



100TH GENERAL ASSEMBLY

State of Illinois

2017 and 2018

HB4878

by Rep. Dave Severin

SYNOPSIS AS INTRODUCED:

See Index

Amends the Department of Revenue Law of the Civil Administrative Code of Illinois. Provides that if an in-State retailer or serviceman bids on a purchase order or contract to provide materials, equipment, or supplies to a municipality with a population under 1,000,000, and that purchase order or contract involves an amount in excess of \$25,000, then the municipality may apply to the Department of Revenue for a certificate of exemption from the taxes imposed under specified local provisions of the Use Tax Act, the Service Use Tax Act, the Service Occupation Tax Act, and the Retailers' Occupation Tax Act for the in-State retailer or serviceman, or a third-party supplier of the retailer or serviceman, with respect to the materials, equipment, or supplies covered by the bid if: at least one other bid is received from an out-of-State retailer or serviceman; the in-State retailer or serviceman demonstrates the necessity of the exemption in order to submit the lowest responsible bid, including substantive proof furnished by the retailer or serviceman to the municipality or the Department of Revenue; and the in-State retailer provides an itemized estimate of cost to the corporate authorities of the municipality. Defines terms. Makes confirming changes in the following Acts and Codes: the Use Tax Act, the Service Use Tax Act, the Service Occupation Tax Act, the Retailers' Occupation Tax Act, the Counties Code, the Illinois Municipal Code, the Salem Civic Center Law of 1997 of the Civic Center Code, the Metropolitan Pier and Exposition Authority Act, the Flood Prevention District Act, the Metro-East Park and Recreation District Act, the Local Mass Transit District Act, the Regional Transportation Authority Act, and the Water Commission Act of 1985. Effective immediately.

LRB100 17141 AWJ 36037 b

FISCAL NOTE ACT
MAY APPLY

A BILL FOR

1 AN ACT concerning local government.

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

4 Section 5. The Department of Revenue Law of the Civil
5 Administrative Code of Illinois is amended by adding Section
6 2505-805 as follows:

7 (20 ILCS 2505/2505-805 new)

8 Sec. 2505-805. Exemption for materials, equipment, or
9 supplies of a bid.

10 (a) As used in this Section:

11 "In-State retailer or serviceman" means a retailer or
12 serviceman with a principal place of business located in the
13 State.

14 "Local provisions of the Use Tax Act, the Service Use Tax
15 Act, the Service Occupation Tax Act, and the Retailers'
16 Occupation Tax Act" means use taxes or occupation taxes imposed
17 under the Counties Code, the Illinois Municipal Code, the Salem
18 Civic Center Law of 1997 of the Civic Center Code, the
19 Metropolitan Pier and Exposition Authority Act, the Flood
20 Prevention District Act, the Metro-East Park and Recreation
21 District Act, the Local Mass Transit District Act, the Regional
22 Transportation Authority Act, and the Water Commission Act of
23 1985.

1 "Out-of-State retailer or serviceman" means a retailer or
2 serviceman with a principal place of business located outside
3 of the State.

4 (b) If an in-State retailer or serviceman bids on a
5 purchase order or contract to provide materials, equipment, or
6 supplies to a municipality with a population of less than
7 1,000,000, and that purchase order or contract involves an
8 amount in excess of \$25,000, then the municipality may apply to
9 the Department of Revenue for a certificate of exemption from
10 the taxes imposed under local provisions of the Use Tax Act,
11 the Service Use Tax Act, the Service Occupation Tax Act, and
12 the Retailers' Occupation Tax Act for the in-State retailer or
13 serviceman, or a third-party supplier of the in-State retailer
14 or serviceman, with respect to the materials, equipment, or
15 supplies covered by the bid if all of the following conditions
16 apply:

17 (1) at least one other bid is received from an
18 out-of-State retailer or serviceman;

19 (2) the in-State retailer or serviceman demonstrates
20 the necessity of the exemption in order to submit the
21 lowest responsible bid under the guidelines provided under
22 Section 8-9-1, including substantive proof furnished by
23 the retailer or serviceman to the municipality or the
24 Department of Revenue; and

25 (3) the in-State retailer provides an itemized
26 estimate of cost to the corporate authorities of the

1 municipality.

