

1 AN ACT concerning revenue.

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

4 Section 1. Short title. This Act may be cited as the Rental  
5 Purchase Agreement Occupation and Use Tax Act.

6 Section 5. Definitions. As used in this Act:

7 "Consumer" means an individual who leases personal  
8 property under a rental-purchase agreement.

9 "Department" means the Department of Revenue.

10 "Gross receipts" from the renting of tangible personal  
11 property or "rent" means the total rental price or leasing  
12 price. In the case of rental transactions in which the  
13 consideration is paid to the merchant on an installment basis,  
14 the amounts of such payments shall be included by the merchant  
15 in gross receipts or rent only as and when payments are  
16 received by the merchant. "Gross receipts" does not include  
17 receipts received by a merchant for delivery fees,  
18 reinstatement fees, processing fees, waiver fees or club  
19 program fees.

20 "Merchandise" means the personal property that is the  
21 subject of a rental-purchase agreement.

22 "Merchant" means a person who, in the ordinary course of  
23 business, regularly leases, offers to lease or arranges for the

1 leasing of merchandise under a rental-purchase agreement, and  
2 includes a person who is assigned an interest in a  
3 rental-purchase agreement.

4 "Person" means any natural individual, firm, partnership,  
5 association, joint stock company, joint adventure, public or  
6 private corporation, limited liability company, or a receiver,  
7 executor, trustee, conservator or other representative  
8 appointed by order of any court.

9 "Rental price" means the consideration for renting  
10 merchandise valued in money, whether received in money or  
11 otherwise, including cash credits, property and services, and  
12 shall be determined without any deduction on account of the  
13 cost of the property rented, the cost of materials used, labor  
14 or service cost, or any other expense whatsoever, but does not  
15 include charges that are added by a merchant on account of the  
16 merchant's tax liability under this Act or on account of the  
17 merchant's duty to collect, from the consumer, the tax that is  
18 imposed by Section 4 of this Act. The phrase "rental price"  
19 does not include compensation paid to a merchant by a consumer  
20 in consideration of the waiver by the merchant of any right of  
21 action or claim against the consumer for loss or damage to the  
22 merchandise rented and also does not include a separately  
23 stated charge for insurance or other separately stated charges  
24 that are not for the use of tangible personal property.

25 "Rental purchase agreement" means an agreement for the use  
26 of merchandise by a consumer for personal, family, or household

1 purposes for an initial period of 4 months or less that is  
2 automatically renewable with each payment after the initial  
3 period and that permits the consumer to become the owner of the  
4 merchandise.

5 "Renting" means any transfer of the possession or right to  
6 possession of merchandise to a user for a valuable  
7 consideration under a rental-purchase agreement.

8 Section 10. Rental Purchase Agreement Occupation Tax. A tax  
9 is imposed upon persons engaged in this State in the business  
10 of renting merchandise under a rental-purchase agreement in  
11 Illinois at the rate of 6.25% of the gross receipts received  
12 from such business. Every person engaged in this State in the  
13 business of renting merchandise shall apply to the Department  
14 (upon a form prescribed and furnished by the Department) for a  
15 certificate of registration under this Act. The certificate of  
16 registration which is issued by the Department to a retailer  
17 under the Retailers' Occupation Tax Act shall permit such  
18 merchant to engage in a business which is taxable under this  
19 Section without registering separately with the Department.

20 The Department shall have full power to administer and  
21 enforce this Section, to collect all taxes and penalties due  
22 hereunder, to dispose of taxes and penalties so collected in  
23 the manner hereinafter provided, and to determine all rights to  
24 credit memoranda, arising on account of the erroneous payment  
25 of tax or penalty hereunder. In the administration of, and

1 compliance with, this Section, the Department and persons who  
2 are subject to this Section shall have the same rights,  
3 remedies, privileges, immunities, powers and duties, and be  
4 subject to the same conditions, restrictions, limitations,  
5 penalties and definitions of terms, and employ the same modes  
6 of procedure, as are prescribed in Sections 1, 1a, 2 through  
7 2-65 (in respect to all provisions therein other than the State  
8 rate of tax), 2a, 2b, 2c, 3 (except provisions relating to  
9 transaction returns and quarter monthly payments), 4, 5, 5a,  
10 5b, 5c, 5d, 5e, 5f, 5g, 5i, 5j, 6, 6a, 6b, 6c, 7, 8, 9, 10, 11,  
11 11a, 12 and 13 of the Retailers' Occupation Tax Act and Section  
12 3-7 of the Uniform Penalty and Interest Act as fully as if  
13 those provisions were set forth herein.

