



100TH GENERAL ASSEMBLY

State of Illinois

2017 and 2018

SB1744

Introduced 2/9/2017, by Sen. Chris Nybo

SYNOPSIS AS INTRODUCED:

20 ILCS 605/605-1020 new
35 ILCS 105/3-5
35 ILCS 110/3-5
35 ILCS 115/3-5
35 ILCS 120/2-5
35 ILCS 640/2-4

Amends the Department of Commerce and Economic Opportunity Law of the Civil Administrative Code of Illinois, the Use Tax Act, the Service Use Tax Act, the Service Occupation Tax Act, the Retailers' Occupation Tax Act, and the Electricity Excise Tax Law. Provides that the Department of Commerce and Economic Opportunity shall issue certificates of exemption to qualified Illinois data centers. Provides that qualified tangible personal property used in the construction or operation of a certified data center is exempt from the taxes imposed under the Use Tax Act, the Service Use Tax Act, the Service Occupation Tax Act, the Retailers' Occupation Tax Act. Provides that certified data centers are exempt from the tax imposed under the Electricity Excise Tax Law. Effective immediately.

LRB100 06017 HLH 16047 b

1 AN ACT concerning revenue.

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

4 Section 5. The Department of Commerce and Economic
5 Opportunity Law of the Civil Administrative Code of Illinois is
6 amended by adding Section 605-1020 as follows:

7 (20 ILCS 605/605-1020 new)

8 Sec. 605-1020. Data Center Investment Program.

9 (a) The Department shall issue certificates of exemption
10 from the Retailers' Occupation Tax Act, the Use Tax Act, the
11 Service Use Tax Act, the Service Occupation Tax Act, and the
12 Electricity Excise Tax Law to qualifying Illinois data centers.

13 (b) Data centers seeking qualification for a new or
14 expanding facility shall apply to the Department in the manner
15 specified by the Department. The Department and any qualifying
16 person seeking to claim the exemption, including a data center
17 operator on behalf of itself and its tenants, must enter into a
18 memorandum of understanding that, at a minimum, provides the
19 details for determining the amount of capital investment made
20 and the number of new jobs created, the timeline for achieving
21 the capital investment and new job goals, the repayment
22 obligation should those goals not be achieved, and any
23 conditions under which repayment by the qualifying data center

1 or data center tenant claiming the exemption may be required.

2 (c) In addition, the exemption shall apply to any computer
3 equipment or enabling equipment and any software purchased or
4 leased to upgrade, supplement, or replace computer equipment or
5 enabling software purchased or leased in the initial
6 investment. Data centers that would have qualified under
7 subsection (e) prior to July 1, 2017 may apply for and obtain
8 an exemption for subsequent purchases of computer equipment or
9 enabling software purchased or leased to upgrade, supplement,
10 or replace computer equipment or enabling software purchased or
11 leased in the original investment that would have qualified
12 under subsection (e).

13 (d) Beginning July 15, 2018, and each year thereafter, the
14 Department shall annually compile a report on the outcomes and
15 effectiveness of the program under this Section.

16 (e) As used in this Section:

17 "Data center" means a building or a series of buildings
18 rehabilitated or constructed to house a group of networked
19 server computers in one physical location or several sites in
20 order to centralize the storage, management, and dissemination
21 of data and information.

22 "Qualifying Illinois data center" means a data center that:

23 (1) is located in Illinois;

24 (2) results in a new capital investment on or after
25 July 1, 2017 of at least \$25,000,000, collectively, by the
26 data center operator and the tenants of the data center

1 over a period of 48 months, and
2 (3) results in the creation on or after July 1, 2017
3 and over a period of 48 months of at least 10 full-time or
4 full-time equivalent new jobs by the data center operator
5 and the tenants of the data center, collectively,
6 associated with the operation or maintenance of the data
7 center.

8 "Full-time equivalent job" means a job in which the new
9 employee works for the owner, operator, or tenant of a data
10 center, or for a corporation under contract with the owner,
11 operator or tenant of a data center, at a rate of at least 35
12 hours per week. An owner, operator, or tenant who employs labor
13 or services at a specific site or facility under contract with
14 another may declare one full-time, permanent job for every
15 1,820 man hours worked per year under that contract. Vacations,
16 paid holidays, and sick time are included in this computation.
17 Overtime is not considered a part of regular hours.

18 Section 10. The Use Tax Act is amended by changing Section
19 3-5 as follows:

20 (35 ILCS 105/3-5)

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

23 (1) Personal property purchased from a corporation,
24 society, association, foundation, institution, or

1 organization, other than a limited liability company, that is
2 organized and operated as a not-for-profit service enterprise
3 for the benefit of persons 65 years of age or older if the
4 personal property was not purchased by the enterprise for the
5 purpose of resale by the enterprise.

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

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

24 (4) Personal property purchased by a governmental body, by
25 a corporation, society, association, foundation, or
26 institution organized and operated exclusively for charitable,

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

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

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

25 (7) Farm chemicals.

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

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

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

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

10 (11) 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 (11). Agricultural chemical tender tanks and dry
25 boxes 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 (11) is exempt from the
18 provisions of Section 3-90.

19 (12) 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 (13) Proceeds of mandatory service charges separately
11 stated on customers' bills for the purchase and consumption of
12 food and beverages purchased at retail from a retailer, to the
13 extent that the proceeds of the service charge are in fact
14 turned over as tips or as a substitute for tips to the
15 employees who participate directly in preparing, serving,
16 hosting or cleaning up the food or beverage function with
17 respect to which the service charge is imposed.