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

4 (35 ILCS 105/3-5)

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

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

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

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

1 orchestras and theatrical groups, arts and cultural service
2 organizations, local arts councils, visual arts organizations,
3 and media arts organizations. On and after July 1, 2001 (the
4 effective date of Public Act 92-35) ~~this amendatory Act of the~~
5 ~~92nd General Assembly~~, however, an entity otherwise eligible
6 for this exemption shall not make tax-free purchases unless it
7 has an active identification number issued by the Department.

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

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

25 (6) Until July 1, 2003 and beginning again on September 1,
26 2004 through August 30, 2014, graphic arts machinery and

1 equipment, including repair and replacement parts, both new and
2 used, and including that manufactured on special order,
3 certified by the purchaser to be used primarily for graphic
4 arts production, and including machinery and equipment
5 purchased for lease. Equipment includes chemicals or chemicals
6 acting as catalysts but only if the chemicals or chemicals
7 acting as catalysts effect a direct and immediate change upon a
8 graphic arts product. Beginning on July 1, 2017, graphic arts
9 machinery and equipment is included in the manufacturing and
10 assembling machinery and equipment exemption under paragraph
11 (18).

12 (7) Farm chemicals.

13 (8) 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 (9) Personal property purchased from a teacher-sponsored
18 student organization affiliated with an elementary or
19 secondary school located in Illinois.

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

23 (11) Farm machinery and equipment, both new and used,
24 including that manufactured on special order, certified by the
25 purchaser to be used primarily for production agriculture or
26 State or federal agricultural programs, including individual

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

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

24 Farm machinery and equipment also includes computers,
25 sensors, software, and related equipment used primarily in the
26 computer-assisted operation of production agriculture

1 facilities, equipment, and activities such as, but not limited
2 to, the collection, monitoring, and correlation of animal and
3 crop data for the purpose of formulating animal diets and
4 agricultural chemicals. This item (11) is exempt from the
5 provisions of Section 3-90.

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

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

23 (13) Proceeds of mandatory service charges separately
24 stated on customers' bills for the purchase and consumption of
25 food and beverages purchased at retail from a retailer, to the
26 extent that the proceeds of the service charge are in fact

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

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

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

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

1 Public Act 98-456) for such taxes paid during the period
2 beginning July 1, 2003 and ending on August 16, 2013 (the
3 effective date of Public Act 98-456).

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

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

1 customers through pipes, pipelines, or mains. The provisions of
2 Public Act 98-583 are declaratory of existing law as to the
3 meaning and scope of this exemption. Beginning on July 1, 2017,
4 the exemption provided by this paragraph (18) includes, but is
5 not limited to, graphic arts machinery and equipment, as
6 defined in paragraph (6) of this Section.

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

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

14 (21) 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 (21) is exempt from the provisions
20 of Section 3-90, and the exemption provided for under this item
21 (21) 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 for such taxes paid during the period beginning May 30,
24 2000 and ending on January 1, 2008.

25 (22) Computers and communications equipment utilized for
26 any hospital purpose and equipment used in the diagnosis,

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

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

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

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

26 (25) Beginning with taxable years ending on or after

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

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

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

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

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

22 (29) Beginning January 1, 2000 and through December 31,
23 2001, new or used automatic vending machines that prepare and
24 serve hot food and beverages, including coffee, soup, and other
25 items, and replacement parts for these machines. Beginning
26 January 1, 2002 and through June 30, 2003, machines and parts

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

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

19 (31) Beginning on August 2, 2001 (the effective date of
20 Public Act 92-227) ~~this amendatory Act of the 92nd General~~
21 ~~Assembly~~, computers and communications equipment utilized for
22 any hospital purpose and equipment used in the diagnosis,
23 analysis, or treatment of hospital patients purchased by a
24 lessor who leases the equipment, under a lease of one year or
25 longer executed or in effect at the time the lessor would
26 otherwise be subject to the tax imposed by this Act, to a

