved. Manufacturer's Purchase
18 Credit claimed on an amended report may be used, prior to
19 October 1, 2003, to satisfy tax liability under the Use Tax Act
20 or the Service Use Tax Act (i) on qualifying purchases of
21 production related tangible personal property made after the
22 date the amended report is filed or (ii) assessed by the
23 Department on qualifying purchases of production related
24 tangible personal property made in the case of manufacturers on
25 or after January 1, 1995, or in the case of graphic arts
26 producers on or after July 1, 1996.

1 If the purchaser is not the manufacturer or a graphic arts
2 producer, but rents or leases the use of the property to a
3 manufacturer or a graphic arts producer, the purchaser may
4 earn, report, and use Manufacturer's Purchase Credit in the
5 same manner as a manufacturer or graphic arts producer.

6 A purchaser shall not be entitled to any Manufacturer's
7 Purchase Credit for a purchase that is required to be reported
8 and is not timely reported as provided in this Section. A
9 purchaser remains liable for (i) any tax that was satisfied by
10 use of a Manufacturer's Purchase Credit, as of the date of
11 purchase, if that use is not timely reported as required in
12 this Section and (ii) for any applicable penalties and interest
13 for failing to pay the tax when due. No Manufacturer's Purchase
14 Credit may be used after September 30, 2003 to satisfy any tax
15 liability imposed under this Act, including any audit
16 liability.

17 (b) Manufacturer's Purchase Credit earned on and after
18 September 1, 2004 and through August 30, 2014. This subsection
19 (b) applies to Manufacturer's Purchase Credit earned on or
20 after September 1, 2004 and through August 30, 2014.
21 Manufacturer's Purchase Credit earned on or after September 1,
22 2004 and through August 30, 2014 may only be used to satisfy
23 the Use Tax or Service Use Tax liability incurred on production
24 related tangible personal property purchased on or after
25 September 1, 2004 and through August 30, 2014. A purchaser of
26 production related tangible personal property desiring to use

1 the Manufacturer's Purchase Credit shall certify to the seller
2 that the purchaser is satisfying all or part of the liability
3 under the Use Tax Act or the Service Use Tax Act that is due on
4 the purchase of the production related tangible personal
5 property by use of a Manufacturer's Purchase Credit. The
6 Manufacturer's Purchase Credit certification must be dated and
7 shall include the name and address of the purchaser, the
8 purchaser's registration number, if registered, the credit
9 being applied, and a statement that the State Use Tax or
10 Service Use Tax liability is being satisfied with the
11 manufacturer's or graphic arts producer's accumulated purchase
12 credit. Certification may be incorporated into the
13 manufacturer's or graphic arts producer's purchase order.
14 Manufacturer's Purchase Credit certification provided by the
15 manufacturer or graphic arts producer may be used to satisfy
16 the retailer's or serviceman's liability under the Retailers'
17 Occupation Tax Act or Service Occupation Tax Act for the credit
18 claimed, not to exceed 6.25% of the receipts subject to tax
19 from a qualifying purchase, but only if the retailer or
20 serviceman reports the Manufacturer's Purchase Credit claimed
21 as required by the Department. The Manufacturer's Purchase
22 Credit earned by purchase of exempt manufacturing machinery and
23 equipment or graphic arts machinery and equipment is a
24 non-transferable credit. A manufacturer or graphic arts
25 producer that enters into a contract involving the installation
26 of tangible personal property into real estate within a

1 manufacturing or graphic arts production facility may, on or
2 after September 1, 2004, authorize a construction contractor to
3 utilize credit accumulated by the manufacturer or graphic arts
4 producer to purchase the tangible personal property. A
5 manufacturer or graphic arts producer intending to use
6 accumulated credit to purchase such tangible personal property
7 shall execute a written contract authorizing the contractor to
8 utilize a specified dollar amount of credit. The contractor
9 shall furnish the supplier with the manufacturer's or graphic
10 arts producer's name, registration or resale number, and a
11 statement that a specific amount of the Use Tax or Service Use
12 Tax liability, not to exceed 6.25% of the selling price, is
13 being satisfied with the credit. The manufacturer or graphic
14 arts producer shall remain liable to timely report all
15 information required by the annual Report of Manufacturer's
16 Purchase Credit Used for credit utilized by a construction
17 contractor.

18 The Manufacturer's Purchase Credit may be used to satisfy
19 liability under the Use Tax Act or the Service Use Tax Act due
20 on the purchase, made on or after September 1, 2004, of
21 production related tangible personal property (including
22 purchases by a manufacturer, by a graphic arts producer, or a
23 lessor who rents or leases the use of the property to a
24 manufacturer or graphic arts producer) that does not otherwise
25 qualify for the manufacturing machinery and equipment
26 exemption or the graphic arts machinery and equipment

1 exemption. "Production related tangible personal property"
2 means (i) all tangible personal property used or consumed by
3 the purchaser in a manufacturing facility in which a
4 manufacturing process described in Section 2-45 of the
5 Retailers' Occupation Tax Act takes place, including tangible
6 personal property purchased for incorporation into real estate
7 within a manufacturing facility and including, but not limited
8 to, tangible personal property used or consumed in activities
9 such as pre-production material handling, receiving, quality
10 control, inventory control, storage, staging, and packaging
11 for shipping and transportation purposes; (ii) all tangible
12 personal property used or consumed by the purchaser in a
13 graphic arts facility in which graphic arts production as
14 described in Section 2-30 of the Retailers' Occupation Tax Act
15 takes place, including tangible personal property purchased
16 for incorporation into real estate within a graphic arts
17 facility and including, but not limited to, all tangible
18 personal property used or consumed in activities such as
19 graphic arts preliminary or pre-press production,
20 pre-production material handling, receiving, quality control,
21 inventory control, storage, staging, sorting, labeling,
22 mailing, tying, wrapping, and packaging; and (iii) all tangible
23 personal property used or consumed by the purchaser for
24 research and development. "Production related tangible
25 personal property" does not include (i) tangible personal
26 property used, within or without a manufacturing or graphic

1 arts facility, in sales, purchasing, accounting, fiscal
2 management, marketing, personnel recruitment or selection, or
3 landscaping or (ii) tangible personal property required to be
4 titled or registered with a department, agency, or unit of
5 federal, state, or local government. The Manufacturer's
6 Purchase Credit may be used to satisfy the tax arising either
7 from the purchase of machinery and equipment on or after
8 September 1, 2004 for which the manufacturing machinery and
9 equipment exemption provided by Section 2 of this Act was
10 erroneously claimed, or the purchase of machinery and equipment
11 on or after September 1, 2004 for which the exemption provided
12 by paragraph (5) of Section 3-5 of this Act was erroneously
13 claimed, but not in satisfaction of penalty, if any, and
14 interest for failure to pay the tax when due. A purchaser of
15 production related tangible personal property that is
16 purchased on or after September 1, 2004 who is required to pay
17 Illinois Use Tax or Service Use Tax on the purchase directly to
18 the Department may utilize the Manufacturer's Purchase Credit
19 in satisfaction of the tax arising from that purchase, but not
20 in satisfaction of penalty and interest. A purchaser who uses
21 the Manufacturer's Purchase Credit to purchase property on and
22 after September 1, 2004 which is later determined not to be
23 production related tangible personal property may be liable for
24 tax, penalty, and interest on the purchase of that property as
25 of the date of purchase but shall be entitled to use the
26 disallowed Manufacturer's Purchase Credit, so long as it has

1 not expired, on qualifying purchases of production related
2 tangible personal property not previously subject to credit
3 usage. The Manufacturer's Purchase Credit earned by a
4 manufacturer or graphic arts producer expires the last day of
5 the second calendar year following the calendar year in which
6 the credit arose.

7 A purchaser earning Manufacturer's Purchase Credit shall
8 sign and file an annual Report of Manufacturer's Purchase
9 Credit Earned for each calendar year no later than the last day
10 of the sixth month following the calendar year in which a
11 Manufacturer's Purchase Credit is earned. A Report of
12 Manufacturer's Purchase Credit Earned shall be filed on forms
13 as prescribed or approved by the Department and shall state,
14 for each month of the calendar year: (i) the total purchase
15 price of all purchases of exempt manufacturing or graphic arts
16 machinery on which the credit was earned; (ii) the total State
17 Use Tax or Service Use Tax which would have been due on those
18 items; (iii) the percentage used to calculate the amount of
19 credit earned; (iv) the amount of credit earned; and (v) such
20 other information as the Department may reasonably require. A
21 purchaser earning Manufacturer's Purchase Credit shall
22 maintain records which identify, as to each purchase of
23 manufacturing or graphic arts machinery and equipment on which
24 the purchaser earned Manufacturer's Purchase Credit, the
25 vendor (including, if applicable, either the vendor's
26 registration number or Federal Employer Identification

1 Number), the purchase price, and the amount of Manufacturer's
2 Purchase Credit earned on each purchase.

3 A purchaser using Manufacturer's Purchase Credit shall
4 sign and file an annual Report of Manufacturer's Purchase
5 Credit Used for each calendar year no later than the last day
6 of the sixth month following the calendar year in which a
7 Manufacturer's Purchase Credit is used. A Report of
8 Manufacturer's Purchase Credit Used shall be filed on forms as
9 prescribed or approved by the Department and shall state, for
10 each month of the calendar year: (i) the total purchase price
11 of production related tangible personal property purchased
12 from Illinois suppliers; (ii) the total purchase price of
13 production related tangible personal property purchased from
14 out-of-state suppliers; (iii) the total amount of credit used
15 during such month; and (iv) such other information as the
16 Department may reasonably require. A purchaser using
17 Manufacturer's Purchase Credit shall maintain records that
18 identify, as to each purchase of production related tangible
19 personal property on which the purchaser used Manufacturer's
20 Purchase Credit, the vendor (including, if applicable, either
21 the vendor's registration number or Federal Employer
22 Identification Number), the purchase price, and the amount of
23 Manufacturer's Purchase Credit used on each purchase.

24 A purchaser that fails to file an annual Report of
25 Manufacturer's Purchase Credit Earned or an annual Report of
26 Manufacturer's Purchase Credit Used by the last day of the

1 sixth month following the end of the calendar year shall
2 forfeit all Manufacturer's Purchase Credit for that calendar
3 year unless it establishes that its failure to file was due to
4 reasonable cause. Manufacturer's Purchase Credit reports may
5 be amended to report and claim credit on qualifying purchases
6 not previously reported at any time before the credit would
7 have expired, unless both the Department and the purchaser have
8 agreed to an extension of the statute of limitations for the
9 issuance of a notice of tax liability as provided in Section 4
10 of the Retailers' Occupation Tax Act. If the time for
11 assessment or refund has been extended, then amended reports
12 for a calendar year may be filed at any time prior to the date
13 to which the statute of limitations for the calendar year or
14 portion thereof has been extended. Manufacturer's Purchase
15 Credit claimed on an amended report may be used to satisfy tax
16 liability under the Use Tax Act or the Service Use Tax Act (i)
17 on qualifying purchases of production related tangible
18 personal property made after the date the amended report is
19 filed or (ii) assessed by the Department on qualifying
20 production related tangible personal property purchased on or
21 after September 1, 2004.

22 If the purchaser is not the manufacturer or a graphic arts
23 producer, but rents or leases the use of the property to a
24 manufacturer or a graphic arts producer, the purchaser may
25 earn, report, and use Manufacturer's Purchase Credit in the
26 same manner as a manufacturer or graphic arts producer. A

1 purchaser shall not be entitled to any Manufacturer's Purchase
2 Credit for a purchase that is required to be reported and is
3 not timely reported as provided in this Section. A purchaser
4 remains liable for (i) any tax that was satisfied by use of a
5 Manufacturer's Purchase Credit, as of the date of purchase, if
6 that use is not timely reported as required in this Section and
7 (ii) for any applicable penalties and interest for failing to
8 pay the tax when due.

9 (Source: P.A. 96-116, eff. 7-31-09.)

10 Section 20. The Service Occupation Tax Act is amended by
11 changing Sections 2, 3-5, and 9 as follows:

12 (35 ILCS 115/2) (from Ch. 120, par. 439.102)

13 Sec. 2. "Transfer" means any transfer of the title to
14 property or of the ownership of property whether or not the
15 transferor retains title as security for the payment of amounts
16 due him from the transferee.

17 "Cost Price" means the consideration paid by the serviceman
18 for a purchase valued in money, whether paid in money or
19 otherwise, including cash, credits and services, and shall be
20 determined without any deduction on account of the supplier's
21 cost of the property sold or on account of any other expense
22 incurred by the supplier. When a serviceman contracts out part
23 or all of the services required in his sale of service, it
24 shall be presumed that the cost price to the serviceman of the

1 property transferred to him by his or her subcontractor is
2 equal to 50% of the subcontractor's charges to the serviceman
3 in the absence of proof of the consideration paid by the
4 subcontractor for the purchase of such property.

5 "Department" means the Department of Revenue.

6 "Person" means any natural individual, firm, partnership,
7 association, joint stock company, joint venture, public or
8 private corporation, limited liability company, and any
9 receiver, executor, trustee, guardian or other representative
10 appointed by order of any court.

11 "Sale of Service" means any transaction except:

12 (a) A retail sale of tangible personal property taxable
13 under the Retailers' Occupation Tax Act or under the Use Tax
14 Act.

15 (b) A sale of tangible personal property for the purpose of
16 resale made in compliance with Section 2c of the Retailers'
17 Occupation Tax Act.

18 (c) Except as hereinafter provided, a sale or transfer of
19 tangible personal property as an incident to the rendering of
20 service for or by any governmental body or for or by any
21 corporation, society, association, foundation or institution
22 organized and operated exclusively for charitable, religious
23 or educational purposes or any not-for-profit corporation,
24 society, association, foundation, institution or organization
25 which has no compensated officers or employees and which is
26 organized and operated primarily for the recreation of persons

1 55 years of age or older. A limited liability company may
2 qualify for the exemption under this paragraph only if the
3 limited liability company is organized and operated
4 exclusively for educational purposes.

5 (d) A sale or transfer of tangible personal property as an
6 incident to the rendering of service for interstate carriers
7 for hire for use as rolling stock moving in interstate commerce
8 or lessors under leases of one year or longer, executed or in
9 effect at the time of purchase, to interstate carriers for hire
10 for use as rolling stock moving in interstate commerce, and
11 equipment operated by a telecommunications provider, licensed
12 as a common carrier by the Federal Communications Commission,
13 which is permanently installed in or affixed to aircraft moving
14 in interstate commerce.

15 (d-1) A sale or transfer of tangible personal property as
16 an incident to the rendering of service for owners, lessors or
17 shippers of tangible personal property which is utilized by
18 interstate carriers for hire for use as rolling stock moving in
19 interstate commerce, and equipment operated by a
20 telecommunications provider, licensed as a common carrier by
21 the Federal Communications Commission, which is permanently
22 installed in or affixed to aircraft moving in interstate
23 commerce.

24 (d-1.1) On and after July 1, 2003 and through June 30,
25 2004, a sale or transfer of a motor vehicle of the second
26 division with a gross vehicle weight in excess of 8,000 pounds

1 as an incident to the rendering of service if that motor
2 vehicle is subject to the commercial distribution fee imposed
3 under Section 3-815.1 of the Illinois Vehicle Code. Beginning
4 on July 1, 2004 and through June 30, 2005, the use in this
5 State of motor vehicles of the second division: (i) with a
6 gross vehicle weight rating in excess of 8,000 pounds; (ii)
7 that are subject to the commercial distribution fee imposed
8 under Section 3-815.1 of the Illinois Vehicle Code; and (iii)
9 that are primarily used for commercial purposes. Through June
10 30, 2005, this exemption applies to repair and replacement
11 parts added after the initial purchase of such a motor vehicle
12 if that motor vehicle is used in a manner that would qualify
13 for the rolling stock exemption otherwise provided for in this
14 Act. For purposes of this paragraph, "used for commercial
15 purposes" means the transportation of persons or property in
16 furtherance of any commercial or industrial enterprise whether
17 for-hire or not.

18 (d-2) The repairing, reconditioning or remodeling, for a
19 common carrier by rail, of tangible personal property which
20 belongs to such carrier for hire, and as to which such carrier
21 receives the physical possession of the repaired,
22 reconditioned or remodeled item of tangible personal property
23 in Illinois, and which such carrier transports, or shares with
24 another common carrier in the transportation of such property,
25 out of Illinois on a standard uniform bill of lading showing
26 the person who repaired, reconditioned or remodeled the

1 property as the shipper or consignor of such property to a
2 destination outside Illinois, for use outside Illinois.