18 (14) 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 (15) 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 (16) 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 (17) Until July 1, 2003, distillation machinery and
18 equipment, sold as a unit or kit, assembled or installed by the
19 retailer, certified by the user to be used only for the
20 production of ethyl alcohol that will be used for consumption
21 as motor fuel or as a component of motor fuel for the personal
22 use of the user, and not subject to sale or resale.

23 (18) Manufacturing and assembling machinery and equipment
24 used primarily in the process of manufacturing or assembling
25 tangible personal property for wholesale or retail sale or
26 lease, whether that sale or lease is made directly by the

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

17 (19) Personal property delivered to a purchaser or
18 purchaser's donee inside Illinois when the purchase order for
19 that personal property was received by a florist located
20 outside Illinois who has a florist located inside Illinois
21 deliver the personal property.

22 (20) Semen used for artificial insemination of livestock
23 for direct agricultural production.

24 (21) Horses, or interests in horses, registered with and
25 meeting the requirements of any of the Arabian Horse Club
26 Registry of America, Appaloosa Horse Club, American Quarter

1 Horse Association, United States Trotting Association, or
2 Jockey Club, as appropriate, used for purposes of breeding or
3 racing for prizes. This item (21) is exempt from the provisions
4 of Section 3-90, and the exemption provided for under this item
5 (21) applies for all periods beginning May 30, 1995, but no
6 claim for credit or refund is allowed on or after January 1,
7 2008 for such taxes paid during the period beginning May 30,
8 2000 and ending on January 1, 2008.

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

1 collects any such amount from the lessee, the lessee shall have
2 a legal right to claim a refund of that amount from the lessor.
3 If, however, that amount is not refunded to the lessee for any
4 reason, the lessor is liable to pay that amount to the
5 Department.

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

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

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

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

26 (27) A motor vehicle, as that term is defined in Section

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

18 (28) Beginning January 1, 2000, personal property,
19 including food, purchased through fundraising events for the
20 benefit of a public or private elementary or secondary school,
21 a group of those schools, or one or more school districts if
22 the events are sponsored by an entity recognized by the school
23 district that consists primarily of volunteers and includes
24 parents and teachers of the school children. This paragraph
25 does not apply to fundraising events (i) for the benefit of
26 private home instruction or (ii) for which the fundraising

1 entity purchases the personal property sold at the events from
2 another individual or entity that sold the property for the
3 purpose of resale by the fundraising entity and that profits
4 from the sale to the fundraising entity. This paragraph is
5 exempt from the provisions of Section 3-90.

6 (29) Beginning January 1, 2000 and through December 31,
7 2001, new or used automatic vending machines that prepare and
8 serve hot food and beverages, including coffee, soup, and other
9 items, and replacement parts for these machines. Beginning
10 January 1, 2002 and through June 30, 2003, machines and parts
11 for machines used in commercial, coin-operated amusement and
12 vending business if a use or occupation tax is paid on the
13 gross receipts derived from the use of the commercial,
14 coin-operated amusement and vending machines. This paragraph
15 is exempt from the provisions of Section 3-90.

16 (30) Beginning January 1, 2001 and through June 30, 2016,
17 food for human consumption that is to be consumed off the
18 premises where it is sold (other than alcoholic beverages, soft
19 drinks, and food that has been prepared for immediate
20 consumption) and prescription and nonprescription medicines,
21 drugs, medical appliances, and insulin, urine testing
22 materials, syringes, and needles used by diabetics, for human
23 use, when purchased for use by a person receiving medical
24 assistance under Article V of the Illinois Public Aid Code who
25 resides in a licensed long-term care facility, as defined in
26 the Nursing Home Care Act, or in a licensed facility as defined

1 in the ID/DD Community Care Act, the MC/DD Act, or the
2 Specialized Mental Health Rehabilitation Act of 2013.

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

1 Section 3-90.

2 (32) Beginning on the effective date of this amendatory Act
3 of the 92nd General Assembly, personal property purchased by a
4 lessor who leases the property, under a lease of one year or
5 longer executed or in effect at the time the lessor would
6 otherwise be subject to the tax imposed by this Act, to a
7 governmental body that has been issued an active sales tax
8 exemption identification number by the Department under
9 Section 1g of the Retailers' Occupation Tax Act. If the
10 property is leased in a manner that does not qualify for this
11 exemption or used in any other nonexempt manner, the lessor
12 shall be liable for the tax imposed under this Act or the
13 Service Use Tax Act, as the case may be, based on the fair
14 market value of the property at the time the nonqualifying use
15 occurs. No lessor shall collect or attempt to collect an amount
16 (however designated) that purports to reimburse that lessor for
17 the tax imposed by this Act or the Service Use Tax Act, as the
18 case may be, if the tax has not been paid by the lessor. If a
19 lessor improperly collects any such amount from the lessee, the
20 lessee shall have a legal right to claim a refund of that
21 amount from the lessor. If, however, that amount is not
22 refunded to the lessee for any reason, the lessor is liable to
23 pay that amount to the Department. This paragraph is exempt
24 from the provisions of Section 3-90.

25 (33) On and after July 1, 2003 and through June 30, 2004,
26 the use in this State of motor vehicles of the second division

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

18 (34) Beginning January 1, 2008, tangible personal property
19 used in the construction or maintenance of a community water
20 supply, as defined under Section 3.145 of the Environmental
21 Protection Act, that is operated by a not-for-profit
22 corporation that holds a valid water supply permit issued under
23 Title IV of the Environmental Protection Act. This paragraph is
24 exempt from the provisions of Section 3-90.