1 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 August 2, 2001 (the effective date of
20 Public Act 92-227) ~~this amendatory Act of the 92nd General~~
21 ~~Assembly~~, personal property purchased by a lessor who leases
22 the property, under a lease of one year or longer executed or
23 in effect at the time the lessor would otherwise be subject to
24 the tax imposed by this Act, to a governmental body that has
25 been issued an active sales tax exemption identification number
26 by the Department under Section 1g of the Retailers' Occupation

1 Tax Act. If the property is leased in a manner that does not
2 qualify for this exemption or used in any other nonexempt
3 manner, the lessor shall be liable for the tax imposed under
4 this Act or the Service Use Tax Act, as the case may be, based
5 on the fair market value of the property at the time the
6 nonqualifying use occurs. No lessor shall collect or attempt to
7 collect an amount (however designated) that purports to
8 reimburse that lessor for the tax imposed by this Act or the
9 Service Use Tax Act, as the case may be, if the tax has not been
10 paid by the lessor. If a lessor improperly collects any such
11 amount from the lessee, the lessee shall have a legal right to
12 claim a refund of that amount from the lessor. If, however,
13 that amount is not refunded to the lessee for any reason, the
14 lessor is liable to pay that amount to the Department. This
15 paragraph is exempt 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 (38) Merchandise that is subject to the Rental Purchase
8 Agreement Occupation and Use Tax. The purchaser must certify
9 that the item is purchased to be rented subject to a rental
10 purchase agreement, as defined in the Rental Purchase Agreement
11 Act, and provide proof of registration under the Rental
12 Purchase Agreement Occupation and Use Tax Act. This paragraph
13 is exempt from the provisions of Section 3-90.

14 (39) Tangible personal property for which a certificate of
15 exemption has been issued under Section 2505-805 of the
16 Department of Revenue Law of the Civil Administrative Code of
17 Illinois. This paragraph is exempt from the provisions of
18 Section 3-90.

19 (Source: P.A. 99-180, eff. 7-29-15; 99-855, eff. 8-19-16;
20 100-22, eff. 7-6-17; 100-437, eff. 1-1-18; revised 9-27-17.)

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

23 (35 ILCS 110/3-5)

24 Sec. 3-5. Exemptions. Use of the following tangible

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

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

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

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

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

5 (5) Until July 1, 2003 and beginning again on September 1,
6 2004 through August 30, 2014, graphic arts machinery and
7 equipment, including repair and replacement parts, both new and
8 used, and including that manufactured on special order or
9 purchased for lease, certified by the purchaser to be used
10 primarily for graphic arts production. Equipment includes
11 chemicals or chemicals acting as catalysts but only if the
12 chemicals or chemicals acting as catalysts effect a direct and
13 immediate change upon a graphic arts product. Beginning on July
14 1, 2017, graphic arts machinery and equipment is included in
15 the manufacturing and assembling machinery and equipment
16 exemption under Section 2 of this Act.

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

20 (7) Farm machinery and equipment, both new and used,
21 including that manufactured on special order, certified by 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 (7). Agricultural chemical tender tanks and dry boxes
9 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 (7) is exempt from the
2 provisions of Section 3-75.

3 (8) 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 (9) Proceeds of mandatory service charges separately
21 stated on customers' bills for the purchase and consumption of
22 food and beverages acquired as an incident to the purchase of a
23 service from a serviceman, to the extent that the proceeds of
24 the service charge are in fact turned over as tips or as a
25 substitute for tips to the employees who participate directly
26 in preparing, serving, hosting or cleaning up the food or

1 beverage function with respect to which the service charge is
2 imposed.

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

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

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

1 beginning July 1, 2003 and ending on August 16, 2013 (the
2 effective date of Public Act 98-456).

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 (30) Tangible personal property for which a certificate of
5 exemption has been issued under Section 2505-805 of the
6 Department of Revenue Law of the Civil Administrative Code of
7 Illinois. This paragraph is exempt from the provisions of
8 Section 3-75.

9 (Source: P.A. 99-180, eff. 7-29-15; 99-855, eff. 8-19-16;
10 100-22, eff. 7-6-17.)

11 Section 20. The Service Occupation Tax Act is amended by
12 changing Section 3-5 as follows:

13 (35 ILCS 115/3-5)

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

16 (1) 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 (2) Personal property purchased by a not-for-profit
24 Illinois county fair association for use in conducting,

1 operating, or promoting the county fair.