3 (d-3) A sale or transfer of tangible personal property
4 which is produced by the seller thereof on special order in
5 such a way as to have made the applicable tax the Service
6 Occupation Tax or the Service Use Tax, rather than the
7 Retailers' Occupation Tax or the Use Tax, for an interstate
8 carrier by rail which receives the physical possession of such
9 property in Illinois, and which transports such property, or
10 shares with another common carrier in the transportation of
11 such property, out of Illinois on a standard uniform bill of
12 lading showing the seller of the property as the shipper or
13 consignor of such property to a destination outside Illinois,
14 for use outside Illinois.

15 (d-4) Until January 1, 1997, a sale, by a registered
16 serviceman paying tax under this Act to the Department, of
17 special order printed materials delivered outside Illinois and
18 which are not returned to this State, if delivery is made by
19 the seller or agent of the seller, including an agent who
20 causes the product to be delivered outside Illinois by a common
21 carrier or the U.S. postal service.

22 (e) A sale or transfer of machinery and equipment used
23 primarily in the process of the manufacturing or assembling,
24 either in an existing, an expanded or a new manufacturing
25 facility, of tangible personal property for wholesale or retail
26 sale or lease, whether such sale or lease is made directly by

1 the manufacturer or by some other person, whether the materials
2 used in the process are owned by the manufacturer or some other
3 person, or whether such sale or lease is made apart from or as
4 an incident to the seller's engaging in a service occupation
5 and the applicable tax is a Service Occupation Tax or Service
6 Use Tax, rather than Retailers' Occupation Tax or Use Tax. The
7 exemption provided by this paragraph (e) does not include
8 machinery and equipment used in (i) the generation of
9 electricity for wholesale or retail sale; (ii) the generation
10 or treatment of natural or artificial gas for wholesale or
11 retail sale that is delivered to customers through pipes,
12 pipelines, or mains; or (iii) the treatment of water for
13 wholesale or retail sale that is delivered to customers through
14 pipes, pipelines, or mains. The provisions of this amendatory
15 Act of the 98th General Assembly are declaratory of existing
16 law as to the meaning and scope of this exemption. The
17 exemption under this subsection (e) is exempt from the
18 provisions of Section 3-75.

19 (f) Until July 1, 2003, the sale or transfer of
20 distillation machinery and equipment, sold as a unit or kit and
21 assembled or installed by the retailer, which machinery and
22 equipment is certified by the user to be used only for the
23 production of ethyl alcohol that will be used for consumption
24 as motor fuel or as a component of motor fuel for the personal
25 use of such user and not subject to sale or resale.

26 (g) At the election of any serviceman not required to be

1 otherwise registered as a retailer under Section 2a of the
2 Retailers' Occupation Tax Act, made for each fiscal year sales
3 of service in which the aggregate annual cost price of tangible
4 personal property transferred as an incident to the sales of
5 service is less than 35% (75% in the case of servicemen
6 transferring prescription drugs or servicemen engaged in
7 graphic arts production) of the aggregate annual total gross
8 receipts from all sales of service. The purchase of such
9 tangible personal property by the serviceman shall be subject
10 to tax under the Retailers' Occupation Tax Act and the Use Tax
11 Act. However, if a primary serviceman who has made the election
12 described in this paragraph subcontracts service work to a
13 secondary serviceman who has also made the election described
14 in this paragraph, the primary serviceman does not incur a Use
15 Tax liability if the secondary serviceman (i) has paid or will
16 pay Use Tax on his or her cost price of any tangible personal
17 property transferred to the primary serviceman and (ii)
18 certifies that fact in writing to the primary serviceman.

19 Tangible personal property transferred incident to the
20 completion of a maintenance agreement is exempt from the tax
21 imposed pursuant to this Act.

22 Exemption (e) also includes machinery and equipment used in
23 the general maintenance or repair of such exempt machinery and
24 equipment or for in-house manufacture of exempt machinery and
25 equipment. On and after August 31, 2014, exemption (e) also
26 includes graphic arts machinery and equipment, as defined in

1 paragraph (5) of Section 3-5, and production related tangible
2 personal property, as defined in this Section. The machinery
3 and equipment exemption does not include machinery and
4 equipment used in (i) the generation of electricity for
5 wholesale or retail sale; (ii) the generation or treatment of
6 natural or artificial gas for wholesale or retail sale that is
7 delivered to customers through pipes, pipelines, or mains; or
8 (iii) the treatment of water for wholesale or retail sale that
9 is delivered to customers through pipes, pipelines, or mains.
10 The provisions of this amendatory Act of the 98th General
11 Assembly are declaratory of existing law as to the meaning and
12 scope of this exemption. For the purposes of exemption (e),
13 each of these terms shall have the following meanings: (1)
14 "manufacturing process" shall mean the production of any
15 article of tangible personal property, whether such article is
16 a finished product or an article for use in the process of
17 manufacturing or assembling a different article of tangible
18 personal property, by procedures commonly regarded as
19 manufacturing, processing, fabricating, or refining which
20 changes some existing material or materials into a material
21 with a different form, use or name. In relation to a recognized
22 integrated business composed of a series of operations which
23 collectively constitute manufacturing, or individually
24 constitute manufacturing operations, the manufacturing process
25 shall be deemed to commence with the first operation or stage
26 of production in the series, and shall not be deemed to end

1 until the completion of the final product in the last operation
2 or stage of production in the series; and further for purposes
3 of exemption (e), photoprocessing is deemed to be a
4 manufacturing process of tangible personal property for
5 wholesale or retail sale; (2) "assembling process" shall mean
6 the production of any article of tangible personal property,
7 whether such article is a finished product or an article for
8 use in the process of manufacturing or assembling a different
9 article of tangible personal property, by the combination of
10 existing materials in a manner commonly regarded as assembling
11 which results in a material of a different form, use or name;
12 (3) "machinery" shall mean major mechanical machines or major
13 components of such machines contributing to a manufacturing or
14 assembling process; ~~and~~ (4) "equipment" shall include any
15 independent device or tool separate from any machinery but
16 essential to an integrated manufacturing or assembly process;
17 including computers used primarily in a manufacturer's
18 computer assisted design, computer assisted manufacturing
19 (CAD/CAM) system; or any subunit or assembly comprising a
20 component of any machinery or auxiliary, adjunct or attachment
21 parts of machinery, such as tools, dies, jigs, fixtures,
22 patterns and molds; or any parts which require periodic
23 replacement in the course of normal operation; but shall not
24 include hand tools; "equipment" ~~Equipment~~ includes chemicals
25 or chemicals acting as catalysts but only if the chemicals or
26 chemicals acting as catalysts effect a direct and immediate

1 change upon a product being manufactured or assembled for
2 wholesale or retail sale or lease; and (5) "production related
3 tangible personal property" means all tangible personal
4 property that is used or consumed by the purchaser in a
5 manufacturing facility in which a manufacturing process
6 described in Section 2-45 of the Retailers' Occupation Tax Act
7 takes place, including tangible personal property that is
8 purchased for incorporation into real estate within a
9 manufacturing facility, and including, but not limited to,
10 tangible personal property that is used or consumed in
11 activities such as preproduction material handling, receiving,
12 quality control, inventory control, storage, staging,
13 packaging for shipping and transportation purposes, and all
14 tangible personal property used or consumed by the purchaser
15 for research and development; "production related tangible
16 personal property" does not include (i) tangible personal
17 property that is used, within or without a manufacturing
18 facility, in sales, purchasing, accounting, fiscal management,
19 marketing, personnel recruitment or selection, or landscaping,
20 or (ii) tangible personal property that is required to be
21 titled or registered with a department, agency, or unit of
22 federal, State, or local government. The purchaser of such
23 machinery and equipment who has an active resale registration
24 number shall furnish such number to the seller at the time of
25 purchase. The purchaser of such machinery and equipment and
26 tools without an active resale registration number shall

1 furnish to the seller a certificate of exemption for each
2 transaction stating facts establishing the exemption for that
3 transaction, which certificate shall be available to the
4 Department for inspection or audit.

5 Except as provided in Section 2d of this Act, the rolling
6 stock exemption applies to rolling stock used by an interstate
7 carrier for hire, even just between points in Illinois, if such
8 rolling stock transports, for hire, persons whose journeys or
9 property whose shipments originate or terminate outside
10 Illinois.

11 Any informal rulings, opinions or letters issued by the
12 Department in response to an inquiry or request for any opinion
13 from any person regarding the coverage and applicability of
14 exemption (e) to specific devices shall be published,
15 maintained as a public record, and made available for public
16 inspection and copying. If the informal ruling, opinion or
17 letter contains trade secrets or other confidential
18 information, where possible the Department shall delete such
19 information prior to publication. Whenever such informal
20 rulings, opinions, or letters contain any policy of general
21 applicability, the Department shall formulate and adopt such
22 policy as a rule in accordance with the provisions of the
23 Illinois Administrative Procedure Act.

24 On and after July 1, 1987, no entity otherwise eligible
25 under exemption (c) of this Section shall make tax free
26 purchases unless it has an active exemption identification

1 number issued by the Department.

2 "Serviceman" means any person who is engaged in the
3 occupation of making sales of service.

4 "Sale at Retail" means "sale at retail" as defined in the
5 Retailers' Occupation Tax Act.

6 "Supplier" means any person who makes sales of tangible
7 personal property to servicemen for the purpose of resale as an
8 incident to a sale of service.

9 (Source: P.A. 98-583, eff. 1-1-14.)

10 (35 ILCS 115/3-5)

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

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

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

23 (3) Personal property purchased by any not-for-profit arts
24 or cultural organization that establishes, by proof required by
25 the Department by rule, that it has received an exemption under

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

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

17 (5) Until July 1, 2003 and beginning again on September 1,
18 2004 through August 30, 2014, graphic arts machinery and
19 equipment, including repair and replacement parts, both new and
20 used, and including that manufactured on special order or
21 purchased for lease, certified by the purchaser to be used
22 primarily for graphic arts production. Equipment includes
23 chemicals or chemicals acting as catalysts but only if the
24 chemicals or chemicals acting as catalysts effect a direct and
25 immediate change upon a graphic arts product. Beginning on
26 August 31, 2014, graphic arts machinery and equipment is

1 included in the manufacturing and assembling machinery and
2 equipment exemption under Section 2 of this Act.

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

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

25 Farm machinery and equipment shall include precision
26 farming equipment that is installed or purchased to be

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

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

15 (8) Until June 30, 2013, fuel and petroleum products sold
16 to or used by an air common carrier, certified by the carrier
17 to be used for consumption, shipment, or storage in the conduct
18 of its business as an air common carrier, for a flight destined
19 for or returning from a location or locations outside the
20 United States without regard to previous or subsequent domestic
21 stopovers.

22 Beginning July 1, 2013, fuel and petroleum products sold to
23 or used by an air carrier, certified by the carrier to be used
24 for consumption, shipment, or storage in the conduct of its
25 business as an air common carrier, for a flight that (i) is
26 engaged in foreign trade or is engaged in trade between the

1 United States and any of its possessions and (ii) transports at
2 least one individual or package for hire from the city of
3 origination to the city of final destination on the same
4 aircraft, without regard to a change in the flight number of
5 that aircraft.

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

14 (10) Until July 1, 2003, oil field exploration, drilling,
15 and production equipment, including (i) rigs and parts of rigs,
16 rotary rigs, cable tool rigs, and workover rigs, (ii) pipe and
17 tubular goods, including casing and drill strings, (iii) pumps
18 and pump-jack units, (iv) storage tanks and flow lines, (v) any
19 individual replacement part for oil field exploration,
20 drilling, and production equipment, and (vi) machinery and
21 equipment purchased for lease; but excluding motor vehicles
22 required to be registered under the Illinois Vehicle Code.

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

1 photoprocessing machinery and equipment purchased for lease.

2 (12) Coal and aggregate exploration, mining, off-highway
3 hauling, processing, maintenance, and reclamation equipment,
4 including replacement parts and equipment, and including
5 equipment purchased for lease, but excluding motor vehicles
6 required to be registered under the Illinois Vehicle Code. The
7 changes made to this Section by Public Act 97-767 apply on and
8 after July 1, 2003, but no claim for credit or refund is
9 allowed on or after August 16, 2013 (the effective date of
10 Public Act 98-456) for such taxes paid during the period
11 beginning July 1, 2003 and ending on August 16, 2013 (the
12 effective date of Public Act 98-456). This item (12) is exempt
13 from the provisions of Section 3-55.

14 (13) Beginning January 1, 1992 and through June 30, 2016,
15 food for human consumption that is to be consumed off the
16 premises where it is sold (other than alcoholic beverages, soft
17 drinks and food that has been prepared for immediate
18 consumption) and prescription and non-prescription medicines,
19 drugs, medical appliances, and insulin, urine testing
20 materials, syringes, and needles used by diabetics, for human
21 use, when purchased for use by a person receiving medical
22 assistance under Article V of the Illinois Public Aid Code who
23 resides in a licensed long-term care facility, as defined in
24 the Nursing Home Care Act, or in a licensed facility as defined
25 in the ID/DD Community Care Act, the MC/DD Act, or the
26 Specialized Mental Health Rehabilitation Act of 2013.

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

3 (15) Horses, or interests in horses, registered with and
4 meeting the requirements of any of the Arabian Horse Club
5 Registry of America, Appaloosa Horse Club, American Quarter
6 Horse Association, United States Trotting Association, or
7 Jockey Club, as appropriate, used for purposes of breeding or
8 racing for prizes. This item (15) is exempt from the provisions
9 of Section 3-55, and the exemption provided for under this item
10 (15) applies for all periods beginning May 30, 1995, but no
11 claim for credit or refund is allowed on or after January 1,
12 2008 (the effective date of Public Act 95-88) for such taxes
13 paid during the period beginning May 30, 2000 and ending on
14 January 1, 2008 (the effective date of Public Act 95-88).

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

23 (17) Personal property sold to a lessor who leases the
24 property, under a lease of one year or longer executed or in
25 effect at the time of the purchase, to a governmental body that
26 has been issued an active tax exemption identification number

1 by the Department under Section 1g of the Retailers' Occupation
2 Tax Act.

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

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

25 (20) Beginning July 1, 1999, game or game birds sold at a
26 "game breeding and hunting preserve area" as that term is used

1 in the Wildlife Code. This paragraph is exempt from the
2 provisions of Section 3-55.

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

21 (22) Beginning January 1, 2000, personal property,
22 including food, purchased through fundraising events for the
23 benefit of a public or private elementary or secondary school,
24 a group of those schools, or one or more school districts if
25 the events are sponsored by an entity recognized by the school
26 district that consists primarily of volunteers and includes

1 parents and teachers of the school children. This paragraph
2 does not apply to fundraising events (i) for the benefit of
3 private home instruction or (ii) for which the fundraising
4 entity purchases the personal property sold at the events from
5 another individual or entity that sold the property for the
6 purpose of resale by the fundraising entity and that profits
7 from the sale to the fundraising entity. This paragraph is
8 exempt from the provisions of Section 3-55.

9 (23) Beginning January 1, 2000 and through December 31,
10 2001, new or used automatic vending machines that prepare and
11 serve hot food and beverages, including coffee, soup, and other
12 items, and replacement parts for these machines. Beginning
13 January 1, 2002 and through June 30, 2003, machines and parts
14 for machines used in commercial, coin-operated amusement and
15 vending business if a use or occupation tax is paid on the
16 gross receipts derived from the use of the commercial,
17 coin-operated amusement and vending machines. This paragraph
18 is exempt from the provisions of Section 3-55.

19 (24) Beginning on the effective date of this amendatory Act
20 of the 92nd General Assembly, computers and communications
21 equipment utilized for any hospital purpose and equipment used
22 in the diagnosis, analysis, or treatment of hospital patients
23 sold to a lessor who leases the equipment, under a lease of one
24 year or longer executed or in effect at the time of the
25 purchase, to a hospital that has been issued an active tax
26 exemption identification number by the Department under

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

3 (25) Beginning on the effective date of this amendatory Act
4 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 a
7 governmental body that has been issued an active tax exemption
8 identification number by the Department under Section 1g of the
9 Retailers' Occupation Tax Act. This paragraph is exempt from
10 the provisions of Section 3-55.

11 (26) Beginning on January 1, 2002 and through June 30,
12 2016, tangible personal property purchased from an Illinois
13 retailer by a taxpayer engaged in centralized purchasing
14 activities in Illinois who will, upon receipt of the property
15 in Illinois, temporarily store the property in Illinois (i) for
16 the purpose of subsequently transporting it outside this State
17 for use or consumption thereafter solely outside this State or
18 (ii) for the purpose of being processed, fabricated, or
19 manufactured into, attached to, or incorporated into other
20 tangible personal property to be transported outside this State
21 and thereafter used or consumed solely outside this State. The
22 Director of Revenue shall, pursuant to rules adopted in
23 accordance with the Illinois Administrative Procedure Act,
24 issue a permit to any taxpayer in good standing with the
25 Department who is eligible for the exemption under this
26 paragraph (26). The permit issued under this paragraph (26)

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

8 (27) Beginning January 1, 2008, tangible personal property
9 used in the construction or maintenance of a community water
10 supply, as defined under Section 3.145 of the Environmental
11 Protection Act, that is operated by a not-for-profit
12 corporation that holds a valid water supply permit issued under
13 Title IV of the Environmental Protection Act. This paragraph is
14 exempt from the provisions of Section 3-55.