25 (35) Beginning January 1, 2010, materials, parts,
26 equipment, components, and furnishings incorporated into or

1 upon an aircraft as part of the modification, refurbishment,
2 completion, replacement, repair, or maintenance of the
3 aircraft. This exemption includes consumable supplies used in
4 the modification, refurbishment, completion, replacement,
5 repair, and maintenance of aircraft, but excludes any
6 materials, parts, equipment, components, and consumable
7 supplies used in the modification, replacement, repair, and
8 maintenance of aircraft engines or power plants, whether such
9 engines or power plants are installed or uninstalled upon any
10 such aircraft. "Consumable supplies" include, but are not
11 limited to, adhesive, tape, sandpaper, general purpose
12 lubricants, cleaning solution, latex gloves, and protective
13 films. This exemption applies only to the use of qualifying
14 tangible personal property by persons who modify, refurbish,
15 complete, repair, replace, or maintain aircraft and who (i)
16 hold an Air Agency Certificate and are empowered to operate an
17 approved repair station by the Federal Aviation
18 Administration, (ii) have a Class IV Rating, and (iii) conduct
19 operations in accordance with Part 145 of the Federal Aviation
20 Regulations. The exemption does not include aircraft operated
21 by a commercial air carrier providing scheduled passenger air
22 service pursuant to authority issued under Part 121 or Part 129
23 of the Federal Aviation Regulations. The changes made to this
24 paragraph (35) by Public Act 98-534 are declarative of existing
25 law.

26 (36) Tangible personal property purchased by a

1 public-facilities corporation, as described in Section
2 11-65-10 of the Illinois Municipal Code, for purposes of
3 constructing or furnishing a municipal convention hall, but
4 only if the legal title to the municipal convention hall is
5 transferred to the municipality without any further
6 consideration by or on behalf of the municipality at the time
7 of the completion of the municipal convention hall or upon the
8 retirement or redemption of any bonds or other debt instruments
9 issued by the public-facilities corporation in connection with
10 the development of the municipal convention hall. This
11 exemption includes existing public-facilities corporations as
12 provided in Section 11-65-25 of the Illinois Municipal Code.
13 This paragraph is exempt from the provisions of Section 3-90.

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

16 (38) Beginning on July 1, 2017, qualified tangible personal
17 property used in the construction or operation of a data center
18 that has been granted a certificate of exemption by the
19 Department of Commerce and Economic Opportunity under Section
20 605-1020 of the Department of Commerce and Economic Opportunity
21 Law of the Civil Administrative Code of Illinois, whether that
22 tangible personal property is purchased by the owner of the
23 data center or by a contractor, subcontractor, or tenant of the
24 owner. This paragraph is exempt from the provisions of Section
25 3-90.

26 (Source: P.A. 98-104, eff. 7-22-13; 98-422, eff. 8-16-13;

1 98-456, eff. 8-16-13; 98-534, eff. 8-23-13; 98-574, eff.
2 1-1-14; 98-583, eff. 1-1-14; 98-756, eff. 7-16-14; 99-180, eff.
3 7-29-15; 99-855, eff. 8-19-16.)

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

6 (35 ILCS 110/3-5)

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 non-profit Illinois
17 county fair association for use in conducting, operating, or
18 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
24 support of arts or cultural programming, activities, or

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

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

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

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

26 (7) Farm machinery and equipment, both new and used,

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

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

1 Farm machinery and equipment also includes computers,
2 sensors, software, and related equipment used primarily in the
3 computer-assisted operation of production agriculture
4 facilities, equipment, and activities such as, but not limited
5 to, the collection, monitoring, and correlation of animal and
6 crop data for the purpose of formulating animal diets and
7 agricultural chemicals. This item (7) is exempt from the
8 provisions of Section 3-75.

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

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

26 (9) Proceeds of mandatory service charges separately

1 stated on customers' bills for the purchase and consumption of
2 food and beverages acquired as an incident to the purchase of a
3 service from a serviceman, to the extent that the proceeds of
4 the service charge are in fact turned over as tips or as a
5 substitute for tips to the employees who participate directly
6 in preparing, serving, hosting or cleaning up the food or
7 beverage function with respect to which the service charge is
8 imposed.

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

18 (11) Proceeds from the sale of photoprocessing machinery
19 and equipment, including repair and replacement parts, both new
20 and used, including that manufactured on special order,
21 certified by the purchaser to be used primarily for
22 photoprocessing, and including photoprocessing machinery and
23 equipment purchased for lease.

24 (12) Coal and aggregate exploration, mining, off-highway
25 hauling, processing, maintenance, and reclamation equipment,
26 including replacement parts and equipment, and including

1 equipment purchased for lease, but excluding motor vehicles
2 required to be registered under the Illinois Vehicle Code. The
3 changes made to this Section by Public Act 97-767 apply on and
4 after July 1, 2003, but no claim for credit or refund is
5 allowed on or after August 16, 2013 (the effective date of
6 Public Act 98-456) for such taxes paid during the period
7 beginning July 1, 2003 and ending on August 16, 2013 (the
8 effective date of Public Act 98-456).