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

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

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

1 chemicals or chemicals acting as catalysts but only if the
2 chemicals or chemicals acting as catalysts effect a direct and
3 immediate change upon a graphic arts product. Beginning on July
4 1, 2017, graphic arts machinery and equipment is included in
5 the manufacturing and assembling machinery and equipment
6 exemption under Section 2 of this Act.

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

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

1 vehicle required to be licensed if the selling price of the
2 tender is separately stated.

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

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

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

26 Beginning July 1, 2013, fuel and petroleum products sold to

1 or used by an air carrier, certified by the carrier to be used
2 for consumption, shipment, or storage in the conduct of its
3 business as an air common carrier, for a flight that (i) is
4 engaged in foreign trade or is engaged in trade between the
5 United States and any of its possessions and (ii) transports at
6 least one individual or package for hire from the city of
7 origination to the city of final destination on the same
8 aircraft, without regard to a change in the flight number of
9 that aircraft.

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

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

1 (11) Photoprocessing machinery and equipment, including
2 repair and replacement parts, both new and used, including that
3 manufactured on special order, certified by the purchaser to be
4 used primarily for photoprocessing, and including
5 photoprocessing machinery and equipment purchased for lease.

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

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

1 the Nursing Home Care Act, or in a licensed facility as defined
2 in the ID/DD Community Care Act, the MC/DD Act, or the
3 Specialized Mental Health Rehabilitation Act of 2013.

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

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

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

26 (17) Personal property sold to a lessor who leases the

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

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

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

1 declared disaster area within 6 months after the disaster.

2 (20) Beginning July 1, 1999, game or game birds sold at a
3 "game breeding and hunting preserve area" as that term is used
4 in the Wildlife Code. This paragraph is exempt from the
5 provisions of Section 3-55.

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

24 (22) Beginning January 1, 2000, personal property,
25 including food, purchased through fundraising events for the
26 benefit of a public or private elementary or secondary school,

1 a group of those schools, or one or more school districts if
2 the events are sponsored by an entity recognized by the school
3 district that consists primarily of volunteers and includes
4 parents and teachers of the school children. This paragraph
5 does not apply to fundraising events (i) for the benefit of
6 private home instruction or (ii) for which the fundraising
7 entity purchases the personal property sold at the events from
8 another individual or entity that sold the property for the
9 purpose of resale by the fundraising entity and that profits
10 from the sale to the fundraising entity. This paragraph is
11 exempt from the provisions of Section 3-55.

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

22 (24) Beginning on the effective date of this amendatory Act
23 of the 92nd General Assembly, computers and communications
24 equipment utilized for any hospital purpose and equipment used
25 in the diagnosis, analysis, or treatment of hospital patients
26 sold to a lessor who leases the equipment, under a lease of one

1 year or longer executed or in effect at the time of the
2 purchase, to a hospital that has been issued an active tax
3 exemption identification number by the Department under
4 Section 1g of the Retailers' Occupation Tax Act. This paragraph
5 is exempt from the provisions of Section 3-55.

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

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

1 issue a permit to any taxpayer in good standing with the
2 Department who is eligible for the exemption under this
3 paragraph (26). The permit issued under this paragraph (26)
4 shall authorize the holder, to the extent and in the manner
5 specified in the rules adopted under this Act, to purchase
6 tangible personal property from a retailer exempt from the
7 taxes imposed by this Act. Taxpayers shall maintain all
8 necessary books and records to substantiate the use and
9 consumption of all such tangible personal property outside of
10 the State of Illinois.

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

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

1 issued by the public-facilities corporation in connection with
2 the development of the municipal convention hall. This
3 exemption includes existing public-facilities corporations as
4 provided in Section 11-65-25 of the Illinois Municipal Code.
5 This paragraph is exempt from the provisions of Section 3-55.

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

1 accordance with Part 145 of the Federal Aviation Regulations.
2 The exemption does not include aircraft operated by a
3 commercial air carrier providing scheduled passenger air
4 service pursuant to authority issued under Part 121 or Part 129
5 of the Federal Aviation Regulations. The changes made to this
6 paragraph (29) by Public Act 98-534 are declarative of existing
7 law.