15 (28) Tangible personal property sold to a
16 public-facilities corporation, as described in Section
17 11-65-10 of the Illinois Municipal Code, for purposes of
18 constructing or furnishing a municipal convention hall, but
19 only if the legal title to the municipal convention hall is
20 transferred to the municipality without any further
21 consideration by or on behalf of the municipality at the time
22 of the completion of the municipal convention hall or upon the
23 retirement or redemption of any bonds or other debt instruments
24 issued by the public-facilities corporation in connection with
25 the development of the municipal convention hall. This
26 exemption includes existing public-facilities corporations as

1 provided in Section 11-65-25 of the Illinois Municipal Code.

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

3 (29) Beginning January 1, 2010, materials, parts,
4 equipment, components, and furnishings incorporated into or
5 upon an aircraft as part of the modification, refurbishment,
6 completion, replacement, repair, or maintenance of the
7 aircraft. This exemption includes consumable supplies used in
8 the modification, refurbishment, completion, replacement,
9 repair, and maintenance of aircraft, but excludes any
10 materials, parts, equipment, components, and consumable
11 supplies used in the modification, replacement, repair, and
12 maintenance of aircraft engines or power plants, whether such
13 engines or power plants are installed or uninstalled upon any
14 such aircraft. "Consumable supplies" include, but are not
15 limited to, adhesive, tape, sandpaper, general purpose
16 lubricants, cleaning solution, latex gloves, and protective
17 films. This exemption applies only to the transfer of
18 qualifying tangible personal property incident to the
19 modification, refurbishment, completion, replacement, repair,
20 or maintenance of an aircraft by persons who (i) hold an Air
21 Agency Certificate and are empowered to operate an approved
22 repair station by the Federal Aviation Administration, (ii)
23 have a Class IV Rating, and (iii) conduct operations in
24 accordance with Part 145 of the Federal Aviation Regulations.
25 The exemption does not include aircraft operated by a
26 commercial air carrier providing scheduled passenger air

1 service pursuant to authority issued under Part 121 or Part 129
2 of the Federal Aviation Regulations. The changes made to this
3 paragraph (29) by Public Act 98-534 are declarative of existing
4 law.

5 (30) Beginning January 1, 2017, menstrual pads, tampons,
6 and menstrual cups.

7 (Source: P.A. 98-104, eff. 7-22-13; 98-422, eff. 8-16-13;
8 98-456, eff. 8-16-13; 98-534, eff. 8-23-13; 98-756, eff.
9 7-16-14; 99-180, eff. 7-29-15; 99-855, eff. 8-19-16.)

10 (35 ILCS 115/9) (from Ch. 120, par. 439.109)

11 Sec. 9. Each serviceman required or authorized to collect
12 the tax herein imposed shall pay to the Department the amount
13 of such tax at the time when he is required to file his return
14 for the period during which such tax was collectible, less a
15 discount of 2.1% prior to January 1, 1990, and 1.75% on and
16 after January 1, 1990, or \$5 per calendar year, whichever is
17 greater, which is allowed to reimburse the serviceman for
18 expenses incurred in collecting the tax, keeping records,
19 preparing and filing returns, remitting the tax and supplying
20 data to the Department on request. The Department may disallow
21 the discount for servicemen whose certificate of registration
22 is revoked at the time the return is filed, but only if the
23 Department's decision to revoke the certificate of
24 registration has become final.

25 Where such tangible personal property is sold under a

1 conditional sales contract, or under any other form of sale
2 wherein the payment of the principal sum, or a part thereof, is
3 extended beyond the close of the period for which the return is
4 filed, the serviceman, in collecting the tax may collect, for
5 each tax return period, only the tax applicable to the part of
6 the selling price actually received during such tax return
7 period.

8 Except as provided hereinafter in this Section, on or
9 before the twentieth day of each calendar month, such
10 serviceman shall file a return for the preceding calendar month
11 in accordance with reasonable rules and regulations to be
12 promulgated by the Department of Revenue. Such return shall be
13 filed on a form prescribed by the Department and shall contain
14 such information as the Department may reasonably require.

15 The Department may require returns to be filed on a
16 quarterly basis. If so required, a return for each calendar
17 quarter shall be filed on or before the twentieth day of the
18 calendar month following the end of such calendar quarter. The
19 taxpayer shall also file a return with the Department for each
20 of the first two months of each calendar quarter, on or before
21 the twentieth day of the following calendar month, stating:

- 22 1. The name of the seller;
- 23 2. The address of the principal place of business from
24 which he engages in business as a serviceman in this State;
- 25 3. The total amount of taxable receipts received by him
26 during the preceding calendar month, including receipts

1 from charge and time sales, but less all deductions allowed
2 by law;

3 4. The amount of credit provided in Section 2d of this
4 Act;

5 5. The amount of tax due;

6 5-5. The signature of the taxpayer; and

7 6. Such other reasonable information as the Department
8 may require.

9 If a taxpayer fails to sign a return within 30 days after
10 the proper notice and demand for signature by the Department,
11 the return shall be considered valid and any amount shown to be
12 due on the return shall be deemed assessed.

13 Prior to October 1, 2003, and on and after September 1,
14 2004 and through August 30, 2014, a serviceman may accept a
15 Manufacturer's Purchase Credit certification from a purchaser
16 in satisfaction of Service Use Tax as provided in Section 3-70
17 of the Service Use Tax Act if the purchaser provides the
18 appropriate documentation as required by Section 3-70 of the
19 Service Use Tax Act. A Manufacturer's Purchase Credit
20 certification, accepted prior to October 1, 2003 or on or after
21 September 1, 2004 and through August 30, 2014 by a serviceman
22 as provided in Section 3-70 of the Service Use Tax Act, may be
23 used by that serviceman through September 20, 2014 to satisfy
24 Service Occupation Tax liability in the amount claimed in the
25 certification, not to exceed 6.25% of the receipts subject to
26 tax from a qualifying purchase. A Manufacturer's Purchase

1 Credit reported on any original or amended return filed under
2 this Act after October 20, 2003 for reporting periods prior to
3 September 1, 2004 shall be disallowed. A Manufacturer's
4 Purchase Credit reported on any original or amended return
5 filed under this Act after September 20, 2014 shall be
6 disallowed. Manufacturer's Purchase Credit reported on annual
7 returns due on or after January 1, 2005 will be disallowed for
8 periods prior to September 1, 2004. A Manufacturer's Purchase
9 Credit reported on an annual return due on or after January 1,
10 2015 shall be disallowed for periods on and after August 31,
11 2014. No Manufacturer's Purchase Credit may be used after
12 September 30, 2003 through August 31, 2004 or after September
13 20, 2014 to satisfy any tax liability imposed under this Act,
14 including any audit liability.

15 If the serviceman's average monthly tax liability to the
16 Department does not exceed \$200, the Department may authorize
17 his returns to be filed on a quarter annual basis, with the
18 return for January, February and March of a given year being
19 due by April 20 of such year; with the return for April, May
20 and June of a given year being due by July 20 of such year; with
21 the return for July, August and September of a given year being
22 due by October 20 of such year, and with the return for
23 October, November and December of a given year being due by
24 January 20 of the following year.

25 If the serviceman's average monthly tax liability to the
26 Department does not exceed \$50, the Department may authorize

1 his returns to be filed on an annual basis, with the return for
2 a given year being due by January 20 of the following year.

3 Such quarter annual and annual returns, as to form and
4 substance, shall be subject to the same requirements as monthly
5 returns.

6 Notwithstanding any other provision in this Act concerning
7 the time within which a serviceman may file his return, in the
8 case of any serviceman who ceases to engage in a kind of
9 business which makes him responsible for filing returns under
10 this Act, such serviceman shall file a final return under this
11 Act with the Department not more than 1 month after
12 discontinuing such business.

13 Beginning October 1, 1993, a taxpayer who has an average
14 monthly tax liability of \$150,000 or more shall make all
15 payments required by rules of the Department by electronic
16 funds transfer. Beginning October 1, 1994, a taxpayer who has
17 an average monthly tax liability of \$100,000 or more shall make
18 all payments required by rules of the Department by electronic
19 funds transfer. Beginning October 1, 1995, a taxpayer who has
20 an average monthly tax liability of \$50,000 or more shall make
21 all payments required by rules of the Department by electronic
22 funds transfer. Beginning October 1, 2000, a taxpayer who has
23 an annual tax liability of \$200,000 or more shall make all
24 payments required by rules of the Department by electronic
25 funds transfer. The term "annual tax liability" shall be the
26 sum of the taxpayer's liabilities under this Act, and under all

1 other State and local occupation and use tax laws administered
2 by the Department, for the immediately preceding calendar year.
3 The term "average monthly tax liability" means the sum of the
4 taxpayer's liabilities under this Act, and under all other
5 State and local occupation and use tax laws administered by the
6 Department, for the immediately preceding calendar year
7 divided by 12. Beginning on October 1, 2002, a taxpayer who has
8 a tax liability in the amount set forth in subsection (b) of
9 Section 2505-210 of the Department of Revenue Law shall make
10 all payments required by rules of the Department by electronic
11 funds transfer.

12 Before August 1 of each year beginning in 1993, the
13 Department shall notify all taxpayers required to make payments
14 by electronic funds transfer. All taxpayers required to make
15 payments by electronic funds transfer shall make those payments
16 for a minimum of one year beginning on October 1.

17 Any taxpayer not required to make payments by electronic
18 funds transfer may make payments by electronic funds transfer
19 with the permission of the Department.

20 All taxpayers required to make payment by electronic funds
21 transfer and any taxpayers authorized to voluntarily make
22 payments by electronic funds transfer shall make those payments
23 in the manner authorized by the Department.

24 The Department shall adopt such rules as are necessary to
25 effectuate a program of electronic funds transfer and the
26 requirements of this Section.

1 Where a serviceman collects the tax with respect to the
2 selling price of tangible personal property which he sells and
3 the purchaser thereafter returns such tangible personal
4 property and the serviceman refunds the selling price thereof
5 to the purchaser, such serviceman shall also refund, to the
6 purchaser, the tax so collected from the purchaser. When filing
7 his return for the period in which he refunds such tax to the
8 purchaser, the serviceman may deduct the amount of the tax so
9 refunded by him to the purchaser from any other Service
10 Occupation Tax, Service Use Tax, Retailers' Occupation Tax or
11 Use Tax which such serviceman may be required to pay or remit
12 to the Department, as shown by such return, provided that the
13 amount of the tax to be deducted shall previously have been
14 remitted to the Department by such serviceman. If the
15 serviceman shall not previously have remitted the amount of
16 such tax to the Department, he shall be entitled to no
17 deduction hereunder upon refunding such tax to the purchaser.

18 If experience indicates such action to be practicable, the
19 Department may prescribe and furnish a combination or joint
20 return which will enable servicemen, who are required to file
21 returns hereunder and also under the Retailers' Occupation Tax
22 Act, the Use Tax Act or the Service Use Tax Act, to furnish all
23 the return information required by all said Acts on the one
24 form.

25 Where the serviceman has more than one business registered
26 with the Department under separate registrations hereunder,

1 such serviceman shall file separate returns for each registered
2 business.

3 Beginning January 1, 1990, each month the Department shall
4 pay into the Local Government Tax Fund the revenue realized for
5 the preceding month from the 1% tax on sales of food for human
6 consumption which is to be consumed off the premises where it
7 is sold (other than alcoholic beverages, soft drinks and food
8 which has been prepared for immediate consumption) and
9 prescription and nonprescription medicines, drugs, medical
10 appliances, products classified as Class III medical devices by
11 the United States Food and Drug Administration that are used
12 for cancer treatment pursuant to a prescription, as well as any
13 accessories and components related to those devices, and
14 insulin, urine testing materials, syringes and needles used by
15 diabetics.

16 Beginning January 1, 1990, each month the Department shall
17 pay into the County and Mass Transit District Fund 4% of the
18 revenue realized for the preceding month from the 6.25% general
19 rate.

20 Beginning August 1, 2000, each month the Department shall
21 pay into the County and Mass Transit District Fund 20% of the
22 net revenue realized for the preceding month from the 1.25%
23 rate on the selling price of motor fuel and gasohol.

24 Beginning January 1, 1990, each month the Department shall
25 pay into the Local Government Tax Fund 16% of the revenue
26 realized for the preceding month from the 6.25% general rate on

1 transfers of tangible personal property.

2 Beginning August 1, 2000, each month the Department shall
3 pay into the Local Government Tax Fund 80% of the net revenue
4 realized for the preceding month from the 1.25% rate on the
5 selling price of motor fuel and gasohol.

6 Beginning October 1, 2009, each month the Department shall
7 pay into the Capital Projects Fund an amount that is equal to
8 an amount estimated by the Department to represent 80% of the
9 net revenue realized for the preceding month from the sale of
10 candy, grooming and hygiene products, and soft drinks that had
11 been taxed at a rate of 1% prior to September 1, 2009 but that
12 are now taxed at 6.25%.

13 Beginning July 1, 2013, each month the Department shall pay
14 into the Underground Storage Tank Fund from the proceeds
15 collected under this Act, the Use Tax Act, the Service Use Tax
16 Act, and the Retailers' Occupation Tax Act an amount equal to
17 the average monthly deficit in the Underground Storage Tank
18 Fund during the prior year, as certified annually by the
19 Illinois Environmental Protection Agency, but the total
20 payment into the Underground Storage Tank Fund under this Act,
21 the Use Tax Act, the Service Use Tax Act, and the Retailers'
22 Occupation Tax Act shall not exceed \$18,000,000 in any State
23 fiscal year. As used in this paragraph, the "average monthly
24 deficit" shall be equal to the difference between the average
25 monthly claims for payment by the fund and the average monthly
26 revenues deposited into the fund, excluding payments made

1 pursuant to this paragraph.

2 Beginning July 1, 2015, of the remainder of the moneys
3 received by the Department under the Use Tax Act, the Service
4 Use Tax Act, this Act, and the Retailers' Occupation Tax Act,
5 each month the Department shall deposit \$500,000 into the State
6 Crime Laboratory Fund.

7 Of the remainder of the moneys received by the Department
8 pursuant to this Act, (a) 1.75% thereof shall be paid into the
9 Build Illinois Fund and (b) prior to July 1, 1989, 2.2% and on
10 and after July 1, 1989, 3.8% thereof shall be paid into the
11 Build Illinois Fund; provided, however, that if in any fiscal
12 year the sum of (1) the aggregate of 2.2% or 3.8%, as the case
13 may be, of the moneys received by the Department and required
14 to be paid into the Build Illinois Fund pursuant to Section 3
15 of the Retailers' Occupation Tax Act, Section 9 of the Use Tax
16 Act, Section 9 of the Service Use Tax Act, and Section 9 of the
17 Service Occupation Tax Act, such Acts being hereinafter called
18 the "Tax Acts" and such aggregate of 2.2% or 3.8%, as the case
19 may be, of moneys being hereinafter called the "Tax Act
20 Amount", and (2) the amount transferred to the Build Illinois
21 Fund from the State and Local Sales Tax Reform Fund shall be
22 less than the Annual Specified Amount (as defined in Section 3
23 of the Retailers' Occupation Tax Act), an amount equal to the
24 difference shall be immediately paid into the Build Illinois
25 Fund from other moneys received by the Department pursuant to
26 the Tax Acts; and further provided, that if on the last

1 business day of any month the sum of (1) the Tax Act Amount
2 required to be deposited into the Build Illinois Account in the
3 Build Illinois Fund during such month and (2) the amount
4 transferred during such month to the Build Illinois Fund from
5 the State and Local Sales Tax Reform Fund shall have been less
6 than 1/12 of the Annual Specified Amount, an amount equal to
7 the difference shall be immediately paid into the Build
8 Illinois Fund from other moneys received by the Department
9 pursuant to the Tax Acts; and, further provided, that in no
10 event shall the payments required under the preceding proviso
11 result in aggregate payments into the Build Illinois Fund
12 pursuant to this clause (b) for any fiscal year in excess of
13 the greater of (i) the Tax Act Amount or (ii) the Annual
14 Specified Amount for such fiscal year; and, further provided,
15 that the amounts payable into the Build Illinois Fund under
16 this clause (b) shall be payable only until such time as the
17 aggregate amount on deposit under each trust indenture securing
18 Bonds issued and outstanding pursuant to the Build Illinois
19 Bond Act is sufficient, taking into account any future
20 investment income, to fully provide, in accordance with such
21 indenture, for the defeasance of or the payment of the
22 principal of, premium, if any, and interest on the Bonds
23 secured by such indenture and on any Bonds expected to be
24 issued thereafter and all fees and costs payable with respect
25 thereto, all as certified by the Director of the Bureau of the
26 Budget (now Governor's Office of Management and Budget). If on

1 the last business day of any month in which Bonds are
2 outstanding pursuant to the Build Illinois Bond Act, the
3 aggregate of the moneys deposited in the Build Illinois Bond
4 Account in the Build Illinois Fund in such month shall be less
5 than the amount required to be transferred in such month from
6 the Build Illinois Bond Account to the Build Illinois Bond
7 Retirement and Interest Fund pursuant to Section 13 of the
8 Build Illinois Bond Act, an amount equal to such deficiency
9 shall be immediately paid from other moneys received by the
10 Department pursuant to the Tax Acts to the Build Illinois Fund;
11 provided, however, that any amounts paid to the Build Illinois
12 Fund in any fiscal year pursuant to this sentence shall be
13 deemed to constitute payments pursuant to clause (b) of the
14 preceding sentence and shall reduce the amount otherwise
15 payable for such fiscal year pursuant to clause (b) of the
16 preceding sentence. The moneys received by the Department
17 pursuant to this Act and required to be deposited into the
18 Build Illinois Fund are subject to the pledge, claim and charge
19 set forth in Section 12 of the Build Illinois Bond Act.