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

11 (14) 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 (14) is exempt from the provisions
17 of Section 3-75, and the exemption provided for under this item
18 (14) applies for all periods beginning May 30, 1995, but no
19 claim for credit or refund is allowed on or after the effective
20 date of this amendatory Act of the 95th General Assembly for
21 such taxes paid during the period beginning May 30, 2000 and
22 ending on the effective date of this amendatory Act of the 95th
23 General Assembly.

24 (15) Computers and communications equipment utilized for
25 any hospital purpose and equipment used in the diagnosis,
26 analysis, or treatment of hospital patients purchased by a

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

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

1 qualify for this exemption or is used in any other non-exempt
2 manner, the lessor shall be liable for the tax imposed under
3 this Act or the Use Tax Act, as the case may be, based on the
4 fair market value of the property at the time the
5 non-qualifying use occurs. No lessor shall collect or attempt
6 to collect an amount (however designated) that purports to
7 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 (17) Beginning with taxable years ending on or after
15 December 31, 1995 and ending with taxable years ending on or
16 before December 31, 2004, personal property that is donated for
17 disaster relief to be used in a State or federally declared
18 disaster area in Illinois or bordering Illinois by a
19 manufacturer or retailer that is registered in this State to a
20 corporation, society, association, foundation, or institution
21 that has been issued a sales tax exemption identification
22 number by the Department that assists victims of the disaster
23 who reside within the declared disaster area.

24 (18) Beginning with taxable years ending on or after
25 December 31, 1995 and ending with taxable years ending on or
26 before December 31, 2004, personal property that is used in the

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

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

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

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

6 (21) Beginning January 1, 2000, personal property,
7 including food, purchased through fundraising events for the
8 benefit of a public or private elementary or secondary school,
9 a group of those schools, or one or more school districts if
10 the events are sponsored by an entity recognized by the school
11 district that consists primarily of volunteers and includes
12 parents and teachers of the school children. This paragraph
13 does not apply to fundraising events (i) for the benefit of
14 private home instruction or (ii) for which the fundraising
15 entity 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 profits
18 from the sale to the fundraising entity. This paragraph is
19 exempt from the provisions of Section 3-75.

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

1 gross receipts derived from the use of the commercial,
2 coin-operated amusement and vending machines. This paragraph
3 is exempt from the provisions of Section 3-75.

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

17 (24) Beginning on the effective date of this amendatory Act
18 of the 92nd General Assembly, computers and communications
19 equipment utilized for any hospital purpose and equipment used
20 in the diagnosis, analysis, or treatment of hospital patients
21 purchased by a lessor who leases the equipment, under a lease
22 of one year or longer executed or in effect at the time the
23 lessor would otherwise be subject to the tax imposed by this
24 Act, to a 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 nonexempt 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 nonqualifying 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. This paragraph is
14 exempt from the provisions of Section 3-75.

15 (25) 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 tax exemption
21 identification number by the Department under Section 1g of the
22 Retailers' Occupation Tax Act. If the property is leased in a
23 manner that does not qualify for this exemption or is used in
24 any other nonexempt manner, the lessor shall be liable for the
25 tax imposed under this Act or the Use Tax Act, as the case may
26 be, based on the fair market value of the property at the time

1 the nonqualifying use occurs. No lessor shall collect or
2 attempt to collect an amount (however designated) that purports
3 to reimburse that lessor for the tax imposed by this Act or the
4 Use Tax Act, as the case may be, if the tax has not been paid by
5 the lessor. If a lessor improperly collects any such amount
6 from the lessee, the lessee shall have a legal right to claim a
7 refund of that amount from the lessor. If, however, that amount
8 is not refunded to the lessee for any reason, the lessor is
9 liable to pay that amount to the Department. This paragraph is
10 exempt from the provisions of Section 3-75.

11 (26) 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 3-75.

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

1 maintenance of aircraft engines or power plants, whether such
2 engines or power plants are installed or uninstalled upon any
3 such aircraft. "Consumable supplies" include, but are not
4 limited to, adhesive, tape, sandpaper, general purpose
5 lubricants, cleaning solution, latex gloves, and protective
6 films. This exemption applies only to the use of qualifying
7 tangible personal property transferred incident to the
8 modification, refurbishment, completion, replacement, repair,
9 or maintenance of aircraft by persons who (i) hold an Air
10 Agency Certificate and are empowered to operate an approved
11 repair station by the Federal Aviation Administration, (ii)
12 have a Class IV Rating, and (iii) conduct operations in
13 accordance with Part 145 of the Federal Aviation Regulations.
14 The exemption does not include aircraft operated by a
15 commercial air carrier providing scheduled passenger air
16 service pursuant to authority issued under Part 121 or Part 129
17 of the Federal Aviation Regulations. The changes made to this
18 paragraph (27) by Public Act 98-534 are declarative of existing
19 law.

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

1 of the completion of the municipal convention hall or upon the
2 retirement or redemption of any bonds or other debt instruments
3 issued by the public-facilities corporation in connection with
4 the development of the municipal convention hall. This
5 exemption includes existing public-facilities corporations as
6 provided in Section 11-65-25 of the Illinois Municipal Code.
7 This paragraph is exempt from the provisions of Section 3-75.

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

10 (30) Beginning on July 1, 2017, qualified tangible personal
11 property used in the construction or operation of a data center
12 that has been granted a certificate of exemption by the
13 Department of Commerce and Economic Opportunity under Section
14 605-1020 of the Department of Commerce and Economic Opportunity
15 Law of the Civil Administrative Code of Illinois, whether that
16 tangible personal property is purchased by the owner of the
17 data center or by a contractor, subcontractor, or tenant of the
18 owner. This paragraph is exempt from the provisions of Section
19 3-75.