8 (30) Beginning January 1, 2017, menstrual pads, tampons,
9 and menstrual cups.

10 (31) Tangible personal property for which a certificate of
11 exemption has been issued under Section 2505-805 of the
12 Department of Revenue Law of the Civil Administrative Code of
13 Illinois. This paragraph is exempt from the provisions of
14 Section 3-55.

15 (Source: P.A. 99-180, eff. 7-29-15; 99-855, eff. 8-19-16;
16 100-22, eff. 7-6-17.)

17 Section 25. The Retailers' Occupation Tax Act is amended by
18 changing Section 2-5 as follows:

19 (35 ILCS 120/2-5)

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

23 (1) Farm chemicals.

24 (2) Farm machinery and equipment, both new and used,

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

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

1 mapping systems, and other such equipment.

2 Farm machinery and equipment also includes computers,
3 sensors, software, and related equipment used primarily in
4 the computer-assisted operation of production agriculture
5 facilities, equipment, and activities such as, but not
6 limited to, the collection, monitoring, and correlation of
7 animal and crop data for the purpose of formulating animal
8 diets and agricultural chemicals. This item (2) is exempt
9 from the provisions of Section 2-70.

10 (3) Until July 1, 2003, distillation machinery and
11 equipment, sold as a unit or kit, assembled or installed by
12 the retailer, certified by the user to be used only for the
13 production of ethyl alcohol that will be used for
14 consumption as motor fuel or as a component of motor fuel
15 for the personal use of the user, and not subject to sale
16 or resale.

17 (4) Until July 1, 2003 and beginning again September 1,
18 2004 through August 30, 2014, graphic arts machinery and
19 equipment, including repair and replacement parts, both
20 new and used, and including that manufactured on special
21 order or purchased for lease, certified by the purchaser to
22 be used primarily for graphic arts production. Equipment
23 includes chemicals or chemicals acting as catalysts but
24 only if the chemicals or chemicals acting as catalysts
25 effect a direct and immediate change upon a graphic arts
26 product. Beginning on July 1, 2017, graphic arts machinery

1 and equipment is included in the manufacturing and
2 assembling machinery and equipment exemption under
3 paragraph (14).

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

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

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

14 (8) Personal property sold to an Illinois county fair
15 association for use in conducting, operating, or promoting
16 the county fair.

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

1 visual arts organizations, and media arts organizations.
2 On and after July 1, 2001 (the effective date of Public Act
3 92-35) ~~this amendatory Act of the 92nd General Assembly,~~
4 however, an entity otherwise eligible for this exemption
5 shall not make tax-free purchases unless it has an active
6 identification number issued by the Department.

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

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

1 shall make tax-free purchases unless it has an active
2 identification number issued by the Department.

3 (12) (Blank).

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

24 (13) Proceeds from sales to owners, lessors, or
25 shippers of tangible personal property that is utilized by
26 interstate carriers for hire for use as rolling stock

1 moving in interstate commerce and equipment operated by a
2 telecommunications provider, licensed as a common carrier
3 by the Federal Communications Commission, which is
4 permanently installed in or affixed to aircraft moving in
5 interstate commerce.

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

1 of this exemption. Beginning on July 1, 2017, the exemption
2 provided by this paragraph (14) includes, but is not
3 limited to, graphic arts machinery and equipment, as
4 defined in paragraph (4) of this Section.

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

13 (16) Petroleum products sold to a purchaser if the
14 seller is prohibited by federal law from charging tax to
15 the purchaser.

16 (17) Tangible personal property sold to a common
17 carrier by rail or motor that receives the physical
18 possession of the property in Illinois and that transports
19 the property, or shares with another common carrier in the
20 transportation of the property, out of Illinois on a
21 standard uniform bill of lading showing the seller of the
22 property as the shipper or consignor of the property to a
23 destination outside Illinois, for use outside Illinois.

24 (18) Legal tender, currency, medallions, or gold or
25 silver coinage issued by the State of Illinois, the
26 government of the United States of America, or the

1 government of any foreign country, and bullion.

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

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

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

1 98-456) for such taxes paid during the period beginning
2 July 1, 2003 and ending on August 16, 2013 (the effective
3 date of Public Act 98-456).