14 Section 15. Rental Purchase Agreement Use Tax. A tax is  
15 imposed upon the privilege of using, in this State, merchandise  
16 which is rented from a merchant. Such tax is at the rate of  
17 6.25% of the rental price paid to the merchant under any rental  
18 purchase agreement.

19 The tax hereby imposed shall be collected from the consumer  
20 by a merchant maintaining a place of business in this State and  
21 remitted to the Department.

22 The tax hereby imposed and not paid to a merchant pursuant  
23 to the preceding paragraph of this Section shall be paid to the  
24 Department directly by any person using such merchandise within  
25 this State.

1 Merchants shall collect the tax from consumers by adding  
2 the tax to the rental price of the merchandise, when rented for  
3 use, in the manner prescribed by the Department. The Department  
4 shall have the power to adopt and promulgate reasonable rules  
5 and regulations for the adding of such tax by merchants to  
6 rental prices by prescribing bracket systems for the purpose of  
7 enabling such merchants to add and collect, as far as  
8 practicable, the amount of such tax.

9 The tax imposed by this Section shall, when collected, be  
10 stated as a distinct item separate and apart from the rental  
11 price of the merchandise.

12 The Department shall have full power to administer and  
13 enforce this Section; to collect all taxes, penalties and  
14 interest due hereunder; to dispose of taxes, penalties and  
15 interest so collected in the manner hereinafter provided, and  
16 to determine all rights to credit memoranda or refunds arising  
17 on account of the erroneous payment of tax, penalty or interest  
18 hereunder. In the administration of, and compliance with, this  
19 Section, the Department and persons who are subject to this  
20 Section shall have the same rights, remedies, privileges,  
21 immunities, powers and duties, and be subject to the same  
22 conditions, restrictions, limitations, penalties and  
23 definitions of terms, and employ the same modes of procedure,  
24 as are prescribed in Sections 2, 3 through 3-80, 4, 6, 7, 8, 9  
25 (except provisions relating to transaction returns and quarter  
26 monthly payments), 10, 11, 12, 12a, 12b, 13, 14, 15, 19, 20, 21

1 and 22 of the Use Tax Act, and are not inconsistent with this  
2 Section, as fully as if those provisions were set forth herein.

3 Section 16. Distribution of taxes. The proceeds from the  
4 tax imposed under this Act shall be distributed as follows: 20%  
5 shall be deposited into the State and Local Sales Tax Reform  
6 Fund and 80% shall be deposited into the General Revenue Fund.

7 Section 20. One-Time Transitional Use Tax Credit. The  
8 merchant may file for a one-time credit with the Department for  
9 the Use Tax paid during the 12 months immediately prior to the  
10 effective date of this Act. Within 18 months after effective  
11 date of this Act, the merchant must file an application (upon a  
12 form prescribed and furnished by the Department) to receive a  
13 credit for the Use Tax paid on merchandise subject to tax under  
14 this Act purchased during the 12 months immediately prior to  
15 the effective date. The Department shall issue a credit equal  
16 to the lesser of 50% of the tax paid by the merchant under this  
17 Act in the 12 months immediately following the effective date  
18 of this Act or the total Use Tax paid in the 12 months  
19 immediately prior to the effective date of this Act. Upon the  
20 issuance of the credit the merchant may apply the credit  
21 against the tax imposed under this Act.

22 Section 21. Exemptions. This Act does not apply to tangible  
23 personal property which is required to be titled and registered

1 by an agency of this State's government.

2 Section 25. Rulemaking. The Department may make such rules  
3 as it may deem necessary to implement the purposes of this Act.