20 (Source: P.A. 98-104, eff. 7-22-13; 98-422, eff. 8-16-13;
21 98-456, eff. 8-16-13; 98-534, eff. 8-23-13; 98-756, eff.
22 7-16-14; 99-180, eff. 7-29-15; 99-855, eff. 8-19-16.)

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

1 (35 ILCS 115/3-5)

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

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

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

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

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

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

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

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

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

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

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

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

1 provisions of Section 3-55.

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

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

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

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

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

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

26 (13) Beginning January 1, 1992 and through June 30, 2016,

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

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

15 (15) Horses, or interests in horses, registered with and
16 meeting the requirements of any of the Arabian Horse Club
17 Registry of America, Appaloosa Horse Club, American Quarter
18 Horse Association, United States Trotting Association, or
19 Jockey Club, as appropriate, used for purposes of breeding or
20 racing for prizes. This item (15) is exempt from the provisions
21 of Section 3-55, and the exemption provided for under this item
22 (15) applies for all periods beginning May 30, 1995, but no
23 claim for credit or refund is allowed on or after January 1,
24 2008 (the effective date of Public Act 95-88) for such taxes
25 paid during the period beginning May 30, 2000 and ending on
26 January 1, 2008 (the effective date of Public Act 95-88).

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

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

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

25 (19) Beginning with taxable years ending on or after
26 December 31, 1995 and ending with taxable years ending on or

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

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

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

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

7 (22) Beginning January 1, 2000, personal property,
8 including food, purchased through fundraising events for the
9 benefit of a public or private elementary or secondary school,
10 a group of those schools, or one or more school districts if
11 the events are sponsored by an entity recognized by the school
12 district that consists primarily of volunteers and includes
13 parents and teachers of the school children. This paragraph
14 does not apply to fundraising events (i) for the benefit of
15 private home instruction or (ii) for which the fundraising
16 entity purchases the personal property sold at the events from
17 another individual or entity that sold the property for the
18 purpose of resale by the fundraising entity and that profits
19 from the sale to the fundraising entity. This paragraph is
20 exempt from the provisions of Section 3-55.

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

1 vending business if a use or occupation tax is paid on the
2 gross receipts derived from the use of the commercial,
3 coin-operated amusement and vending machines. This paragraph
4 is exempt from the provisions of Section 3-55.

5 (24) Beginning on the effective date of this amendatory Act
6 of the 92nd General Assembly, computers and communications
7 equipment utilized for any hospital purpose and equipment used
8 in the diagnosis, analysis, or treatment of hospital patients
9 sold to a lessor who leases the equipment, under a lease of one
10 year or longer executed or in effect at the time of the
11 purchase, to a hospital that has been issued an active tax
12 exemption identification number by the Department under
13 Section 1g of the Retailers' Occupation Tax Act. This paragraph
14 is exempt from the provisions of Section 3-55.

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

23 (26) Beginning on January 1, 2002 and through June 30,
24 2016, tangible personal property purchased from an Illinois
25 retailer by a taxpayer engaged in centralized purchasing
26 activities in Illinois who will, upon receipt of the property

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

20 (27) Beginning January 1, 2008, tangible personal property
21 used in the construction or maintenance of a community water
22 supply, as defined under Section 3.145 of the Environmental
23 Protection Act, that is operated by a not-for-profit
24 corporation that holds a valid water supply permit issued under
25 Title IV of the Environmental Protection Act. This paragraph is
26 exempt from the provisions of Section 3-55.

1 (28) Tangible personal property sold to a
2 public-facilities corporation, as described in Section
3 11-65-10 of the Illinois Municipal Code, for purposes of
4 constructing or furnishing a municipal convention hall, but
5 only if the legal title to the municipal convention hall is
6 transferred to the municipality without any further
7 consideration by or on behalf of the municipality at the time
8 of the completion of the municipal convention hall or upon the
9 retirement or redemption of any bonds or other debt instruments
10 issued by the public-facilities corporation in connection with
11 the development of the municipal convention hall. This
12 exemption includes existing public-facilities corporations as
13 provided in Section 11-65-25 of the Illinois Municipal Code.
14 This paragraph is exempt from the provisions of Section 3-55.

15 (29) Beginning January 1, 2010, materials, parts,
16 equipment, components, and furnishings incorporated into or
17 upon an aircraft as part of the modification, refurbishment,
18 completion, replacement, repair, or maintenance of the
19 aircraft. This exemption includes consumable supplies used in
20 the modification, refurbishment, completion, replacement,
21 repair, and maintenance of aircraft, but excludes any
22 materials, parts, equipment, components, and consumable
23 supplies used in the modification, replacement, repair, and
24 maintenance of aircraft engines or power plants, whether such
25 engines or power plants are installed or uninstalled upon any
26 such aircraft. "Consumable supplies" include, but are not

1 limited to, adhesive, tape, sandpaper, general purpose
2 lubricants, cleaning solution, latex gloves, and protective
3 films. This exemption applies only to the transfer of
4 qualifying tangible personal property incident to the
5 modification, refurbishment, completion, replacement, repair,
6 or maintenance of an aircraft by persons who (i) hold an Air
7 Agency Certificate and are empowered to operate an approved
8 repair station by the Federal Aviation Administration, (ii)
9 have a Class IV Rating, and (iii) conduct operations in
10 accordance with Part 145 of the Federal Aviation Regulations.
11 The exemption does not include aircraft operated by a
12 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 (29) by Public Act 98-534 are declarative of existing
16 law.