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

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

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

25 (24) Fuel consumed or used in the operation of ships,
26 barges, or vessels that are used primarily in or for the

1 transportation of property or the conveyance of persons for
2 hire on rivers bordering on this State if the fuel is
3 delivered by the seller to the purchaser's barge, ship, or
4 vessel while it is afloat upon that bordering river.

5 (25) Except as provided in item (25-5) of this Section,
6 a motor vehicle sold in this State to a nonresident even
7 though the motor vehicle is delivered to the nonresident in
8 this State, if the motor vehicle is not to be titled in
9 this State, and if a drive-away permit is issued to the
10 motor vehicle as provided in Section 3-603 of the Illinois
11 Vehicle Code or if the nonresident purchaser has vehicle
12 registration plates to transfer to the motor vehicle upon
13 returning to his or her home state. The issuance of the
14 drive-away permit or having the out-of-state registration
15 plates to be transferred is prima facie evidence that the
16 motor vehicle will not be titled in this State.

17 (25-5) The exemption under item (25) does not apply if
18 the state in which the motor vehicle will be titled does
19 not allow a reciprocal exemption for a motor vehicle sold
20 and delivered in that state to an Illinois resident but
21 titled in Illinois. The tax collected under this Act on the
22 sale of a motor vehicle in this State to a resident of
23 another state that does not allow a reciprocal exemption
24 shall be imposed at a rate equal to the state's rate of tax
25 on taxable property in the state in which the purchaser is
26 a resident, except that the tax shall not exceed the tax

1 that would otherwise be imposed under this Act. At the time
2 of the sale, the purchaser shall execute a statement,
3 signed under penalty of perjury, of his or her intent to
4 title the vehicle in the state in which the purchaser is a
5 resident within 30 days after the sale and of the fact of
6 the payment to the State of Illinois of tax in an amount
7 equivalent to the state's rate of tax on taxable property
8 in his or her state of residence and shall submit the
9 statement to the appropriate tax collection agency in his
10 or her state of residence. In addition, the retailer must
11 retain a signed copy of the statement in his or her
12 records. Nothing in this item shall be construed to require
13 the removal of the vehicle from this state following the
14 filing of an intent to title the vehicle in the purchaser's
15 state of residence if the purchaser titles the vehicle in
16 his or her state of residence within 30 days after the date
17 of sale. The tax collected under this Act in accordance
18 with this item (25-5) shall be proportionately distributed
19 as if the tax were collected at the 6.25% general rate
20 imposed under this Act.

21 (25-7) Beginning on July 1, 2007, no tax is imposed
22 under this Act on the sale of an aircraft, as defined in
23 Section 3 of the Illinois Aeronautics Act, if all of the
24 following conditions are met:

25 (1) the aircraft leaves this State within 15 days
26 after the later of either the issuance of the final

1 billing for the sale of the aircraft, or the authorized
2 approval for return to service, completion of the
3 maintenance record entry, and completion of the test
4 flight and ground test for inspection, as required by
5 14 C.F.R. 91.407;

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

8 (3) the seller retains in his or her books and
9 records and provides to the Department a signed and
10 dated certification from the purchaser, on a form
11 prescribed by the Department, certifying that the
12 requirements of this item (25-7) are met. The
13 certificate must also include the name and address of
14 the purchaser, the address of the location where the
15 aircraft is to be titled or registered, the address of
16 the primary physical location of the aircraft, and
17 other information that the Department may reasonably
18 require.

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

20 "Based in this State" means hangared, stored, or
21 otherwise used, excluding post-sale customizations as
22 defined in this Section, for 10 or more days in each
23 12-month period immediately following the date of the sale
24 of the aircraft.

25 "Registered in this State" means an aircraft
26 registered with the Department of Transportation,

1 Aeronautics Division, or titled or registered with the
2 Federal Aviation Administration to an address located in
3 this State.

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

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

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

21 (28) Computers and communications equipment utilized
22 for any hospital purpose and equipment used in the
23 diagnosis, analysis, or treatment of hospital patients
24 sold to a lessor who leases the equipment, under a lease of
25 one year or longer executed or in effect at the time of the
26 purchase, to a hospital that has been issued an active tax

1 exemption identification number by the Department under
2 Section 1g of this Act.