4 Section 50. The Use Tax Act is amended by changing Section  
5 3-5 as follows:

6 (35 ILCS 105/3-5)

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

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

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

19 (3) Personal property purchased by a not-for-profit arts or  
20 cultural organization that establishes, by proof required by  
21 the Department by rule, that it has received an exemption under  
22 Section 501(c)(3) of the Internal Revenue Code and that is  
23 organized and operated primarily for the presentation or

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

11 (4) Personal property purchased by a governmental body, by  
12 a corporation, society, association, foundation, or  
13 institution organized and operated exclusively for charitable,  
14 religious, or educational purposes, or by a not-for-profit  
15 corporation, society, association, foundation, institution, or  
16 organization that has no compensated officers or employees and  
17 that is organized and operated primarily for the recreation of  
18 persons 55 years of age or older. A limited liability company  
19 may qualify for the exemption under this paragraph only if the  
20 limited liability company is organized and operated  
21 exclusively for educational purposes. On and after July 1,  
22 1987, however, no entity otherwise eligible for this exemption  
23 shall make tax-free purchases unless it has an active exemption  
24 identification number issued by the Department.

25 (5) Until July 1, 2003, a passenger car that is a  
26 replacement vehicle to the extent that the purchase price of



1 the car is subject to the Replacement Vehicle Tax.

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

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.

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

9 (20) Semen used for artificial insemination of livestock  
10 for direct agricultural production.

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

22 (22) Computers and communications equipment utilized for  
23 any hospital purpose and equipment used in the diagnosis,  
24 analysis, or treatment of hospital patients purchased by a  
25 lessor who leases the equipment, under a lease of one year or  
26 longer executed or in effect at the time the lessor would

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

19 (23) Personal property purchased by a lessor who leases the  
20 property, under a lease of one year or longer executed or in  
21 effect at the time the lessor would otherwise be subject to the  
22 tax imposed by this Act, to a governmental body that has been  
23 issued an active sales tax exemption identification number by  
24 the Department under Section 1g of the Retailers' Occupation  
25 Tax Act. If the property is leased in a manner that does not  
26 qualify for this exemption or used in any other non-exempt

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

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

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



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

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

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

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

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

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

1 coin-operated amusement and vending machines. This paragraph  
2 is exempt from the provisions of Section 3-90.

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

16 (31) Beginning on the effective date of this amendatory Act  
17 of the 92nd General Assembly, computers and communications  
18 equipment utilized for any hospital purpose and equipment used  
19 in the diagnosis, analysis, or treatment of hospital patients  
20 purchased by a lessor who leases the equipment, under a lease  
21 of one year or longer executed or in effect at the time the  
22 lessor would otherwise be subject to the tax imposed by this  
23 Act, to a 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. If the equipment is leased in a  
26 manner that does not qualify for this exemption or is used in

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

15 (32) Beginning on the effective date of this amendatory Act  
16 of the 92nd General Assembly, personal property purchased by a  
17 lessor who leases the property, under a lease of one year or  
18 longer executed or in effect at the time the lessor would  
19 otherwise be subject to the tax imposed by this Act, to a  
20 governmental body that has been issued an active sales tax  
21 exemption identification number by the Department under  
22 Section 1g of the Retailers' Occupation Tax Act. If the  
23 property is leased in a manner that does not qualify for this  
24 exemption or used in any other nonexempt manner, the lessor  
25 shall be liable for the tax imposed under this Act or the  
26 Service Use Tax Act, as the case may be, based on the fair

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

12 (33) On and after July 1, 2003 and through June 30, 2004,  
13 the use in this State of motor vehicles of the second division  
14 with a gross vehicle weight in excess of 8,000 pounds and that  
15 are subject to the commercial distribution fee imposed under  
16 Section 3-815.1 of the Illinois Vehicle Code. Beginning on July  
17 1, 2004 and through June 30, 2005, the use in this State of  
18 motor vehicles of the second division: (i) with a gross vehicle  
19 weight rating in excess of 8,000 pounds; (ii) that are subject  
20 to the commercial distribution fee imposed under Section  
21 3-815.1 of the Illinois Vehicle Code; and (iii) that are  
22 primarily used for commercial purposes. Through June 30, 2005,  
23 this exemption applies to repair and replacement parts added  
24 after the initial purchase of such a motor vehicle if that  
25 motor vehicle is used in a manner that would qualify for the  
26 rolling stock exemption otherwise provided for in this Act. For

1 purposes of this paragraph, the term "used for commercial  
2 purposes" means the transportation of persons or property in  
3 furtherance of any commercial or industrial enterprise,  
4 whether for-hire or not.