17 (30) Beginning January 1, 2017, menstrual pads, tampons,
18 and menstrual cups.

19 (31) Beginning on July 1, 2017, qualified tangible personal
20 property used in the construction or operation of a data center
21 that has been granted a certificate of exemption by the
22 Department of Commerce and Economic Opportunity under Section
23 605-1020 of the Department of Commerce and Economic Opportunity
24 Law of the Civil Administrative Code of Illinois, whether that
25 tangible personal property is purchased by the owner of the
26 data center or by a contractor, subcontractor, or tenant of the

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

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

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

8 (35 ILCS 120/2-5)

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

12 (1) Farm chemicals.

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

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

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

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

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

1 production of ethyl alcohol that will be used for consumption
2 as motor fuel or as a component of motor fuel for the personal
3 use of the user, and not subject to sale or resale.

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

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

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

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

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

25 (9) Personal property sold to a not-for-profit arts or
26 cultural organization that establishes, by proof required by

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

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

21 (11) Personal property sold to a governmental body, to a
22 corporation, society, association, foundation, or institution
23 organized and operated exclusively for charitable, religious,
24 or educational purposes, or to a not-for-profit corporation,
25 society, association, foundation, institution, or organization
26 that has no compensated officers or employees and that is

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

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

18 (12-5) On and after July 1, 2003 and through June 30, 2004,
19 motor vehicles of the second division with a gross vehicle
20 weight in excess of 8,000 pounds that are subject to the
21 commercial distribution fee imposed under Section 3-815.1 of
22 the Illinois Vehicle Code. Beginning on July 1, 2004 and
23 through June 30, 2005, the use in this State of motor vehicles
24 of the second division: (i) with a gross vehicle weight rating
25 in excess of 8,000 pounds; (ii) that are subject to the
26 commercial distribution fee imposed under Section 3-815.1 of

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

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

17 (14) Machinery and equipment that will be used by the
18 purchaser, or a lessee of the purchaser, primarily in the
19 process of manufacturing or assembling tangible personal
20 property for wholesale or retail sale or lease, whether the
21 sale or lease is made directly by the manufacturer or by some
22 other person, whether the materials used in the process are
23 owned by the manufacturer or some other person, or whether the
24 sale or lease is made apart from or as an incident to the
25 seller's engaging in the service occupation of producing
26 machines, tools, dies, jigs, patterns, gauges, or other similar

1 items of no commercial value on special order for a particular
2 purchaser. The exemption provided by this paragraph (14) does
3 not include machinery and equipment used in (i) the generation
4 of electricity for wholesale or retail sale; (ii) the
5 generation or treatment of natural or artificial gas for
6 wholesale or retail sale that is delivered to customers through
7 pipes, pipelines, or mains; or (iii) the treatment of water for
8 wholesale or retail sale that is delivered to customers through
9 pipes, pipelines, or mains. The provisions of Public Act 98-583
10 are declaratory of existing law as to the meaning and scope of
11 this exemption.

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

19 (16) Petroleum products sold to a purchaser if the seller
20 is prohibited by federal law from charging tax to the
21 purchaser.

22 (17) Tangible personal property sold to a common carrier by
23 rail or motor that receives the physical possession of the
24 property in Illinois and that transports the property, or
25 shares with another common carrier in the transportation of the
26 property, out of Illinois on a standard uniform bill of lading

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

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

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

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

22 (21) Coal and aggregate exploration, mining, off-highway
23 hauling, processing, maintenance, and reclamation equipment,
24 including replacement parts and equipment, and including
25 equipment purchased for lease, but excluding motor vehicles
26 required to be registered under the Illinois Vehicle Code. The

1 changes made to this Section by Public Act 97-767 apply on and
2 after July 1, 2003, but no claim for credit or refund is
3 allowed on or after August 16, 2013 (the effective date of
4 Public Act 98-456) for such taxes paid during the period
5 beginning July 1, 2003 and ending on August 16, 2013 (the
6 effective date of Public Act 98-456).

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

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

24 (23) A transaction in which the purchase order is received
25 by a florist who is located outside Illinois, but who has a
26 florist located in Illinois deliver the property to the

1 purchaser or the purchaser's donee in Illinois.

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

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

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

1 to the state's rate of tax on taxable property in the state in
2 which the purchaser is a resident, except that the tax shall
3 not exceed the tax that would otherwise be imposed under this
4 Act. At the time of the sale, the purchaser shall execute a
5 statement, signed under penalty of perjury, of his or her
6 intent to title the vehicle in the state in which the purchaser
7 is a resident within 30 days after the sale and of the fact of
8 the payment to the State of Illinois of tax in an amount
9 equivalent to the state's rate of tax on taxable property in
10 his or her state of residence and shall submit the statement to
11 the appropriate tax collection agency in his or her state of
12 residence. In addition, the retailer must retain a signed copy
13 of the statement in his or her records. Nothing in this item
14 shall be construed to require the removal of the vehicle from
15 this state following the filing of an intent to title the
16 vehicle in the purchaser's state of residence if the purchaser
17 titles the vehicle in his or her state of residence within 30
18 days after the date of sale. The tax collected under this Act
19 in accordance with this item (25-5) shall be proportionately
20 distributed as if the tax were collected at the 6.25% general
21 rate imposed under this Act.