20 Subject to payment of amounts into the Build Illinois Fund
21 as provided in the preceding paragraph or in any amendment
22 thereto hereafter enacted, the following specified monthly
23 installment of the amount requested in the certificate of the
24 Chairman of the Metropolitan Pier and Exposition Authority
25 provided under Section 8.25f of the State Finance Act, but not
26 in excess of the sums designated as "Total Deposit", shall be

1 deposited in the aggregate from collections under Section 9 of
2 the Use Tax Act, Section 9 of the Service Use Tax Act, Section
3 9 of the Service Occupation Tax Act, and Section 3 of the
4 Retailers' Occupation Tax Act into the McCormick Place
5 Expansion Project Fund in the specified fiscal years.

	Fiscal Year	Total Deposit
6		
7	1993	\$0
8	1994	53,000,000
9	1995	58,000,000
10	1996	61,000,000
11	1997	64,000,000
12	1998	68,000,000
13	1999	71,000,000
14	2000	75,000,000
15	2001	80,000,000
16	2002	93,000,000
17	2003	99,000,000
18	2004	103,000,000
19	2005	108,000,000
20	2006	113,000,000
21	2007	119,000,000
22	2008	126,000,000
23	2009	132,000,000
24	2010	139,000,000
25	2011	146,000,000

1	2012	153,000,000
2	2013	161,000,000
3	2014	170,000,000
4	2015	179,000,000
5	2016	189,000,000
6	2017	199,000,000
7	2018	210,000,000
8	2019	221,000,000
9	2020	233,000,000
10	2021	246,000,000
11	2022	260,000,000
12	2023	275,000,000
13	2024	275,000,000
14	2025	275,000,000
15	2026	279,000,000
16	2027	292,000,000
17	2028	307,000,000
18	2029	322,000,000
19	2030	338,000,000
20	2031	350,000,000
21	2032	350,000,000

22 and
23 each fiscal year
24 thereafter that bonds
25 are outstanding under
26 Section 13.2 of the

1 Metropolitan Pier and
2 Exposition Authority Act,
3 but not after fiscal year 2060.

4 Beginning July 20, 1993 and in each month of each fiscal
5 year thereafter, one-eighth of the amount requested in the
6 certificate of the Chairman of the Metropolitan Pier and
7 Exposition Authority for that fiscal year, less the amount
8 deposited into the McCormick Place Expansion Project Fund by
9 the State Treasurer in the respective month under subsection
10 (g) of Section 13 of the Metropolitan Pier and Exposition
11 Authority Act, plus cumulative deficiencies in the deposits
12 required under this Section for previous months and years,
13 shall be deposited into the McCormick Place Expansion Project
14 Fund, until the full amount requested for the fiscal year, but
15 not in excess of the amount specified above as "Total Deposit",
16 has been deposited.

17 Subject to payment of amounts into the Build Illinois Fund
18 and the McCormick Place Expansion Project Fund pursuant to the
19 preceding paragraphs or in any amendments thereto hereafter
20 enacted, beginning July 1, 1993 and ending on September 30,
21 2013, the Department shall each month pay into the Illinois Tax
22 Increment Fund 0.27% of 80% of the net revenue realized for the
23 preceding month from the 6.25% general rate on the selling
24 price of tangible personal property.

25 Subject to payment of amounts into the Build Illinois Fund
26 and the McCormick Place Expansion Project Fund pursuant to the

1 preceding paragraphs or in any amendments thereto hereafter
2 enacted, beginning with the receipt of the first report of
3 taxes paid by an eligible business and continuing for a 25-year
4 period, the Department shall each month pay into the Energy
5 Infrastructure Fund 80% of the net revenue realized from the
6 6.25% general rate on the selling price of Illinois-mined coal
7 that was sold to an eligible business. For purposes of this
8 paragraph, the term "eligible business" means a new electric
9 generating facility certified pursuant to Section 605-332 of
10 the Department of Commerce and Economic Opportunity Law of the
11 Civil Administrative Code of Illinois.

12 Subject to payment of amounts into the Build Illinois Fund,
13 the McCormick Place Expansion Project Fund, the Illinois Tax
14 Increment Fund, and the Energy Infrastructure Fund pursuant to
15 the preceding paragraphs or in any amendments to this Section
16 hereafter enacted, beginning on the first day of the first
17 calendar month to occur on or after the effective date of this
18 amendatory Act of the 98th General Assembly, each month, from
19 the collections made under Section 9 of the Use Tax Act,
20 Section 9 of the Service Use Tax Act, Section 9 of the Service
21 Occupation Tax Act, and Section 3 of the Retailers' Occupation
22 Tax Act, the Department shall pay into the Tax Compliance and
23 Administration Fund, to be used, subject to appropriation, to
24 fund additional auditors and compliance personnel at the
25 Department of Revenue, an amount equal to 1/12 of 5% of 80% of
26 the cash receipts collected during the preceding fiscal year by

1 the Audit Bureau of the Department under the Use Tax Act, the
2 Service Use Tax Act, the Service Occupation Tax Act, the
3 Retailers' Occupation Tax Act, and associated local occupation
4 and use taxes administered by the Department.

5 Of the remainder of the moneys received by the Department
6 pursuant to this Act, 75% shall be paid into the General
7 Revenue Fund of the State Treasury and 25% shall be reserved in
8 a special account and used only for the transfer to the Common
9 School Fund as part of the monthly transfer from the General
10 Revenue Fund in accordance with Section 8a of the State Finance
11 Act.

12 The Department may, upon separate written notice to a
13 taxpayer, require the taxpayer to prepare and file with the
14 Department on a form prescribed by the Department within not
15 less than 60 days after receipt of the notice an annual
16 information return for the tax year specified in the notice.
17 Such annual return to the Department shall include a statement
18 of gross receipts as shown by the taxpayer's last Federal
19 income tax return. If the total receipts of the business as
20 reported in the Federal income tax return do not agree with the
21 gross receipts reported to the Department of Revenue for the
22 same period, the taxpayer shall attach to his annual return a
23 schedule showing a reconciliation of the 2 amounts and the
24 reasons for the difference. The taxpayer's annual return to the
25 Department shall also disclose the cost of goods sold by the
26 taxpayer during the year covered by such return, opening and

1 closing inventories of such goods for such year, cost of goods
2 used from stock or taken from stock and given away by the
3 taxpayer during such year, pay roll information of the
4 taxpayer's business during such year and any additional
5 reasonable information which the Department deems would be
6 helpful in determining the accuracy of the monthly, quarterly
7 or annual returns filed by such taxpayer as hereinbefore
8 provided for in this Section.

9 If the annual information return required by this Section
10 is not filed when and as required, the taxpayer shall be liable
11 as follows:

12 (i) Until January 1, 1994, the taxpayer shall be liable
13 for a penalty equal to 1/6 of 1% of the tax due from such
14 taxpayer under this Act during the period to be covered by
15 the annual return for each month or fraction of a month
16 until such return is filed as required, the penalty to be
17 assessed and collected in the same manner as any other
18 penalty provided for in this Act.

19 (ii) On and after January 1, 1994, the taxpayer shall
20 be liable for a penalty as described in Section 3-4 of the
21 Uniform Penalty and Interest Act.

22 The chief executive officer, proprietor, owner or highest
23 ranking manager shall sign the annual return to certify the
24 accuracy of the information contained therein. Any person who
25 willfully signs the annual return containing false or
26 inaccurate information shall be guilty of perjury and punished

1 accordingly. The annual return form prescribed by the
2 Department shall include a warning that the person signing the
3 return may be liable for perjury.

4 The foregoing portion of this Section concerning the filing
5 of an annual information return shall not apply to a serviceman
6 who is not required to file an income tax return with the
7 United States Government.

8 As soon as possible after the first day of each month, upon
9 certification of the Department of Revenue, the Comptroller
10 shall order transferred and the Treasurer shall transfer from
11 the General Revenue Fund to the Motor Fuel Tax Fund an amount
12 equal to 1.7% of 80% of the net revenue realized under this Act
13 for the second preceding month. Beginning April 1, 2000, this
14 transfer is no longer required and shall not be made.

15 Net revenue realized for a month shall be the revenue
16 collected by the State pursuant to this Act, less the amount
17 paid out during that month as refunds to taxpayers for
18 overpayment of liability.

19 For greater simplicity of administration, it shall be
20 permissible for manufacturers, importers and wholesalers whose
21 products are sold by numerous servicemen in Illinois, and who
22 wish to do so, to assume the responsibility for accounting and
23 paying to the Department all tax accruing under this Act with
24 respect to such sales, if the servicemen who are affected do
25 not make written objection to the Department to this
26 arrangement.

1 (Source: P.A. 98-24, eff. 6-19-13; 98-109, eff. 7-25-13;
2 98-298, eff. 8-9-13; 98-496, eff. 1-1-14; 98-756, eff. 7-16-14;
3 98-1098, eff. 8-26-14; 99-352, eff. 8-12-15; 99-858, eff.
4 8-19-16.)

5 Section 25. The Retailers' Occupation Tax Act is amended by
6 changing Sections 2-5, 2-45, and 3 as follows:

7 (35 ILCS 120/2-5)

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

11 (1) Farm chemicals.

12 (2) Farm machinery and equipment, both new and used,
13 including that manufactured on special order, certified by the
14 purchaser to be used primarily for production agriculture or
15 State or federal agricultural programs, including individual
16 replacement parts for the machinery and equipment, including
17 machinery and equipment purchased for lease, and including
18 implements of husbandry defined in Section 1-130 of the
19 Illinois Vehicle Code, farm machinery and agricultural
20 chemical and fertilizer spreaders, and nurse wagons required to
21 be registered under Section 3-809 of the Illinois Vehicle Code,
22 but excluding other motor vehicles required to be registered
23 under the Illinois Vehicle Code. Horticultural polyhouses or
24 hoop houses used for propagating, growing, or overwintering

1 plants shall be considered farm machinery and equipment under
2 this item (2). Agricultural chemical tender tanks and dry boxes
3 shall include units sold separately from a motor vehicle
4 required to be licensed and units sold mounted on a motor
5 vehicle required to be licensed, if the selling price of the
6 tender is separately stated.

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

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

23 (3) Until July 1, 2003, distillation machinery and
24 equipment, sold as a unit or kit, assembled or installed by the
25 retailer, certified by the user to be used only for the
26 production of ethyl alcohol that will be used for consumption

1 as motor fuel or as a component of motor fuel for the personal
2 use of the user, and not subject to sale or resale.

3 (4) Until July 1, 2003 and beginning again September 1,
4 2004 through August 30, 2014, graphic arts machinery and
5 equipment, including repair and replacement parts, both new and
6 used, and including that manufactured on special order or
7 purchased for lease, certified by the purchaser to be used
8 primarily for graphic arts production. Equipment includes
9 chemicals or chemicals acting as catalysts but only if the
10 chemicals or chemicals acting as catalysts effect a direct and
11 immediate change upon a graphic arts product. Beginning on
12 August 31, 2014, graphic arts machinery and equipment is
13 included in the manufacturing and assembling machinery and
14 equipment exemption under paragraph (14).

15 (5) A motor vehicle that is used for automobile renting, as
16 defined in the Automobile Renting Occupation and Use Tax Act.
17 This paragraph is exempt from the provisions of Section 2-70.

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

21 (7) Until July 1, 2003, proceeds of that portion of the
22 selling price of a passenger car the sale of which is subject
23 to the Replacement Vehicle Tax.

24 (8) Personal property sold to an Illinois county fair
25 association for use in conducting, operating, or promoting the
26 county fair.

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

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

23 (11) Personal property sold to a governmental body, to a
24 corporation, society, association, foundation, or institution
25 organized and operated exclusively for charitable, religious,
26 or educational purposes, or to a not-for-profit corporation,

1 society, association, foundation, institution, or organization
2 that has no compensated officers or employees and that is
3 organized and operated primarily for the recreation of persons
4 55 years of age or older. A limited liability company may
5 qualify for the exemption under this paragraph only if the
6 limited liability company is organized and operated
7 exclusively for educational purposes. On and after July 1,
8 1987, however, no entity otherwise eligible for this exemption
9 shall make tax-free purchases unless it has an active
10 identification number issued by the Department.

11 (12) Tangible personal property sold to interstate
12 carriers for hire for use as rolling stock moving in interstate
13 commerce or to lessors under leases of one year or longer
14 executed or in effect at the time of purchase by interstate
15 carriers for hire for use as rolling stock moving in interstate
16 commerce and equipment operated by a telecommunications
17 provider, licensed as a common carrier by the Federal
18 Communications Commission, which is permanently installed in
19 or affixed to aircraft moving in interstate commerce.

20 (12-5) On and after July 1, 2003 and through June 30, 2004,
21 motor vehicles of the second division with a gross vehicle
22 weight in excess of 8,000 pounds that are subject to the
23 commercial distribution fee imposed under Section 3-815.1 of
24 the Illinois Vehicle Code. Beginning on July 1, 2004 and
25 through June 30, 2005, the use in this State of motor vehicles
26 of the second division: (i) with a gross vehicle weight rating

1 in excess of 8,000 pounds; (ii) that are subject to the
2 commercial distribution fee imposed under Section 3-815.1 of
3 the Illinois Vehicle Code; and (iii) that are primarily used
4 for commercial purposes. Through June 30, 2005, this exemption
5 applies to repair and replacement parts added after the initial
6 purchase of such a motor vehicle if that motor vehicle is used
7 in a manner that would qualify for the rolling stock exemption
8 otherwise provided for in this Act. For purposes of this
9 paragraph, "used for commercial purposes" means the
10 transportation of persons or property in furtherance of any
11 commercial or industrial enterprise whether for-hire or not.

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

1 seller's engaging in the service occupation of producing
2 machines, tools, dies, jigs, patterns, gauges, or other similar
3 items of no commercial value on special order for a particular
4 purchaser. The exemption provided by this paragraph (14) does
5 not include machinery and equipment used in (i) the generation
6 of electricity for wholesale or retail sale; (ii) the
7 generation or treatment of natural or artificial gas for
8 wholesale or retail sale that is delivered to customers through
9 pipes, pipelines, or mains; or (iii) the treatment of water for
10 wholesale or retail sale that is delivered to customers through
11 pipes, pipelines, or mains. The provisions of Public Act 98-583
12 are declaratory of existing law as to the meaning and scope of
13 this exemption. Beginning on August 31, 2014, manufacturing and
14 assembling machinery and equipment includes graphic arts
15 machinery and equipment, as defined in paragraph (4) of this
16 Section, and production related tangible personal property, as
17 defined in Section 2-45 of this Act. The exemption provided by
18 this paragraph (14) is exempt from the provisions of Section
19 2-70.

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

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

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

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

16 (19) Until July 1 2003, oil field exploration, drilling,
17 and production equipment, including (i) rigs and parts of rigs,
18 rotary rigs, cable tool rigs, and workover rigs, (ii) pipe and
19 tubular goods, including casing and drill strings, (iii) pumps
20 and pump-jack units, (iv) storage tanks and flow lines, (v) any
21 individual replacement part for oil field exploration,
22 drilling, and production equipment, and (vi) machinery and
23 equipment purchased for lease; but excluding motor vehicles
24 required to be registered under the Illinois Vehicle Code.