5 (34) 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 3-90.

12 (35) 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 by persons who modify, refurbish,  
2 complete, repair, replace, or maintain aircraft and who (i)  
3 hold an Air Agency Certificate and are empowered to operate an  
4 approved repair station by the Federal Aviation  
5 Administration, (ii) have a Class IV Rating, and (iii) conduct  
6 operations in accordance with Part 145 of the Federal Aviation  
7 Regulations. The exemption does not include aircraft operated  
8 by a commercial air carrier providing scheduled passenger air  
9 service pursuant to authority issued under Part 121 or Part 129  
10 of the Federal Aviation Regulations. The changes made to this  
11 paragraph (35) by Public Act 98-534 are declarative of existing  
12 law.

13 (36) Tangible personal property purchased by a  
14 public-facilities corporation, as described in Section  
15 11-65-10 of the Illinois Municipal Code, for purposes of  
16 constructing or furnishing a municipal convention hall, but  
17 only if the legal title to the municipal convention hall is  
18 transferred to the municipality without any further  
19 consideration by or on behalf of the municipality at the time  
20 of the completion of the municipal convention hall or upon the  
21 retirement or redemption of any bonds or other debt instruments  
22 issued by the public-facilities corporation in connection with  
23 the development of the municipal convention hall. This  
24 exemption includes existing public-facilities corporations as  
25 provided in Section 11-65-25 of the Illinois Municipal Code.  
26 This paragraph is exempt from the provisions of Section 3-90.

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

3 (38) Merchandise that is subject to the Rental Purchase  
4 Agreement Occupation and Use Tax. The purchaser must certify  
5 that the item is purchased to be rented subject to a rental  
6 purchase agreement, as defined in the Rental Purchase Agreement  
7 Act, and provide proof of registration under the Rental  
8 Purchase Agreement Occupation and Use Tax Act. This paragraph  
9 is exempt from the provisions of Section 3-90.

10 (Source: P.A. 98-104, eff. 7-22-13; 98-422, eff. 8-16-13;  
11 98-456, eff. 8-16-13; 98-534, eff. 8-23-13; 98-574, eff.  
12 1-1-14; 98-583, eff. 1-1-14; 98-756, eff. 7-16-14; 99-180, eff.  
13 7-29-15; 99-855, eff. 8-19-16.)

14 Section 55. The Retailers' Occupation Tax Act is amended by  
15 changing Section 2-5 as follows:

16 (35 ILCS 120/2-5)

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

20 (1) Farm chemicals.

21 (2) Farm machinery and equipment, both new and used,  
22 including that manufactured on special order, certified by the  
23 purchaser to be used primarily for production agriculture or  
24 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 (2). Agricultural chemical tender tanks and dry boxes  
12 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 (2) is exempt from the  
5 provisions of Section 2-70.

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

12 (4) Until July 1, 2003 and beginning again September 1,  
13 2004 through August 30, 2014, graphic arts machinery and  
14 equipment, including repair and replacement parts, both new and  
15 used, and including that manufactured on special order or  
16 purchased for lease, certified by the purchaser to be used  
17 primarily for graphic arts production. Equipment includes  
18 chemicals or chemicals acting as catalysts but only if the  
19 chemicals or chemicals acting as catalysts effect a direct and  
20 immediate change upon a graphic arts product.

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

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

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

4           (8) Personal property sold to an Illinois county fair  
5 association for use in conducting, operating, or promoting the  
6 county fair.

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

22           (10) Personal property sold by a corporation, society,  
23 association, foundation, institution, or organization, other  
24 than a limited liability company, that is organized and  
25 operated as a not-for-profit service enterprise for the benefit  
26 of persons 65 years of age or older if the personal property

1 was not purchased by the enterprise for the purpose of resale  
2 by the enterprise.