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

26 (1) the aircraft leaves this State within 15 days after

1 the later of either the issuance of the final billing for
2 the sale of the aircraft, or the authorized approval for
3 return to service, completion of the maintenance record
4 entry, and completion of the test flight and ground test
5 for inspection, as required by 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 records
9 and provides to the Department a signed and dated
10 certification from the purchaser, on a form prescribed by
11 the Department, certifying that the requirements of this
12 item (25-7) are met. The certificate must also include the
13 name and address of the purchaser, the address of the
14 location where the aircraft is to be titled or registered,
15 the address of the primary physical location of the
16 aircraft, and other information that the Department may
17 reasonably require.

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

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

23 "Registered in this State" means an aircraft registered
24 with the Department of Transportation, Aeronautics Division,
25 or titled or registered with the Federal Aviation
26 Administration to an address located in this State.

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

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

5 (27) 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 (27) is exempt from the provisions
11 of Section 2-70, and the exemption provided for under this item
12 (27) applies for all periods beginning May 30, 1995, but no
13 claim for credit or refund is allowed on or after January 1,
14 2008 (the effective date of Public Act 95-88) for such taxes
15 paid during the period beginning May 30, 2000 and ending on
16 January 1, 2008 (the effective date of Public Act 95-88).

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

25 (29) Personal property sold to a lessor who leases the
26 property, under a lease of one year or longer executed or in

1 effect at the time of the purchase, to a governmental body that
2 has been issued an active tax exemption identification number
3 by the Department under Section 1g of this Act.

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

14 (31) Beginning with taxable years ending on or after
15 December 31, 1995 and ending with taxable years ending on or
16 before December 31, 2004, personal property that is used in the
17 performance of infrastructure repairs in this State, including
18 but not limited to municipal roads and streets, access roads,
19 bridges, sidewalks, waste disposal systems, water and sewer
20 line extensions, water distribution and purification
21 facilities, storm water drainage and retention facilities, and
22 sewage treatment facilities, resulting from a State or
23 federally declared disaster in Illinois or bordering Illinois
24 when such repairs are initiated on facilities located in the
25 declared disaster area within 6 months after the disaster.

26 (32) Beginning July 1, 1999, game or game birds sold at a

1 "game breeding and hunting preserve area" as that term is used
2 in the Wildlife Code. This paragraph is exempt from the
3 provisions of Section 2-70.

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

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

1 district that consists primarily of volunteers and includes
2 parents and teachers of the school children. This paragraph
3 does not apply to fundraising events (i) for the benefit of
4 private home instruction or (ii) for which the fundraising
5 entity purchases the personal property sold at the events from
6 another individual or entity that sold the property for the
7 purpose of resale by the fundraising entity and that profits
8 from the sale to the fundraising entity. This paragraph is
9 exempt from the provisions of Section 2-70.

10 (35) Beginning January 1, 2000 and through December 31,
11 2001, new or used automatic vending machines that prepare and
12 serve hot food and beverages, including coffee, soup, and other
13 items, and replacement parts for these machines. Beginning
14 January 1, 2002 and through June 30, 2003, machines and parts
15 for machines used in commercial, coin-operated amusement and
16 vending business if a use or occupation tax is paid on the
17 gross receipts derived from the use of the commercial,
18 coin-operated amusement and vending machines. This paragraph
19 is exempt from the provisions of Section 2-70.

20 (35-5) Beginning August 23, 2001 and through June 30, 2016,
21 food for human consumption that is to be consumed off the
22 premises where it is sold (other than alcoholic beverages, soft
23 drinks, and food that has been prepared for immediate
24 consumption) and prescription and nonprescription medicines,
25 drugs, medical appliances, and insulin, urine testing
26 materials, syringes, and needles used by diabetics, for human

1 use, when purchased for use by a person receiving medical
2 assistance under Article V of the Illinois Public Aid Code who
3 resides in a licensed long-term care facility, as defined in
4 the Nursing Home Care Act, or a licensed facility as defined in
5 the ID/DD Community Care Act, the MC/DD Act, or the Specialized
6 Mental Health Rehabilitation Act of 2013.

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

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

23 (38) Beginning on January 1, 2002 and through June 30,
24 2016, tangible personal property purchased from an Illinois
25 retailer by a taxpayer engaged in centralized purchasing
26 activities in Illinois who will, upon receipt of the property

1 in Illinois, temporarily store the property in Illinois (i) for
2 the purpose of subsequently transporting it outside this State
3 for use or consumption thereafter solely outside this State or
4 (ii) for the purpose of being processed, fabricated, or
5 manufactured into, attached to, or incorporated into other
6 tangible personal property to be transported outside this State
7 and thereafter used or consumed solely outside this State. The
8 Director of Revenue shall, pursuant to rules adopted in
9 accordance with the Illinois Administrative Procedure Act,
10 issue a permit to any taxpayer in good standing with the
11 Department who is eligible for the exemption under this
12 paragraph (38). The permit issued under this paragraph (38)
13 shall authorize the holder, to the extent and in the manner
14 specified in the rules adopted under this Act, to purchase
15 tangible personal property from a retailer exempt from the
16 taxes imposed by this Act. Taxpayers shall maintain all
17 necessary books and records to substantiate the use and
18 consumption of all such tangible personal property outside of
19 the State of Illinois.