25 (20) Photoprocessing machinery and equipment, including
26 repair and replacement parts, both new and used, including that

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

4 (21) Coal and aggregate exploration, mining, off-highway
5 hauling, processing, maintenance, and reclamation equipment,
6 including replacement parts and equipment, and including
7 equipment purchased for lease, but excluding motor vehicles
8 required to be registered under the Illinois Vehicle Code. The
9 changes made to this Section by Public Act 97-767 apply on and
10 after July 1, 2003, but no claim for credit or refund is
11 allowed on or after August 16, 2013 (the effective date of
12 Public Act 98-456) for such taxes paid during the period
13 beginning July 1, 2003 and ending on August 16, 2013 (the
14 effective date of Public Act 98-456). This paragraph (21) is
15 exempt from the provisions of Section 2-70.

16 (22) Until June 30, 2013, fuel and petroleum products sold
17 to or used by an air carrier, certified by the carrier to be
18 used for consumption, shipment, or storage in the conduct of
19 its business as an air common carrier, for a flight destined
20 for or returning from a location or locations outside the
21 United States without regard to previous or subsequent domestic
22 stopovers.

23 Beginning July 1, 2013, fuel and petroleum products sold to
24 or used by an air carrier, certified by the carrier to be used
25 for consumption, shipment, or storage in the conduct of its
26 business as an air common carrier, for a flight that (i) is

1 engaged in foreign trade or is engaged in trade between the
2 United States and any of its possessions and (ii) transports at
3 least one individual or package for hire from the city of
4 origination to the city of final destination on the same
5 aircraft, without regard to a change in the flight number of
6 that aircraft.

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

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

17 (25) Except as provided in item (25-5) of this Section, a
18 motor vehicle sold in this State to a nonresident even though
19 the motor vehicle is delivered to the nonresident in this
20 State, if the motor vehicle is not to be titled in this State,
21 and if a drive-away permit is issued to the motor vehicle as
22 provided in Section 3-603 of the Illinois Vehicle Code or if
23 the nonresident purchaser has vehicle registration plates to
24 transfer to the motor vehicle upon returning to his or her home
25 state. The issuance of the drive-away permit or having the
26 out-of-state registration plates to be transferred is prima

1 facie evidence that the motor vehicle will not be titled in
2 this State.

3 (25-5) The exemption under item (25) does not apply if the
4 state in which the motor vehicle will be titled does not allow
5 a reciprocal exemption for a motor vehicle sold and delivered
6 in that state to an Illinois resident but titled in Illinois.
7 The tax collected under this Act on the sale of a motor vehicle
8 in this State to a resident of another state that does not
9 allow a reciprocal exemption shall be imposed at a rate equal
10 to the state's rate of tax on taxable property in the state in
11 which the purchaser is a resident, except that the tax shall
12 not exceed the tax that would otherwise be imposed under this
13 Act. At the time of the sale, the purchaser shall execute a
14 statement, signed under penalty of perjury, of his or her
15 intent to title the vehicle in the state in which the purchaser
16 is a resident within 30 days after the sale and of the fact of
17 the payment to the State of Illinois of tax in an amount
18 equivalent to the state's rate of tax on taxable property in
19 his or her state of residence and shall submit the statement to
20 the appropriate tax collection agency in his or her state of
21 residence. In addition, the retailer must retain a signed copy
22 of the statement in his or her records. Nothing in this item
23 shall be construed to require the removal of the vehicle from
24 this state following the filing of an intent to title the
25 vehicle in the purchaser's state of residence if the purchaser
26 titles the vehicle in his or her state of residence within 30

1 days after the date of sale. The tax collected under this Act
2 in accordance with this item (25-5) shall be proportionately
3 distributed as if the tax were collected at the 6.25% general
4 rate imposed under this Act.

5 (25-7) Beginning on July 1, 2007, no tax is imposed under
6 this Act on the sale of an aircraft, as defined in Section 3 of
7 the Illinois Aeronautics Act, if all of the following
8 conditions are met:

9 (1) the aircraft leaves this State within 15 days after
10 the later of either the issuance of the final billing for
11 the sale of the aircraft, or the authorized approval for
12 return to service, completion of the maintenance record
13 entry, and completion of the test flight and ground test
14 for inspection, as required by 14 C.F.R. 91.407;

15 (2) the aircraft is not based or registered in this
16 State after the sale of the aircraft; and

17 (3) the seller retains in his or her books and records
18 and provides to the Department a signed and dated
19 certification from the purchaser, on a form prescribed by
20 the Department, certifying that the requirements of this
21 item (25-7) are met. The certificate must also include the
22 name and address of the purchaser, the address of the
23 location where the aircraft is to be titled or registered,
24 the address of the primary physical location of the
25 aircraft, and other information that the Department may
26 reasonably require.

1 For purposes of this item (25-7):

2 "Based in this State" means hangared, stored, or otherwise
3 used, excluding post-sale customizations as defined in this
4 Section, for 10 or more days in each 12-month period
5 immediately following the date of the sale of the aircraft.

6 "Registered in this State" means an aircraft registered
7 with the Department of Transportation, Aeronautics Division,
8 or titled or registered with the Federal Aviation
9 Administration to an address located in this State.

10 This paragraph (25-7) is exempt from the provisions of
11 Section 2-70.

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

14 (27) Horses, or interests in horses, registered with and
15 meeting the requirements of any of the Arabian Horse Club
16 Registry of America, Appaloosa Horse Club, American Quarter
17 Horse Association, United States Trotting Association, or
18 Jockey Club, as appropriate, used for purposes of breeding or
19 racing for prizes. This item (27) is exempt from the provisions
20 of Section 2-70, and the exemption provided for under this item
21 (27) applies for all periods beginning May 30, 1995, but no
22 claim for credit or refund is allowed on or after January 1,
23 2008 (the effective date of Public Act 95-88) for such taxes
24 paid during the period beginning May 30, 2000 and ending on
25 January 1, 2008 (the effective date of Public Act 95-88).

26 (28) Computers and communications equipment utilized for

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

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

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

23 (31) Beginning with taxable years ending on or after
24 December 31, 1995 and ending with taxable years ending on or
25 before December 31, 2004, personal property that is used in the
26 performance of infrastructure repairs in this State, including

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

9 (32) Beginning July 1, 1999, game or game birds sold at a
10 "game breeding and hunting preserve area" as that term is used
11 in the Wildlife Code. This paragraph is exempt from the
12 provisions of Section 2-70.

13 (33) A motor vehicle, as that term is defined in Section
14 1-146 of the Illinois Vehicle Code, that is donated to a
15 corporation, limited liability company, society, association,
16 foundation, or institution that is determined by the Department
17 to be organized and operated exclusively for educational
18 purposes. For purposes of this exemption, "a corporation,
19 limited liability company, society, association, foundation,
20 or institution organized and operated exclusively for
21 educational purposes" means all tax-supported public schools,
22 private schools that offer systematic instruction in useful
23 branches of learning by methods common to public schools and
24 that compare favorably in their scope and intensity with the
25 course of study presented in tax-supported schools, and
26 vocational or technical schools or institutes organized and

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

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

19 (35) Beginning January 1, 2000 and through December 31,
20 2001, new or used automatic vending machines that prepare and
21 serve hot food and beverages, including coffee, soup, and other
22 items, and replacement parts for these machines. Beginning
23 January 1, 2002 and through June 30, 2003, machines and parts
24 for machines used in commercial, coin-operated amusement and
25 vending business if a use or occupation tax is paid on the
26 gross receipts derived from the use of the commercial,

1 coin-operated amusement and vending machines. This paragraph
2 is exempt from the provisions of Section 2-70.

3 (35-5) Beginning August 23, 2001 and through June 30, 2016,
4 food for human consumption that is to be consumed off the
5 premises where it is sold (other than alcoholic beverages, soft
6 drinks, and food that has been prepared for immediate
7 consumption) and prescription and nonprescription medicines,
8 drugs, medical appliances, and insulin, urine testing
9 materials, syringes, and needles used by diabetics, for human
10 use, when purchased for use by a person receiving medical
11 assistance under Article V of the Illinois Public Aid Code who
12 resides in a licensed long-term care facility, as defined in
13 the Nursing Home Care Act, or a licensed facility as defined in
14 the ID/DD Community Care Act, the MC/DD Act, or the Specialized
15 Mental Health Rehabilitation Act of 2013.

16 (36) Beginning August 2, 2001, computers and
17 communications equipment utilized for any hospital purpose and
18 equipment used in the diagnosis, analysis, or treatment of
19 hospital patients sold to a lessor who leases the equipment,
20 under a lease of one year or longer executed or in effect at
21 the time of the purchase, to a hospital that has been issued an
22 active tax exemption identification number by the Department
23 under Section 1g of this Act. This paragraph is exempt from the
24 provisions of Section 2-70.

25 (37) Beginning August 2, 2001, personal property sold to a
26 lessor who leases the property, under a lease of one year or

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

6 (38) Beginning on January 1, 2002 and through June 30,
7 2016, tangible personal property purchased from an Illinois
8 retailer by a taxpayer engaged in centralized purchasing
9 activities in Illinois who will, upon receipt of the property
10 in Illinois, temporarily store the property in Illinois (i) for
11 the purpose of subsequently transporting it outside this State
12 for use or consumption thereafter solely outside this State or
13 (ii) for the purpose of being processed, fabricated, or
14 manufactured into, attached to, or incorporated into other
15 tangible personal property to be transported outside this State
16 and thereafter used or consumed solely outside this State. The
17 Director of Revenue shall, pursuant to rules adopted in
18 accordance with the Illinois Administrative Procedure Act,
19 issue a permit to any taxpayer in good standing with the
20 Department who is eligible for the exemption under this
21 paragraph (38). The permit issued under this paragraph (38)
22 shall authorize the holder, to the extent and in the manner
23 specified in the rules adopted under this Act, to purchase
24 tangible personal property from a retailer exempt from the
25 taxes imposed by this Act. Taxpayers shall maintain all
26 necessary books and records to substantiate the use and

1 consumption of all such tangible personal property outside of
2 the State of Illinois.

3 (39) Beginning January 1, 2008, tangible personal property
4 used in the construction or maintenance of a community water
5 supply, as defined under Section 3.145 of the Environmental
6 Protection Act, that is operated by a not-for-profit
7 corporation that holds a valid water supply permit issued under
8 Title IV of the Environmental Protection Act. This paragraph is
9 exempt from the provisions of Section 2-70.

10 (40) Beginning January 1, 2010, materials, parts,
11 equipment, components, and furnishings incorporated into or
12 upon an aircraft as part of the modification, refurbishment,
13 completion, replacement, repair, or maintenance of the
14 aircraft. This exemption includes consumable supplies used in
15 the modification, refurbishment, completion, replacement,
16 repair, and maintenance of aircraft, but excludes any
17 materials, parts, equipment, components, and consumable
18 supplies used in the modification, replacement, repair, and
19 maintenance of aircraft engines or power plants, whether such
20 engines or power plants are installed or uninstalled upon any
21 such aircraft. "Consumable supplies" include, but are not
22 limited to, adhesive, tape, sandpaper, general purpose
23 lubricants, cleaning solution, latex gloves, and protective
24 films. This exemption applies only to the sale of qualifying
25 tangible personal property to persons who modify, refurbish,
26 complete, replace, or maintain an aircraft and who (i) hold an

1 Air Agency Certificate and are empowered to operate an approved
2 repair station by the Federal Aviation Administration, (ii)
3 have a Class IV Rating, and (iii) conduct operations in
4 accordance with Part 145 of the Federal Aviation Regulations.
5 The exemption does not include aircraft operated by a
6 commercial air carrier providing scheduled passenger air
7 service pursuant to authority issued under Part 121 or Part 129
8 of the Federal Aviation Regulations. The changes made to this
9 paragraph (40) by Public Act 98-534 are declarative of existing
10 law.

11 (41) Tangible personal property sold to a
12 public-facilities corporation, as described in Section
13 11-65-10 of the Illinois Municipal Code, for purposes of
14 constructing or furnishing a municipal convention hall, but
15 only if the legal title to the municipal convention hall is
16 transferred to the municipality without any further
17 consideration by or on behalf of the municipality at the time
18 of the completion of the municipal convention hall or upon the
19 retirement or redemption of any bonds or other debt instruments
20 issued by the public-facilities corporation in connection with
21 the development of the municipal convention hall. This
22 exemption includes existing public-facilities corporations as
23 provided in Section 11-65-25 of the Illinois Municipal Code.
24 This paragraph is exempt from the provisions of Section 2-70.

25 (42) Beginning January 1, 2017, menstrual pads, tampons,
26 and menstrual cups.

1 (Source: P.A. 98-104, eff. 7-22-13; 98-422, eff. 8-16-13;
2 98-456, eff. 8-16-13; 98-534, eff. 8-23-13; 98-574, eff.
3 1-1-14; 98-583, eff. 1-1-14; 98-756, eff. 7-16-14; 99-180, eff.
4 7-29-15; 99-855, eff. 8-19-16.)

5 (35 ILCS 120/2-45) (from Ch. 120, par. 441-45)

6 Sec. 2-45. Manufacturing and assembly exemption. The
7 manufacturing and assembly machinery and equipment exemption
8 includes machinery and equipment that replaces machinery and
9 equipment in an existing manufacturing facility as well as
10 machinery and equipment that are for use in an expanded or new
11 manufacturing facility.

12 The machinery and equipment exemption also includes
13 machinery and equipment used in the general maintenance or
14 repair of exempt machinery and equipment or for in-house
15 manufacture of exempt machinery and equipment. Beginning on
16 August 31, 2014, the manufacturing and assembling machinery and
17 equipment exemption also includes graphic arts machinery and
18 equipment, as defined in paragraph (4) of Section 2-5, and
19 production related tangible personal property, as defined in
20 this Section. The machinery and equipment exemption does not
21 include machinery and equipment used in (i) the generation of
22 electricity for wholesale or retail sale; (ii) the generation
23 or treatment of natural or artificial gas for wholesale or
24 retail sale that is delivered to customers through pipes,
25 pipelines, or mains; or (iii) the treatment of water for

1 wholesale or retail sale that is delivered to customers through
2 pipes, pipelines, or mains. The provisions of this amendatory
3 Act of the 98th General Assembly are declaratory of existing
4 law as to the meaning and scope of this exemption. For the
5 purposes of this exemption, terms have the following meanings:

6 (1) "Manufacturing process" means the production of an
7 article of tangible personal property, whether the article
8 is a finished product or an article for use in the process
9 of manufacturing or assembling a different article of
10 tangible personal property, by a procedure commonly
11 regarded as manufacturing, processing, fabricating, or
12 refining that changes some existing material or materials
13 into a material with a different form, use, or name. In
14 relation to a recognized integrated business composed of a
15 series of operations that collectively constitute
16 manufacturing, or individually constitute manufacturing
17 operations, the manufacturing process commences with the
18 first operation or stage of production in the series and
19 does not end until the completion of the final product in
20 the last operation or stage of production in the series.
21 For purposes of this exemption, photoprocessing is a
22 manufacturing process of tangible personal property for
23 wholesale or retail sale.

24 (2) "Assembling process" means the production of an
25 article of tangible personal property, whether the article
26 is a finished product or an article for use in the process

1 of manufacturing or assembling a different article of
2 tangible personal property, by the combination of existing
3 materials in a manner commonly regarded as assembling that
4 results in a material of a different form, use, or name.

5 (3) "Machinery" means major mechanical machines or
6 major components of those machines contributing to a
7 manufacturing or assembling process.

8 (4) "Equipment" includes an independent device or tool
9 separate from machinery but essential to an integrated
10 manufacturing or assembly process; including computers
11 used primarily in a manufacturer's computer assisted
12 design, computer assisted manufacturing (CAD/CAM) system;
13 any subunit or assembly comprising a component of any
14 machinery or auxiliary, adjunct, or attachment parts of
15 machinery, such as tools, dies, jigs, fixtures, patterns,
16 and molds; and any parts that require periodic replacement
17 in the course of normal operation; but does not include
18 hand tools. Equipment includes chemicals or chemicals
19 acting as catalysts but only if the chemicals or chemicals
20 acting as catalysts effect a direct and immediate change
21 upon a product being manufactured or assembled for
22 wholesale or retail sale or lease.

23 (5) "Production related tangible personal property"
24 means all tangible personal property that is used or
25 consumed by the purchaser in a manufacturing facility in
26 which a manufacturing process takes place, including ~~and~~

1 ~~includes, without limitation,~~ tangible personal property
2 that is purchased for incorporation into real estate within
3 a manufacturing facility and including, but not limited to,
4 tangible personal property that is used or consumed in
5 activities such as ~~research and development,~~ preproduction
6 material handling, receiving, quality control, inventory
7 control, storage, staging, and packaging for shipping and
8 transportation purposes. Tangible personal property used
9 or consumed by the purchaser for research and development
10 is considered "production related tangible personal
11 property" regardless of use within or without a
12 manufacturing facility. "Production related tangible
13 personal property" does not include (i) tangible personal
14 property that is used, within or without a manufacturing
15 facility, in sales, purchasing, accounting, fiscal
16 management, marketing, personnel recruitment or selection,
17 or landscaping or (ii) tangible personal property that is
18 required to be titled or registered with a department,
19 agency, or unit of federal, State, or local government.