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

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

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

1 purification facilities, storm water drainage and
2 retention facilities, and sewage treatment facilities,
3 resulting from a State or federally declared disaster in
4 Illinois or bordering Illinois when such repairs are
5 initiated on facilities located in the declared disaster
6 area within 6 months after the disaster.

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

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

1 weeks duration and designed to prepare individuals to
2 follow a trade or to pursue a manual, technical,
3 mechanical, industrial, business, or commercial
4 occupation.

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

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

1 occupation tax is paid on the gross receipts derived from
2 the use of the commercial, coin-operated amusement and
3 vending machines. This paragraph is exempt from the
4 provisions of Section 2-70.

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

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

1 paragraph is exempt from the provisions of Section 2-70.

2 (37) Beginning August 2, 2001, personal property sold
3 to a lessor who leases the property, under a lease of one
4 year or longer executed or in effect at the time of the
5 purchase, to a governmental body that has been issued an
6 active tax exemption identification number by the
7 Department under Section 1g of this Act. This paragraph is
8 exempt from the provisions of Section 2-70.

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

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

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

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

1 aircraft. "Consumable supplies" include, but are not
2 limited to, adhesive, tape, sandpaper, general purpose
3 lubricants, cleaning solution, latex gloves, and
4 protective films. This exemption applies only to the sale
5 of qualifying tangible personal property to persons who
6 modify, refurbish, complete, replace, or maintain an
7 aircraft and who (i) hold an Air Agency Certificate and are
8 empowered to operate an approved repair station by the
9 Federal Aviation Administration, (ii) have a Class IV
10 Rating, and (iii) conduct operations in accordance with
11 Part 145 of the Federal Aviation Regulations. The exemption
12 does not include aircraft operated by a commercial air
13 carrier providing scheduled passenger air service pursuant
14 to authority issued under Part 121 or Part 129 of the
15 Federal Aviation Regulations. The changes made to this
16 paragraph (40) by Public Act 98-534 are declarative of
17 existing law.

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

1 debt instruments issued by the public-facilities
2 corporation in connection with the development of the
3 municipal convention hall. This exemption includes
4 existing public-facilities corporations as provided in
5 Section 11-65-25 of the Illinois Municipal Code. This
6 paragraph is exempt from the provisions of Section 2-70.

7 (42) Beginning January 1, 2017, menstrual pads,
8 tampons, and menstrual cups.

9 (43) Merchandise that is subject to the Rental Purchase
10 Agreement Occupation and Use Tax. The purchaser must
11 certify that the item is purchased to be rented subject to
12 a rental purchase agreement, as defined in the Rental
13 Purchase Agreement Act, and provide proof of registration
14 under the Rental Purchase Agreement Occupation and Use Tax
15 Act. This paragraph is exempt from the provisions of
16 Section 2-70.

17 (44) Tangible personal property for which a
18 certificate of exemption has been issued under Section
19 2505-805 of the Department of Revenue Law of the Civil
20 Administrative Code of Illinois. This paragraph is exempt
21 from the provisions of Section 2-70.

22 (Source: P.A. 99-180, eff. 7-29-15; 99-855, eff. 8-19-16;
23 100-22, eff. 7-6-17; 100-321, eff. 8-24-17; 100-437, eff.
24 1-1-18; revised 9-26-17.)

25 Section 30. The Counties Code is amended by adding Section

1 5-1184 as follows:

2 (55 ILCS 5/5-1184 new)

3 Sec. 5-1184. Exemption for materials, equipment, or
4 supplies of a bid. Tangible personal property for which a
5 certificate of exemption has been issued under Section 2505-805
6 of the Department of Revenue Law of the Civil Administrative
7 Code of Illinois is exempt from any use or occupation tax
8 imposed by a county under this Code.

9 Section 35. The Illinois Municipal Code is amended by
10 adding Section 8-1-19 as follows:

11 (65 ILCS 5/8-1-19 new)

12 Sec. 8-1-19. Exemption for materials, equipment, or
13 supplies of a bid. Tangible personal property for which a
14 certificate of exemption has been issued under Section 2505-805
15 of the Department of Revenue Law of the Civil Administrative
16 Code of Illinois is exempt from any use or occupation tax
17 imposed by a municipality under this Code.