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

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

26 (12-5) On and after July 1, 2003 and through June 30, 2004,

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

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

25 (14) Machinery and equipment that will be used by the  
26 purchaser, or a lessee of the purchaser, primarily in the

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

1 this State.

2 (25-5) The exemption under item (25) does not apply if the  
3 state in which the motor vehicle will be titled does not allow  
4 a reciprocal exemption for a motor vehicle sold and delivered  
5 in that state to an Illinois resident but titled in Illinois.  
6 The tax collected under this Act on the sale of a motor vehicle  
7 in this State to a resident of another state that does not  
8 allow a reciprocal exemption shall be imposed at a rate equal  
9 to the state's rate of tax on taxable property in the state in  
10 which the purchaser is a resident, except that the tax shall  
11 not exceed the tax that would otherwise be imposed under this  
12 Act. At the time of the sale, the purchaser shall execute a  
13 statement, signed under penalty of perjury, of his or her  
14 intent to title the vehicle in the state in which the purchaser  
15 is a resident within 30 days after the sale and of the fact of  
16 the payment to the State of Illinois of tax in an amount  
17 equivalent to the state's rate of tax on taxable property in  
18 his or her state of residence and shall submit the statement to  
19 the appropriate tax collection agency in his or her state of  
20 residence. In addition, the retailer must retain a signed copy  
21 of the statement in his or her records. Nothing in this item  
22 shall be construed to require the removal of the vehicle from  
23 this state following the filing of an intent to title the  
24 vehicle in the purchaser's state of residence if the purchaser  
25 titles the vehicle in his or her state of residence within 30  
26 days after the date of sale. The tax collected under this Act

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

4 (25-7) Beginning on July 1, 2007, no tax is imposed under  
5 this Act on the sale of an aircraft, as defined in Section 3 of  
6 the Illinois Aeronautics Act, if all of the following  
7 conditions are met:

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

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

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

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

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

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

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

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

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

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

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

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

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

22 (31) Beginning with taxable years ending on or after  
23 December 31, 1995 and ending with taxable years ending on or  
24 before December 31, 2004, personal property that is used in the  
25 performance of infrastructure repairs in this State, including  
26 but not limited to municipal roads and streets, access roads,

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

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

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

1 than 6 weeks duration and designed to prepare individuals to  
2 follow a trade or to pursue a manual, technical, mechanical,  
3 industrial, business, or commercial occupation.

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

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

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

2 (35-5) Beginning August 23, 2001 and through June 30, 2016,  
3 food for human consumption that is to be consumed off the  
4 premises where it is sold (other than alcoholic beverages, soft  
5 drinks, and food that has been prepared for immediate  
6 consumption) and prescription and nonprescription medicines,  
7 drugs, medical appliances, and insulin, urine testing  
8 materials, syringes, and needles used by diabetics, for human  
9 use, when purchased for use by a person receiving medical  
10 assistance under Article V of the Illinois Public Aid Code who  
11 resides in a licensed long-term care facility, as defined in  
12 the Nursing Home Care Act, or a licensed facility as defined in  
13 the ID/DD Community Care Act, the MC/DD Act, or the Specialized  
14 Mental Health Rehabilitation Act of 2013.

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

24 (37) Beginning August 2, 2001, personal property sold to a  
25 lessor who leases the property, under a lease of one year or  
26 longer executed or in effect at the time of the purchase, to a



1 governmental body that has been issued an active tax exemption  
2 identification number by the Department under Section 1g of  
3 this Act. This paragraph is exempt from the provisions of  
4 Section 2-70.

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

1 the State of Illinois.

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

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

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

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

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

26 (43) Merchandise that is subject to the Rental Purchase

1 Agreement Occupation and Use Tax. The purchaser must certify  
2 that the item is purchased to be rented subject to a rental  
3 purchase agreement, as defined in the Rental Purchase Agreement  
4 Act, and provide proof of registration under the Rental  
5 Purchase Agreement Occupation and Use Tax Act. This paragraph  
6 is exempt from the provisions of Section 2-70.

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

11 Section 99. Effective date. This Act takes effect January  
12 1, 2018.