20 ~~The manufacturing and assembling machinery and equipment~~
21 ~~exemption includes production related tangible personal~~
22 ~~property that is purchased on or after July 1, 2007 and on or~~
23 ~~before June 30, 2008. The exemption for production related~~
24 ~~tangible personal property is subject to both of the following~~
25 ~~limitations:~~

26 ~~(1) The maximum amount of the exemption for any one~~

1 ~~taxpayer may not exceed 5% of the purchase price of~~
2 ~~production related tangible personal property that is~~
3 ~~purchased on or after July 1, 2007 and on or before June~~
4 ~~30, 2008. A credit under Section 3-85 of this Act may not~~
5 ~~be earned by the purchase of production related tangible~~
6 ~~personal property for which an exemption is received under~~
7 ~~this Section.~~

8 ~~(2) The maximum aggregate amount of the exemptions for~~
9 ~~production related tangible personal property awarded~~
10 ~~under this Act and the Use Tax Act to all taxpayers may not~~
11 ~~exceed \$10,000,000. If the claims for the exemption exceed~~
12 ~~\$10,000,000, then the Department shall reduce the amount of~~
13 ~~the exemption to each taxpayer on a pro rata basis.~~

14 ~~The Department may adopt rules to implement and administer the~~
15 ~~exemption for production related tangible personal property.~~

16 The manufacturing and assembling machinery and equipment
17 exemption includes the sale of materials to a purchaser who
18 produces exempted types of machinery, equipment, or tools and
19 who rents or leases that machinery, equipment, or tools to a
20 manufacturer of tangible personal property. This exemption
21 also includes the sale of materials to a purchaser who
22 manufactures those materials into an exempted type of
23 machinery, equipment, or tools that the purchaser uses himself
24 or herself in the manufacturing of tangible personal property.
25 The purchaser of the machinery and equipment who has an active
26 resale registration number shall furnish that number to the

1 seller at the time of purchase. A purchaser of the machinery,
2 equipment, and tools without an active resale registration
3 number shall furnish to the seller a certificate of exemption
4 for each transaction stating facts establishing the exemption
5 for that transaction, and that certificate shall be available
6 to the Department for inspection or audit. Informal rulings,
7 opinions, or letters issued by the Department in response to an
8 inquiry or request for an opinion from any person regarding the
9 coverage and applicability of this exemption to specific
10 devices shall be published, maintained as a public record, and
11 made available for public inspection and copying. If the
12 informal ruling, opinion, or letter contains trade secrets or
13 other confidential information, where possible, the Department
14 shall delete that information before publication. Whenever
15 informal rulings, opinions, or letters contain a policy of
16 general applicability, the Department shall formulate and
17 adopt that policy as a rule in accordance with the Illinois
18 Administrative Procedure Act.

19 The exemption under this Section is exempt from the
20 provisions of Section 2-70.

21 (Source: P.A. 98-583, eff. 1-1-14.)

22 (35 ILCS 120/3) (from Ch. 120, par. 442)

23 Sec. 3. Except as provided in this Section, on or before
24 the twentieth day of each calendar month, every person engaged
25 in the business of selling tangible personal property at retail

1 in this State during the preceding calendar month shall file a
2 return with the Department, stating:

3 1. The name of the seller;

4 2. His residence address and the address of his
5 principal place of business and the address of the
6 principal place of business (if that is a different
7 address) from which he engages in the business of selling
8 tangible personal property at retail in this State;

9 3. Total amount of receipts received by him during the
10 preceding calendar month or quarter, as the case may be,
11 from sales of tangible personal property, and from services
12 furnished, by him during such preceding calendar month or
13 quarter;

14 4. Total amount received by him during the preceding
15 calendar month or quarter on charge and time sales of
16 tangible personal property, and from services furnished,
17 by him prior to the month or quarter for which the return
18 is filed;

19 5. Deductions allowed by law;

20 6. Gross receipts which were received by him during the
21 preceding calendar month or quarter and upon the basis of
22 which the tax is imposed;

23 7. The amount of credit provided in Section 2d of this
24 Act;

25 8. The amount of tax due;

26 9. The signature of the taxpayer; and

1 10. Such other reasonable information as the
2 Department may require.

3 If a taxpayer fails to sign a return within 30 days after
4 the proper notice and demand for signature by the Department,
5 the return shall be considered valid and any amount shown to be
6 due on the return shall be deemed assessed.

7 Each return shall be accompanied by the statement of
8 prepaid tax issued pursuant to Section 2e for which credit is
9 claimed.

10 Prior to October 1, 2003, and on and after September 1,
11 2004 and through August 30, 2014, a retailer may accept a
12 Manufacturer's Purchase Credit certification from a purchaser
13 in satisfaction of Use Tax as provided in Section 3-85 of the
14 Use Tax Act if the purchaser provides the appropriate
15 documentation as required by Section 3-85 of the Use Tax Act. A
16 Manufacturer's Purchase Credit certification, accepted by a
17 retailer prior to October 1, 2003 and on and after September 1,
18 2004 and through August 30, 2014, as provided in Section 3-85
19 of the Use Tax Act, may be used through September 20, 2014 by
20 that retailer to satisfy Retailers' Occupation Tax liability in
21 the amount claimed in the certification, not to exceed 6.25% of
22 the receipts subject to tax from a qualifying purchase. A
23 Manufacturer's Purchase Credit reported on any original or
24 amended return filed under this Act after October 20, 2003 for
25 reporting periods prior to September 1, 2004 shall be
26 disallowed. A Manufacturer's Purchaser Credit reported on any

1 original or amended return filed under this Act after September
2 20, 2014 shall be disallowed. Manufacturer's Purchaser Credit
3 reported on annual returns due on or after January 1, 2005 will
4 be disallowed for periods prior to September 1, 2004. A
5 Manufacturer's Purchase Credit reported on an annual return due
6 on or after January 1, 2015 shall be disallowed for periods on
7 and after August 31, 2014. No Manufacturer's Purchase Credit
8 may be used after September 30, 2003 through August 31, 2004,
9 or after September 20, 2014, to satisfy any tax liability
10 imposed under this Act, including any audit liability.

11 The Department may require returns to be filed on a
12 quarterly basis. If so required, a return for each calendar
13 quarter shall be filed on or before the twentieth day of the
14 calendar month following the end of such calendar quarter. The
15 taxpayer shall also file a return with the Department for each
16 of the first two months of each calendar quarter, on or before
17 the twentieth day of the following calendar month, stating:

18 1. The name of the seller;

19 2. The address of the principal place of business from
20 which he engages in the business of selling tangible
21 personal property at retail in this State;

22 3. The total amount of taxable receipts received by him
23 during the preceding calendar month from sales of tangible
24 personal property by him during such preceding calendar
25 month, including receipts from charge and time sales, but
26 less all deductions allowed by law;

1 4. The amount of credit provided in Section 2d of this
2 Act;

3 5. The amount of tax due; and

4 6. Such other reasonable information as the Department
5 may require.

6 Beginning on October 1, 2003, any person who is not a
7 licensed distributor, importing distributor, or manufacturer,
8 as defined in the Liquor Control Act of 1934, but is engaged in
9 the business of selling, at retail, alcoholic liquor shall file
10 a statement with the Department of Revenue, in a format and at
11 a time prescribed by the Department, showing the total amount
12 paid for alcoholic liquor purchased during the preceding month
13 and such other information as is reasonably required by the
14 Department. The Department may adopt rules to require that this
15 statement be filed in an electronic or telephonic format. Such
16 rules may provide for exceptions from the filing requirements
17 of this paragraph. For the purposes of this paragraph, the term
18 "alcoholic liquor" shall have the meaning prescribed in the
19 Liquor Control Act of 1934.

20 Beginning on October 1, 2003, every distributor, importing
21 distributor, and manufacturer of alcoholic liquor as defined in
22 the Liquor Control Act of 1934, shall file a statement with the
23 Department of Revenue, no later than the 10th day of the month
24 for the preceding month during which transactions occurred, by
25 electronic means, showing the total amount of gross receipts
26 from the sale of alcoholic liquor sold or distributed during

1 the preceding month to purchasers; identifying the purchaser to
2 whom it was sold or distributed; the purchaser's tax
3 registration number; and such other information reasonably
4 required by the Department. A distributor, importing
5 distributor, or manufacturer of alcoholic liquor must
6 personally deliver, mail, or provide by electronic means to
7 each retailer listed on the monthly statement a report
8 containing a cumulative total of that distributor's, importing
9 distributor's, or manufacturer's total sales of alcoholic
10 liquor to that retailer no later than the 10th day of the month
11 for the preceding month during which the transaction occurred.
12 The distributor, importing distributor, or manufacturer shall
13 notify the retailer as to the method by which the distributor,
14 importing distributor, or manufacturer will provide the sales
15 information. If the retailer is unable to receive the sales
16 information by electronic means, the distributor, importing
17 distributor, or manufacturer shall furnish the sales
18 information by personal delivery or by mail. For purposes of
19 this paragraph, the term "electronic means" includes, but is
20 not limited to, the use of a secure Internet website, e-mail,
21 or facsimile.

22 If a total amount of less than \$1 is payable, refundable or
23 creditable, such amount shall be disregarded if it is less than
24 50 cents and shall be increased to \$1 if it is 50 cents or more.

25 Beginning October 1, 1993, a taxpayer who has an average
26 monthly tax liability of \$150,000 or more shall make all

1 payments required by rules of the Department by electronic
2 funds transfer. Beginning October 1, 1994, a taxpayer who has
3 an average monthly tax liability of \$100,000 or more shall make
4 all payments required by rules of the Department by electronic
5 funds transfer. Beginning October 1, 1995, a taxpayer who has
6 an average monthly tax liability of \$50,000 or more shall make
7 all payments required by rules of the Department by electronic
8 funds transfer. Beginning October 1, 2000, a taxpayer who has
9 an annual tax liability of \$200,000 or more shall make all
10 payments required by rules of the Department by electronic
11 funds transfer. The term "annual tax liability" shall be the
12 sum of the taxpayer's liabilities under this Act, and under all
13 other State and local occupation and use tax laws administered
14 by the Department, for the immediately preceding calendar year.
15 The term "average monthly tax liability" shall be the sum of
16 the taxpayer's liabilities under this Act, and under all other
17 State and local occupation and use tax laws administered by the
18 Department, for the immediately preceding calendar year
19 divided by 12. Beginning on October 1, 2002, a taxpayer who has
20 a tax liability in the amount set forth in subsection (b) of
21 Section 2505-210 of the Department of Revenue Law shall make
22 all payments required by rules of the Department by electronic
23 funds transfer.

24 Before August 1 of each year beginning in 1993, the
25 Department shall notify all taxpayers required to make payments
26 by electronic funds transfer. All taxpayers required to make

1 payments by electronic funds transfer shall make those payments
2 for a minimum of one year beginning on October 1.

3 Any taxpayer not required to make payments by electronic
4 funds transfer may make payments by electronic funds transfer
5 with the permission of the Department.

6 All taxpayers required to make payment by electronic funds
7 transfer and any taxpayers authorized to voluntarily make
8 payments by electronic funds transfer shall make those payments
9 in the manner authorized by the Department.

10 The Department shall adopt such rules as are necessary to
11 effectuate a program of electronic funds transfer and the
12 requirements of this Section.

13 Any amount which is required to be shown or reported on any
14 return or other document under this Act shall, if such amount
15 is not a whole-dollar amount, be increased to the nearest
16 whole-dollar amount in any case where the fractional part of a
17 dollar is 50 cents or more, and decreased to the nearest
18 whole-dollar amount where the fractional part of a dollar is
19 less than 50 cents.

20 If the retailer is otherwise required to file a monthly
21 return and if the retailer's average monthly tax liability to
22 the Department does not exceed \$200, the Department may
23 authorize his returns to be filed on a quarter annual basis,
24 with the return for January, February and March of a given year
25 being due by April 20 of such year; with the return for April,
26 May and June of a given year being due by July 20 of such year;

1 with the return for July, August and September of a given year
2 being due by October 20 of such year, and with the return for
3 October, November and December of a given year being due by
4 January 20 of the following year.

5 If the retailer is otherwise required to file a monthly or
6 quarterly return and if the retailer's average monthly tax
7 liability with the Department does not exceed \$50, the
8 Department may authorize his returns to be filed on an annual
9 basis, with the return for a given year being due by January 20
10 of the following year.

11 Such quarter annual and annual returns, as to form and
12 substance, shall be subject to the same requirements as monthly
13 returns.

14 Notwithstanding any other provision in this Act concerning
15 the time within which a retailer may file his return, in the
16 case of any retailer who ceases to engage in a kind of business
17 which makes him responsible for filing returns under this Act,
18 such retailer shall file a final return under this Act with the
19 Department not more than one month after discontinuing such
20 business.

21 Where the same person has more than one business registered
22 with the Department under separate registrations under this
23 Act, such person may not file each return that is due as a
24 single return covering all such registered businesses, but
25 shall file separate returns for each such registered business.

26 In addition, with respect to motor vehicles, watercraft,

1 aircraft, and trailers that are required to be registered with
2 an agency of this State, every retailer selling this kind of
3 tangible personal property shall file, with the Department,
4 upon a form to be prescribed and supplied by the Department, a
5 separate return for each such item of tangible personal
6 property which the retailer sells, except that if, in the same
7 transaction, (i) a retailer of aircraft, watercraft, motor
8 vehicles or trailers transfers more than one aircraft,
9 watercraft, motor vehicle or trailer to another aircraft,
10 watercraft, motor vehicle retailer or trailer retailer for the
11 purpose of resale or (ii) a retailer of aircraft, watercraft,
12 motor vehicles, or trailers transfers more than one aircraft,
13 watercraft, motor vehicle, or trailer to a purchaser for use as
14 a qualifying rolling stock as provided in Section 2-5 of this
15 Act, then that seller may report the transfer of all aircraft,
16 watercraft, motor vehicles or trailers involved in that
17 transaction to the Department on the same uniform
18 invoice-transaction reporting return form. For purposes of
19 this Section, "watercraft" means a Class 2, Class 3, or Class 4
20 watercraft as defined in Section 3-2 of the Boat Registration
21 and Safety Act, a personal watercraft, or any boat equipped
22 with an inboard motor.

23 Any retailer who sells only motor vehicles, watercraft,
24 aircraft, or trailers that are required to be registered with
25 an agency of this State, so that all retailers' occupation tax
26 liability is required to be reported, and is reported, on such

1 transaction reporting returns and who is not otherwise required
2 to file monthly or quarterly returns, need not file monthly or
3 quarterly returns. However, those retailers shall be required
4 to file returns on an annual basis.

5 The transaction reporting return, in the case of motor
6 vehicles or trailers that are required to be registered with an
7 agency of this State, shall be the same document as the Uniform
8 Invoice referred to in Section 5-402 of The Illinois Vehicle
9 Code and must show the name and address of the seller; the name
10 and address of the purchaser; the amount of the selling price
11 including the amount allowed by the retailer for traded-in
12 property, if any; the amount allowed by the retailer for the
13 traded-in tangible personal property, if any, to the extent to
14 which Section 1 of this Act allows an exemption for the value
15 of traded-in property; the balance payable after deducting such
16 trade-in allowance from the total selling price; the amount of
17 tax due from the retailer with respect to such transaction; the
18 amount of tax collected from the purchaser by the retailer on
19 such transaction (or satisfactory evidence that such tax is not
20 due in that particular instance, if that is claimed to be the
21 fact); the place and date of the sale; a sufficient
22 identification of the property sold; such other information as
23 is required in Section 5-402 of The Illinois Vehicle Code, and
24 such other information as the Department may reasonably
25 require.

26 The transaction reporting return in the case of watercraft

1 or aircraft must show the name and address of the seller; the
2 name and address of the purchaser; the amount of the selling
3 price including the amount allowed by the retailer for
4 traded-in property, if any; the amount allowed by the retailer
5 for the traded-in tangible personal property, if any, to the
6 extent to which Section 1 of this Act allows an exemption for
7 the value of traded-in property; the balance payable after
8 deducting such trade-in allowance from the total selling price;
9 the amount of tax due from the retailer with respect to such
10 transaction; the amount of tax collected from the purchaser by
11 the retailer on such transaction (or satisfactory evidence that
12 such tax is not due in that particular instance, if that is
13 claimed to be the fact); the place and date of the sale, a
14 sufficient identification of the property sold, and such other
15 information as the Department may reasonably require.