18 Section 40. The Civic Center Code is amended by adding
19 Section 245-13 as follows:

20 (70 ILCS 200/245-13 new)

21 Sec. 245-13. Exemption for materials, equipment, or

1 supplies of a bid. Tangible personal property for which a
2 certificate of exemption has been issued under Section 2505-805
3 of the Department of Revenue Law of the Civil Administrative
4 Code of Illinois is exempt from any use or occupation tax
5 imposed under this Article.

6 Section 45. The Metropolitan Pier and Exposition Authority
7 Act is amended by adding Section 13.4 as follows:

8 (70 ILCS 210/13.4 new)

9 Sec. 13.4. Exemption for materials, equipment, or supplies
10 of a bid. Tangible personal property for which a certificate of
11 exemption has been issued under Section 2505-805 of the
12 Department of Revenue Law of the Civil Administrative Code of
13 Illinois is exempt from any use or occupation tax imposed under
14 this Act.

15 Section 50. The Flood Prevention District Act is amended by
16 adding Section 27 as follows:

17 (70 ILCS 750/27 new)

18 Sec. 27. Exemption for materials, equipment, or supplies of
19 a bid. Tangible personal property for which a certificate of
20 exemption has been issued under Section 2505-805 of the
21 Department of Revenue Law of the Civil Administrative Code of
22 Illinois is exempt from any use or occupation tax imposed under

1 this Act.

2 Section 55. The Metro-East Park and Recreation District Act
3 is amended by adding Section 32 as follows:

4 (70 ILCS 1605/32 new)

5 Sec. 32. Exemption for materials, equipment, or supplies of
6 a bid. Tangible personal property for which a certificate of
7 exemption has been issued under Section 2505-805 of the
8 Department of Revenue Law of the Civil Administrative Code of
9 Illinois is exempt from any use or occupation tax imposed under
10 this Act.

11 Section 60. The Local Mass Transit District Act is amended
12 by adding Section 5.7 as follows:

13 (70 ILCS 3610/5.7 new)

14 Sec. 5.7. Exemption for materials, equipment, or supplies
15 of a bid. Tangible personal property for which a certificate of
16 exemption has been issued under Section 2505-805 of the
17 Department of Revenue Law of the Civil Administrative Code of
18 Illinois is exempt from any use or occupation tax imposed under
19 this Act.

20 Section 65. The Regional Transportation Authority Act is
21 amended by adding Section 4.17 as follows:

1 (70 ILCS 3615/4.17 new)

2 Sec. 4.17. Exemption for materials, equipment, or supplies
3 of a bid. Tangible personal property for which a certificate of
4 exemption has been issued under Section 2505-805 of the
5 Department of Revenue Law of the Civil Administrative Code of
6 Illinois is exempt from any use or occupation tax imposed under
7 this Act.

8 Section 70. The Water Commission Act of 1985 is amended by
9 adding Section 4.5 as follows:

10 (70 ILCS 3720/4.5 new)

11 Sec. 4.5. Exemption for materials, equipment, or supplies
12 of a bid. Tangible personal property for which a certificate of
13 exemption has been issued under Section 2505-805 of the
14 Department of Revenue Law of the Civil Administrative Code of
15 Illinois is exempt from any use or occupation tax imposed under
16 this Act.

17 Section 99. Effective date. This Act takes effect upon
18 becoming law.

1 INDEX

2 Statutes amended in order of appearance

- 3 20 ILCS 2505/2505-805 new
- 4 35 ILCS 105/3-5
- 5 35 ILCS 110/3-5
- 6 35 ILCS 115/3-5
- 7 35 ILCS 120/2-5
- 8 55 ILCS 5/5-1184 new
- 9 65 ILCS 5/8-1-19 new
- 10 70 ILCS 200/245-13 new
- 11 70 ILCS 210/13.4 new
- 12 70 ILCS 750/27 new
- 13 70 ILCS 1605/32 new
- 14 70 ILCS 3610/5.7 new
- 15 70 ILCS 3615/4.17 new
- 16 70 ILCS 3720/4.5 new