16 Such transaction reporting return shall be filed not later
17 than 20 days after the day of delivery of the item that is
18 being sold, but may be filed by the retailer at any time sooner
19 than that if he chooses to do so. The transaction reporting
20 return and tax remittance or proof of exemption from the
21 Illinois use tax may be transmitted to the Department by way of
22 the State agency with which, or State officer with whom the
23 tangible personal property must be titled or registered (if
24 titling or registration is required) if the Department and such
25 agency or State officer determine that this procedure will
26 expedite the processing of applications for title or

1 registration.

2 With each such transaction reporting return, the retailer
3 shall remit the proper amount of tax due (or shall submit
4 satisfactory evidence that the sale is not taxable if that is
5 the case), to the Department or its agents, whereupon the
6 Department shall issue, in the purchaser's name, a use tax
7 receipt (or a certificate of exemption if the Department is
8 satisfied that the particular sale is tax exempt) which such
9 purchaser may submit to the agency with which, or State officer
10 with whom, he must title or register the tangible personal
11 property that is involved (if titling or registration is
12 required) in support of such purchaser's application for an
13 Illinois certificate or other evidence of title or registration
14 to such tangible personal property.

15 No retailer's failure or refusal to remit tax under this
16 Act precludes a user, who has paid the proper tax to the
17 retailer, from obtaining his certificate of title or other
18 evidence of title or registration (if titling or registration
19 is required) upon satisfying the Department that such user has
20 paid the proper tax (if tax is due) to the retailer. The
21 Department shall adopt appropriate rules to carry out the
22 mandate of this paragraph.

23 If the user who would otherwise pay tax to the retailer
24 wants the transaction reporting return filed and the payment of
25 the tax or proof of exemption made to the Department before the
26 retailer is willing to take these actions and such user has not

1 paid the tax to the retailer, such user may certify to the fact
2 of such delay by the retailer and may (upon the Department
3 being satisfied of the truth of such certification) transmit
4 the information required by the transaction reporting return
5 and the remittance for tax or proof of exemption directly to
6 the Department and obtain his tax receipt or exemption
7 determination, in which event the transaction reporting return
8 and tax remittance (if a tax payment was required) shall be
9 credited by the Department to the proper retailer's account
10 with the Department, but without the 2.1% or 1.75% discount
11 provided for in this Section being allowed. When the user pays
12 the tax directly to the Department, he shall pay the tax in the
13 same amount and in the same form in which it would be remitted
14 if the tax had been remitted to the Department by the retailer.

15 Refunds made by the seller during the preceding return
16 period to purchasers, on account of tangible personal property
17 returned to the seller, shall be allowed as a deduction under
18 subdivision 5 of his monthly or quarterly return, as the case
19 may be, in case the seller had theretofore included the
20 receipts from the sale of such tangible personal property in a
21 return filed by him and had paid the tax imposed by this Act
22 with respect to such receipts.

23 Where the seller is a corporation, the return filed on
24 behalf of such corporation shall be signed by the president,
25 vice-president, secretary or treasurer or by the properly
26 accredited agent of such corporation.

1 Where the seller is a limited liability company, the return
2 filed on behalf of the limited liability company shall be
3 signed by a manager, member, or properly accredited agent of
4 the limited liability company.

5 Except as provided in this Section, the retailer filing the
6 return under this Section shall, at the time of filing such
7 return, pay to the Department the amount of tax imposed by this
8 Act less a discount of 2.1% prior to January 1, 1990 and 1.75%
9 on and after January 1, 1990, or \$5 per calendar year,
10 whichever is greater, which is allowed to reimburse the
11 retailer for the expenses incurred in keeping records,
12 preparing and filing returns, remitting the tax and supplying
13 data to the Department on request. Any prepayment made pursuant
14 to Section 2d of this Act shall be included in the amount on
15 which such 2.1% or 1.75% discount is computed. In the case of
16 retailers who report and pay the tax on a transaction by
17 transaction basis, as provided in this Section, such discount
18 shall be taken with each such tax remittance instead of when
19 such retailer files his periodic return. The Department may
20 disallow the discount for retailers whose certificate of
21 registration is revoked at the time the return is filed, but
22 only if the Department's decision to revoke the certificate of
23 registration has become final.

24 Before October 1, 2000, if the taxpayer's average monthly
25 tax liability to the Department under this Act, the Use Tax
26 Act, the Service Occupation Tax Act, and the Service Use Tax

1 Act, excluding any liability for prepaid sales tax to be
2 remitted in accordance with Section 2d of this Act, was \$10,000
3 or more during the preceding 4 complete calendar quarters, he
4 shall file a return with the Department each month by the 20th
5 day of the month next following the month during which such tax
6 liability is incurred and shall make payments to the Department
7 on or before the 7th, 15th, 22nd and last day of the month
8 during which such liability is incurred. On and after October
9 1, 2000, if the taxpayer's average monthly tax liability to the
10 Department under this Act, the Use Tax Act, the Service
11 Occupation Tax Act, and the Service Use Tax Act, excluding any
12 liability for prepaid sales tax to be remitted in accordance
13 with Section 2d of this Act, was \$20,000 or more during the
14 preceding 4 complete calendar quarters, he shall file a return
15 with the Department each month by the 20th day of the month
16 next following the month during which such tax liability is
17 incurred and shall make payment to the Department on or before
18 the 7th, 15th, 22nd and last day of the month during which such
19 liability is incurred. If the month during which such tax
20 liability is incurred began prior to January 1, 1985, each
21 payment shall be in an amount equal to 1/4 of the taxpayer's
22 actual liability for the month or an amount set by the
23 Department not to exceed 1/4 of the average monthly liability
24 of the taxpayer to the Department for the preceding 4 complete
25 calendar quarters (excluding the month of highest liability and
26 the month of lowest liability in such 4 quarter period). If the

1 month during which such tax liability is incurred begins on or
2 after January 1, 1985 and prior to January 1, 1987, each
3 payment shall be in an amount equal to 22.5% of the taxpayer's
4 actual liability for the month or 27.5% of the taxpayer's
5 liability for the same calendar month of the preceding year. If
6 the month during which such tax liability is incurred begins on
7 or after January 1, 1987 and prior to January 1, 1988, each
8 payment shall be in an amount equal to 22.5% of the taxpayer's
9 actual liability for the month or 26.25% of the taxpayer's
10 liability for the same calendar month of the preceding year. If
11 the month during which such tax liability is incurred begins on
12 or after January 1, 1988, and prior to January 1, 1989, or
13 begins on or after January 1, 1996, each payment shall be in an
14 amount equal to 22.5% of the taxpayer's actual liability for
15 the month or 25% of the taxpayer's liability for the same
16 calendar month of the preceding year. If the month during which
17 such tax liability is incurred begins on or after January 1,
18 1989, and prior to January 1, 1996, each payment shall be in an
19 amount equal to 22.5% of the taxpayer's actual liability for
20 the month or 25% of the taxpayer's liability for the same
21 calendar month of the preceding year or 100% of the taxpayer's
22 actual liability for the quarter monthly reporting period. The
23 amount of such quarter monthly payments shall be credited
24 against the final tax liability of the taxpayer's return for
25 that month. Before October 1, 2000, once applicable, the
26 requirement of the making of quarter monthly payments to the

1 Department by taxpayers having an average monthly tax liability
2 of \$10,000 or more as determined in the manner provided above
3 shall continue until such taxpayer's average monthly liability
4 to the Department during the preceding 4 complete calendar
5 quarters (excluding the month of highest liability and the
6 month of lowest liability) is less than \$9,000, or until such
7 taxpayer's average monthly liability to the Department as
8 computed for each calendar quarter of the 4 preceding complete
9 calendar quarter period is less than \$10,000. However, if a
10 taxpayer can show the Department that a substantial change in
11 the taxpayer's business has occurred which causes the taxpayer
12 to anticipate that his average monthly tax liability for the
13 reasonably foreseeable future will fall below the \$10,000
14 threshold stated above, then such taxpayer may petition the
15 Department for a change in such taxpayer's reporting status. On
16 and after October 1, 2000, once applicable, the requirement of
17 the making of quarter monthly payments to the Department by
18 taxpayers having an average monthly tax liability of \$20,000 or
19 more as determined in the manner provided above shall continue
20 until such taxpayer's average monthly liability to the
21 Department during the preceding 4 complete calendar quarters
22 (excluding the month of highest liability and the month of
23 lowest liability) is less than \$19,000 or until such taxpayer's
24 average monthly liability to the Department as computed for
25 each calendar quarter of the 4 preceding complete calendar
26 quarter period is less than \$20,000. However, if a taxpayer can

1 show the Department that a substantial change in the taxpayer's
2 business has occurred which causes the taxpayer to anticipate
3 that his average monthly tax liability for the reasonably
4 foreseeable future will fall below the \$20,000 threshold stated
5 above, then such taxpayer may petition the Department for a
6 change in such taxpayer's reporting status. The Department
7 shall change such taxpayer's reporting status unless it finds
8 that such change is seasonal in nature and not likely to be
9 long term. If any such quarter monthly payment is not paid at
10 the time or in the amount required by this Section, then the
11 taxpayer shall be liable for penalties and interest on the
12 difference between the minimum amount due as a payment and the
13 amount of such quarter monthly payment actually and timely
14 paid, except insofar as the taxpayer has previously made
15 payments for that month to the Department in excess of the
16 minimum payments previously due as provided in this Section.
17 The Department shall make reasonable rules and regulations to
18 govern the quarter monthly payment amount and quarter monthly
19 payment dates for taxpayers who file on other than a calendar
20 monthly basis.

21 The provisions of this paragraph apply before October 1,
22 2001. Without regard to whether a taxpayer is required to make
23 quarter monthly payments as specified above, any taxpayer who
24 is required by Section 2d of this Act to collect and remit
25 prepaid taxes and has collected prepaid taxes which average in
26 excess of \$25,000 per month during the preceding 2 complete

1 calendar quarters, shall file a return with the Department as
2 required by Section 2f and shall make payments to the
3 Department on or before the 7th, 15th, 22nd and last day of the
4 month during which such liability is incurred. If the month
5 during which such tax liability is incurred began prior to
6 September 1, 1985 (the effective date of Public Act 84-221)
7 ~~this amendatory Act of 1985~~, each payment shall be in an amount
8 not less than 22.5% of the taxpayer's actual liability under
9 Section 2d. If the month during which such tax liability is
10 incurred begins on or after January 1, 1986, each payment shall
11 be in an amount equal to 22.5% of the taxpayer's actual
12 liability for the month or 27.5% of the taxpayer's liability
13 for the same calendar month of the preceding calendar year. If
14 the month during which such tax liability is incurred begins on
15 or after January 1, 1987, each payment shall be in an amount
16 equal to 22.5% of the taxpayer's actual liability for the month
17 or 26.25% of the taxpayer's liability for the same calendar
18 month of the preceding year. The amount of such quarter monthly
19 payments shall be credited against the final tax liability of
20 the taxpayer's return for that month filed under this Section
21 or Section 2f, as the case may be. Once applicable, the
22 requirement of the making of quarter monthly payments to the
23 Department pursuant to this paragraph shall continue until such
24 taxpayer's average monthly prepaid tax collections during the
25 preceding 2 complete calendar quarters is \$25,000 or less. If
26 any such quarter monthly payment is not paid at the time or in

1 the amount required, the taxpayer shall be liable for penalties
2 and interest on such difference, except insofar as the taxpayer
3 has previously made payments for that month in excess of the
4 minimum payments previously due.

5 The provisions of this paragraph apply on and after October
6 1, 2001. Without regard to whether a taxpayer is required to
7 make quarter monthly payments as specified above, any taxpayer
8 who is required by Section 2d of this Act to collect and remit
9 prepaid taxes and has collected prepaid taxes that average in
10 excess of \$20,000 per month during the preceding 4 complete
11 calendar quarters shall file a return with the Department as
12 required by Section 2f and shall make payments to the
13 Department on or before the 7th, 15th, 22nd and last day of the
14 month during which the liability is incurred. Each payment
15 shall be in an amount equal to 22.5% of the taxpayer's actual
16 liability for the month or 25% of the taxpayer's liability for
17 the same calendar month of the preceding year. The amount of
18 the quarter monthly payments shall be credited against the
19 final tax liability of the taxpayer's return for that month
20 filed under this Section or Section 2f, as the case may be.
21 Once applicable, the requirement of the making of quarter
22 monthly payments to the Department pursuant to this paragraph
23 shall continue until the taxpayer's average monthly prepaid tax
24 collections during the preceding 4 complete calendar quarters
25 (excluding the month of highest liability and the month of
26 lowest liability) is less than \$19,000 or until such taxpayer's

1 average monthly liability to the Department as computed for
2 each calendar quarter of the 4 preceding complete calendar
3 quarters is less than \$20,000. If any such quarter monthly
4 payment is not paid at the time or in the amount required, the
5 taxpayer shall be liable for penalties and interest on such
6 difference, except insofar as the taxpayer has previously made
7 payments for that month in excess of the minimum payments
8 previously due.

9 If any payment provided for in this Section exceeds the
10 taxpayer's liabilities under this Act, the Use Tax Act, the
11 Service Occupation Tax Act and the Service Use Tax Act, as
12 shown on an original monthly return, the Department shall, if
13 requested by the taxpayer, issue to the taxpayer a credit
14 memorandum no later than 30 days after the date of payment. The
15 credit evidenced by such credit memorandum may be assigned by
16 the taxpayer to a similar taxpayer under this Act, the Use Tax
17 Act, the Service Occupation Tax Act or the Service Use Tax Act,
18 in accordance with reasonable rules and regulations to be
19 prescribed by the Department. If no such request is made, the
20 taxpayer may credit such excess payment against tax liability
21 subsequently to be remitted to the Department under this Act,
22 the Use Tax Act, the Service Occupation Tax Act or the Service
23 Use Tax Act, in accordance with reasonable rules and
24 regulations prescribed by the Department. If the Department
25 subsequently determined that all or any part of the credit
26 taken was not actually due to the taxpayer, the taxpayer's 2.1%

1 and 1.75% vendor's discount shall be reduced by 2.1% or 1.75%
2 of the difference between the credit taken and that actually
3 due, and that taxpayer shall be liable for penalties and
4 interest on such difference.

5 If a retailer of motor fuel is entitled to a credit under
6 Section 2d of this Act which exceeds the taxpayer's liability
7 to the Department under this Act for the month which the
8 taxpayer is filing a return, the Department shall issue the
9 taxpayer a credit memorandum for the excess.

10 Beginning January 1, 1990, each month the Department shall
11 pay into the Local Government Tax Fund, a special fund in the
12 State treasury which is hereby created, the net revenue
13 realized for the preceding month from the 1% tax on sales of
14 food for human consumption which is to be consumed off the
15 premises where it is sold (other than alcoholic beverages, soft
16 drinks and food which has been prepared for immediate
17 consumption) and prescription and nonprescription medicines,
18 drugs, medical appliances, products classified as Class III
19 medical devices by the United States Food and Drug
20 Administration that are used for cancer treatment pursuant to a
21 prescription, as well as any accessories and components related
22 to those devices, and insulin, urine testing materials,
23 syringes and needles used by diabetics.

24 Beginning January 1, 1990, each month the Department shall
25 pay into the County and Mass Transit District Fund, a special
26 fund in the State treasury which is hereby created, 4% of the

1 net revenue realized for the preceding month from the 6.25%
2 general rate.

3 Beginning August 1, 2000, each month the Department shall
4 pay into the County and Mass Transit District Fund 20% of the
5 net revenue realized for the preceding month from the 1.25%
6 rate on the selling price of motor fuel and gasohol. Beginning
7 September 1, 2010, each month the Department shall pay into the
8 County and Mass Transit District Fund 20% of the net revenue
9 realized for the preceding month from the 1.25% rate on the
10 selling price of sales tax holiday items.

11 Beginning January 1, 1990, each month the Department shall
12 pay into the Local Government Tax Fund 16% of the net revenue
13 realized for the preceding month from the 6.25% general rate on
14 the selling price of tangible personal property.

15 Beginning August 1, 2000, each month the Department shall
16 pay into the Local Government Tax Fund 80% of the net revenue
17 realized for the preceding month from the 1.25% rate on the
18 selling price of motor fuel and gasohol. Beginning September 1,
19 2010, each month the Department shall pay into the Local
20 Government Tax Fund 80% of the net revenue realized for the
21 preceding month from the 1.25% rate on the selling price of
22 sales tax holiday items.

23 Beginning October 1, 2009, each month the Department shall
24 pay into the Capital Projects Fund an amount that is equal to
25 an amount estimated by the Department to represent 80% of the
26 net revenue realized for the preceding month from the sale of

1 candy, grooming and hygiene products, and soft drinks that had
2 been taxed at a rate of 1% prior to September 1, 2009 but that
3 are now taxed at 6.25%.

4 Beginning July 1, 2011, each month the Department shall pay
5 into the Clean Air Act Permit Fund 80% of the net revenue
6 realized for the preceding month from the 6.25% general rate on
7 the selling price of sorbents used in Illinois in the process
8 of sorbent injection as used to comply with the Environmental
9 Protection Act or the federal Clean Air Act, but the total
10 payment into the Clean Air Act Permit Fund under this Act and
11 the Use Tax Act shall not exceed \$2,000,000 in any fiscal year.

12 Beginning July 1, 2013, each month the Department shall pay
13 into the Underground Storage Tank Fund from the proceeds
14 collected under this Act, the Use Tax Act, the Service Use Tax
15 Act, and the Service Occupation Tax Act an amount equal to the
16 average monthly deficit in the Underground Storage Tank Fund
17 during the prior year, as certified annually by the Illinois
18 Environmental Protection Agency, but the total payment into the
19 Underground Storage Tank Fund under this Act, the Use Tax Act,
20 the Service Use Tax Act, and the Service Occupation Tax Act
21 shall not exceed \$18,000,000 in any State fiscal year. As used
22 in this paragraph, the "average monthly deficit" shall be equal
23 to the difference between the average monthly claims for
24 payment by the fund and the average monthly revenues deposited
25 into the fund, excluding payments made pursuant to this
26 paragraph.

1 Beginning July 1, 2015, of the remainder of the moneys
2 received by the Department under the Use Tax Act, the Service
3 Use Tax Act, the Service Occupation Tax Act, and this Act, each
4 month the Department shall deposit \$500,000 into the State
5 Crime Laboratory Fund.

6 Of the remainder of the moneys received by the Department
7 pursuant to this Act, (a) 1.75% thereof shall be paid into the
8 Build Illinois Fund and (b) prior to July 1, 1989, 2.2% and on
9 and after July 1, 1989, 3.8% thereof shall be paid into the
10 Build Illinois Fund; provided, however, that if in any fiscal
11 year the sum of (1) the aggregate of 2.2% or 3.8%, as the case
12 may be, of the moneys received by the Department and required
13 to be paid into the Build Illinois Fund pursuant to this Act,
14 Section 9 of the Use Tax Act, Section 9 of the Service Use Tax
15 Act, and Section 9 of the Service Occupation Tax Act, such Acts
16 being hereinafter called the "Tax Acts" and such aggregate of
17 2.2% or 3.8%, as the case may be, of moneys being hereinafter
18 called the "Tax Act Amount", and (2) the amount transferred to
19 the Build Illinois Fund from the State and Local Sales Tax
20 Reform Fund shall be less than the Annual Specified Amount (as
21 hereinafter defined), an amount equal to the difference shall
22 be immediately paid into the Build Illinois Fund from other
23 moneys received by the Department pursuant to the Tax Acts; the
24 "Annual Specified Amount" means the amounts specified below for
25 fiscal years 1986 through 1993:

26 Fiscal Year	Annual Specified Amount
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1	1986	\$54,800,000
2	1987	\$76,650,000
3	1988	\$80,480,000
4	1989	\$88,510,000
5	1990	\$115,330,000
6	1991	\$145,470,000
7	1992	\$182,730,000
8	1993	\$206,520,000;

9 and means the Certified Annual Debt Service Requirement (as
10 defined in Section 13 of the Build Illinois Bond Act) or the
11 Tax Act Amount, whichever is greater, for fiscal year 1994 and
12 each fiscal year thereafter; and further provided, that if on
13 the last business day of any month the sum of (1) the Tax Act
14 Amount required to be deposited into the Build Illinois Bond
15 Account in the Build Illinois Fund during such month and (2)
16 the amount transferred to the Build Illinois Fund from the
17 State and Local Sales Tax Reform Fund shall have been less than
18 1/12 of the Annual Specified Amount, an amount equal to the
19 difference shall be immediately paid into the Build Illinois
20 Fund from other moneys received by the Department pursuant to
21 the Tax Acts; and, further provided, that in no event shall the
22 payments required under the preceding proviso result in
23 aggregate payments into the Build Illinois Fund pursuant to
24 this clause (b) for any fiscal year in excess of the greater of
25 (i) the Tax Act Amount or (ii) the Annual Specified Amount for
26 such fiscal year. The amounts payable into the Build Illinois

1 Fund under clause (b) of the first sentence in this paragraph
2 shall be payable only until such time as the aggregate amount
3 on deposit under each trust indenture securing Bonds issued and
4 outstanding pursuant to the Build Illinois Bond Act is
5 sufficient, taking into account any future investment income,
6 to fully provide, in accordance with such indenture, for the
7 defeasance of or the payment of the principal of, premium, if
8 any, and interest on the Bonds secured by such indenture and on
9 any Bonds expected to be issued thereafter and all fees and
10 costs payable with respect thereto, all as certified by the
11 Director of the Bureau of the Budget (now Governor's Office of
12 Management and Budget). If on the last business day of any
13 month in which Bonds are outstanding pursuant to the Build
14 Illinois Bond Act, the aggregate of moneys deposited in the
15 Build Illinois Bond Account in the Build Illinois Fund in such
16 month shall be less than the amount required to be transferred
17 in such month from the Build Illinois Bond Account to the Build
18 Illinois Bond Retirement and Interest Fund pursuant to Section
19 13 of the Build Illinois Bond Act, an amount equal to such
20 deficiency shall be immediately paid from other moneys received
21 by the Department pursuant to the Tax Acts to the Build
22 Illinois Fund; provided, however, that any amounts paid to the
23 Build Illinois Fund in any fiscal year pursuant to this
24 sentence shall be deemed to constitute payments pursuant to
25 clause (b) of the first sentence of this paragraph and shall
26 reduce the amount otherwise payable for such fiscal year

1 pursuant to that clause (b). The moneys received by the
 2 Department pursuant to this Act and required to be deposited
 3 into the Build Illinois Fund are subject to the pledge, claim
 4 and charge set forth in Section 12 of the Build Illinois Bond
 5 Act.

6 Subject to payment of amounts into the Build Illinois Fund
 7 as provided in the preceding paragraph or in any amendment
 8 thereto hereafter enacted, the following specified monthly
 9 installment of the amount requested in the certificate of the
 10 Chairman of the Metropolitan Pier and Exposition Authority
 11 provided under Section 8.25f of the State Finance Act, but not
 12 in excess of sums designated as "Total Deposit", shall be
 13 deposited in the aggregate from collections under Section 9 of
 14 the Use Tax Act, Section 9 of the Service Use Tax Act, Section
 15 9 of the Service Occupation Tax Act, and Section 3 of the
 16 Retailers' Occupation Tax Act into the McCormick Place
 17 Expansion Project Fund in the specified fiscal years.

	Fiscal Year	Total Deposit
19	1993	\$0
20	1994	53,000,000
21	1995	58,000,000
22	1996	61,000,000
23	1997	64,000,000
24	1998	68,000,000
25	1999	71,000,000

1	2000	75,000,000
2	2001	80,000,000
3	2002	93,000,000
4	2003	99,000,000
5	2004	103,000,000
6	2005	108,000,000
7	2006	113,000,000
8	2007	119,000,000
9	2008	126,000,000
10	2009	132,000,000
11	2010	139,000,000
12	2011	146,000,000
13	2012	153,000,000
14	2013	161,000,000
15	2014	170,000,000
16	2015	179,000,000
17	2016	189,000,000
18	2017	199,000,000
19	2018	210,000,000
20	2019	221,000,000
21	2020	233,000,000
22	2021	246,000,000
23	2022	260,000,000
24	2023	275,000,000
25	2024	275,000,000
26	2025	275,000,000

1	2026	279,000,000
2	2027	292,000,000
3	2028	307,000,000
4	2029	322,000,000
5	2030	338,000,000
6	2031	350,000,000
7	2032	350,000,000

8 and

9 each fiscal year

10 thereafter that bonds

11 are outstanding under

12 Section 13.2 of the

13 Metropolitan Pier and

14 Exposition Authority Act,

15 but not after fiscal year 2060.

16 Beginning July 20, 1993 and in each month of each fiscal
17 year thereafter, one-eighth of the amount requested in the
18 certificate of the Chairman of the Metropolitan Pier and
19 Exposition Authority for that fiscal year, less the amount
20 deposited into the McCormick Place Expansion Project Fund by
21 the State Treasurer in the respective month under subsection
22 (g) of Section 13 of the Metropolitan Pier and Exposition
23 Authority Act, plus cumulative deficiencies in the deposits
24 required under this Section for previous months and years,
25 shall be deposited into the McCormick Place Expansion Project
26 Fund, until the full amount requested for the fiscal year, but

1 not in excess of the amount specified above as "Total Deposit",
2 has been deposited.

3 Subject to payment of amounts into the Build Illinois Fund
4 and the McCormick Place Expansion Project Fund pursuant to the
5 preceding paragraphs or in any amendments thereto hereafter
6 enacted, beginning July 1, 1993 and ending on September 30,
7 2013, the Department shall each month pay into the Illinois Tax
8 Increment Fund 0.27% of 80% of the net revenue realized for the
9 preceding month from the 6.25% general rate on the selling
10 price of tangible personal property.

11 Subject to payment of amounts into the Build Illinois Fund
12 and the McCormick Place Expansion Project Fund pursuant to the
13 preceding paragraphs or in any amendments thereto hereafter
14 enacted, beginning with the receipt of the first report of
15 taxes paid by an eligible business and continuing for a 25-year
16 period, the Department shall each month pay into the Energy
17 Infrastructure Fund 80% of the net revenue realized from the
18 6.25% general rate on the selling price of Illinois-mined coal
19 that was sold to an eligible business. For purposes of this
20 paragraph, the term "eligible business" means a new electric
21 generating facility certified pursuant to Section 605-332 of
22 the Department of Commerce and Economic Opportunity Law of the
23 Civil Administrative Code of Illinois.

24 Subject to payment of amounts into the Build Illinois Fund,
25 the McCormick Place Expansion Project Fund, the Illinois Tax
26 Increment Fund, and the Energy Infrastructure Fund pursuant to

1 the preceding paragraphs or in any amendments to this Section
2 hereafter enacted, beginning on the first day of the first
3 calendar month to occur on or after August 26, 2014 (the
4 effective date of Public Act 98-1098) ~~this amendatory Act of~~
5 ~~the 98th General Assembly~~, each month, from the collections
6 made under Section 9 of the Use Tax Act, Section 9 of the
7 Service Use Tax Act, Section 9 of the Service Occupation Tax
8 Act, and Section 3 of the Retailers' Occupation Tax Act, the
9 Department shall pay into the Tax Compliance and Administration
10 Fund, to be used, subject to appropriation, to fund additional
11 auditors and compliance personnel at the Department of Revenue,
12 an amount equal to 1/12 of 5% of 80% of the cash receipts
13 collected during the preceding fiscal year by the Audit Bureau
14 of the Department under the Use Tax Act, the Service Use Tax
15 Act, the Service Occupation Tax Act, the Retailers' Occupation
16 Tax Act, and associated local occupation and use taxes
17 administered by the Department.

18 Of the remainder of the moneys received by the Department
19 pursuant to this Act, 75% thereof shall be paid into the State
20 Treasury and 25% shall be reserved in a special account and
21 used only for the transfer to the Common School Fund as part of
22 the monthly transfer from the General Revenue Fund in
23 accordance with Section 8a of the State Finance Act.

24 The Department may, upon separate written notice to a
25 taxpayer, require the taxpayer to prepare and file with the
26 Department on a form prescribed by the Department within not

1 less than 60 days after receipt of the notice an annual
2 information return for the tax year specified in the notice.
3 Such annual return to the Department shall include a statement
4 of gross receipts as shown by the retailer's last Federal
5 income tax return. If the total receipts of the business as
6 reported in the Federal income tax return do not agree with the
7 gross receipts reported to the Department of Revenue for the
8 same period, the retailer shall attach to his annual return a
9 schedule showing a reconciliation of the 2 amounts and the
10 reasons for the difference. The retailer's annual return to the
11 Department shall also disclose the cost of goods sold by the
12 retailer during the year covered by such return, opening and
13 closing inventories of such goods for such year, costs of goods
14 used from stock or taken from stock and given away by the
15 retailer during such year, payroll information of the
16 retailer's business during such year and any additional
17 reasonable information which the Department deems would be
18 helpful in determining the accuracy of the monthly, quarterly
19 or annual returns filed by such retailer as provided for in
20 this Section.

21 If the annual information return required by this Section
22 is not filed when and as required, the taxpayer shall be liable
23 as follows:

24 (i) Until January 1, 1994, the taxpayer shall be liable
25 for a penalty equal to 1/6 of 1% of the tax due from such
26 taxpayer under this Act during the period to be covered by

1 the annual return for each month or fraction of a month
2 until such return is filed as required, the penalty to be
3 assessed and collected in the same manner as any other
4 penalty provided for in this Act.

5 (ii) On and after January 1, 1994, the taxpayer shall
6 be liable for a penalty as described in Section 3-4 of the
7 Uniform Penalty and Interest Act.

8 The chief executive officer, proprietor, owner or highest
9 ranking manager shall sign the annual return to certify the
10 accuracy of the information contained therein. Any person who
11 willfully signs the annual return containing false or
12 inaccurate information shall be guilty of perjury and punished
13 accordingly. The annual return form prescribed by the
14 Department shall include a warning that the person signing the
15 return may be liable for perjury.

16 The provisions of this Section concerning the filing of an
17 annual information return do not apply to a retailer who is not
18 required to file an income tax return with the United States
19 Government.

20 As soon as possible after the first day of each month, upon
21 certification of the Department of Revenue, the Comptroller
22 shall order transferred and the Treasurer shall transfer from
23 the General Revenue Fund to the Motor Fuel Tax Fund an amount
24 equal to 1.7% of 80% of the net revenue realized under this Act
25 for the second preceding month. Beginning April 1, 2000, this
26 transfer is no longer required and shall not be made.

1 Net revenue realized for a month shall be the revenue
2 collected by the State pursuant to this Act, less the amount
3 paid out during that month as refunds to taxpayers for
4 overpayment of liability.

5 For greater simplicity of administration, manufacturers,
6 importers and wholesalers whose products are sold at retail in
7 Illinois by numerous retailers, and who wish to do so, may
8 assume the responsibility for accounting and paying to the
9 Department all tax accruing under this Act with respect to such
10 sales, if the retailers who are affected do not make written
11 objection to the Department to this arrangement.

12 Any person who promotes, organizes, provides retail
13 selling space for concessionaires or other types of sellers at
14 the Illinois State Fair, DuQuoin State Fair, county fairs,
15 local fairs, art shows, flea markets and similar exhibitions or
16 events, including any transient merchant as defined by Section
17 2 of the Transient Merchant Act of 1987, is required to file a
18 report with the Department providing the name of the merchant's
19 business, the name of the person or persons engaged in
20 merchant's business, the permanent address and Illinois
21 Retailers Occupation Tax Registration Number of the merchant,
22 the dates and location of the event and other reasonable
23 information that the Department may require. The report must be
24 filed not later than the 20th day of the month next following
25 the month during which the event with retail sales was held.
26 Any person who fails to file a report required by this Section

1 commits a business offense and is subject to a fine not to
2 exceed \$250.

3 Any person engaged in the business of selling tangible
4 personal property at retail as a concessionaire or other type
5 of seller at the Illinois State Fair, county fairs, art shows,
6 flea markets and similar exhibitions or events, or any
7 transient merchants, as defined by Section 2 of the Transient
8 Merchant Act of 1987, may be required to make a daily report of
9 the amount of such sales to the Department and to make a daily
10 payment of the full amount of tax due. The Department shall
11 impose this requirement when it finds that there is a
12 significant risk of loss of revenue to the State at such an
13 exhibition or event. Such a finding shall be based on evidence
14 that a substantial number of concessionaires or other sellers
15 who are not residents of Illinois will be engaging in the
16 business of selling tangible personal property at retail at the
17 exhibition or event, or other evidence of a significant risk of
18 loss of revenue to the State. The Department shall notify
19 concessionaires and other sellers affected by the imposition of
20 this requirement. In the absence of notification by the
21 Department, the concessionaires and other sellers shall file
22 their returns as otherwise required in this Section.

23 (Source: P.A. 98-24, eff. 6-19-13; 98-109, eff. 7-25-13;
24 98-496, eff. 1-1-14; 98-756, eff. 7-16-14; 98-1098, eff.
25 8-26-14; 99-352, eff. 8-12-15; 99-858, eff. 8-19-16; 99-933,
26 eff. 1-27-17; revised 2-3-17.)

1 Section 99. Effective date. This Act takes effect upon
2 becoming law.