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

1 (40) Beginning January 1, 2010, materials, parts,
2 equipment, components, and furnishings incorporated into or
3 upon an aircraft as part of the modification, refurbishment,
4 completion, replacement, repair, or maintenance of the
5 aircraft. This exemption includes consumable supplies used in
6 the modification, refurbishment, completion, replacement,
7 repair, and maintenance of aircraft, but excludes any
8 materials, parts, equipment, components, and consumable
9 supplies used in the modification, replacement, repair, and
10 maintenance of aircraft engines or power plants, whether such
11 engines or power plants are installed or uninstalled upon any
12 such aircraft. "Consumable supplies" include, but are not
13 limited to, adhesive, tape, sandpaper, general purpose
14 lubricants, cleaning solution, latex gloves, and protective
15 films. This exemption applies only to the sale of qualifying
16 tangible personal property to persons who modify, refurbish,
17 complete, replace, or maintain an aircraft and who (i) hold an
18 Air Agency Certificate and are empowered to operate an approved
19 repair station by the Federal Aviation Administration, (ii)
20 have a Class IV Rating, and (iii) conduct operations in
21 accordance with Part 145 of the Federal Aviation Regulations.
22 The exemption does not include aircraft operated by a
23 commercial air carrier providing scheduled passenger air
24 service pursuant to authority issued under Part 121 or Part 129
25 of the Federal Aviation Regulations. The changes made to this
26 paragraph (40) by Public Act 98-534 are declarative of existing

1 law.

2 (41) Tangible personal property sold to a
3 public-facilities corporation, as described in Section
4 11-65-10 of the Illinois Municipal Code, for purposes of
5 constructing or furnishing a municipal convention hall, but
6 only if the legal title to the municipal convention hall is
7 transferred to the municipality without any further
8 consideration by or on behalf of the municipality at the time
9 of the completion of the municipal convention hall or upon the
10 retirement or redemption of any bonds or other debt instruments
11 issued by the public-facilities corporation in connection with
12 the development of the municipal convention hall. This
13 exemption includes existing public-facilities corporations as
14 provided in Section 11-65-25 of the Illinois Municipal Code.
15 This paragraph is exempt from the provisions of Section 2-70.

16 (42) Beginning January 1, 2017, menstrual pads, tampons,
17 and menstrual cups.

18 (43) Beginning on July 1, 2017, qualified tangible personal
19 property used in the construction or operation of a data center
20 that has been granted a certificate of exemption by the
21 Department of Commerce and Economic Opportunity under Section
22 605-1020 of the Department of Commerce and Economic Opportunity
23 Law of the Civil Administrative Code of Illinois, whether that
24 tangible personal property is purchased by the owner of the
25 data center or by a contractor, subcontractor, or tenant of the
26 owner. This paragraph is exempt from the provisions of Section

1 2-70.

2 (Source: P.A. 98-104, eff. 7-22-13; 98-422, eff. 8-16-13;
3 98-456, eff. 8-16-13; 98-534, eff. 8-23-13; 98-574, eff.
4 1-1-14; 98-583, eff. 1-1-14; 98-756, eff. 7-16-14; 99-180, eff.
5 7-29-15; 99-855, eff. 8-19-16.)

6 Section 30. The Electricity Excise Tax Law is amended by
7 changing Section 2-4 as follows:

8 (35 ILCS 640/2-4)

9 Sec. 2-4. Tax imposed.

10 (a) Except as provided in subsection (b), a tax is imposed
11 on the privilege of using in this State electricity purchased
12 for use or consumption and not for resale, other than by
13 municipal corporations owning and operating a local
14 transportation system for public service, at the following
15 rates per kilowatt-hour delivered to the purchaser:

16 (i) For the first 2000 kilowatt-hours used or consumed
17 in a month: 0.330 cents per kilowatt-hour;

18 (ii) For the next 48,000 kilowatt-hours used or
19 consumed in a month: 0.319 cents per kilowatt-hour;

20 (iii) For the next 50,000 kilowatt-hours used or
21 consumed in a month: 0.303 cents per kilowatt-hour;

22 (iv) For the next 400,000 kilowatt-hours used or
23 consumed in a month: 0.297 cents per kilowatt-hour;

24 (v) For the next 500,000 kilowatt-hours used or

1 consumed in a month: 0.286 cents per kilowatt-hour;

2 (vi) For the next 2,000,000 kilowatt-hours used or
3 consumed in a month: 0.270 cents per kilowatt-hour;

4 (vii) For the next 2,000,000 kilowatt-hours used or
5 consumed in a month: 0.254 cents per kilowatt-hour;

6 (viii) For the next 5,000,000 kilowatt-hours used or
7 consumed in a month: 0.233 cents per kilowatt-hour;

8 (ix) For the next 10,000,000 kilowatt-hours used or
9 consumed in a month: 0.207 cents per kilowatt-hour;

10 (x) For all electricity in excess of 20,000,000
11 kilowatt-hours used or consumed in a month: 0.202 cents per
12 kilowatt-hour.

13 Provided, that in lieu of the foregoing rates, the tax is
14 imposed on a self-assessing purchaser at the rate of 5.1% of
15 the self-assessing purchaser's purchase price for all
16 electricity distributed, supplied, furnished, sold,
17 transmitted and delivered to the self-assessing purchaser in a
18 month.

19 (b) A tax is imposed on the privilege of using in this
20 State electricity purchased from a municipal system or electric
21 cooperative, as defined in Article XVII of the Public Utilities
22 Act, which has not made an election as permitted by either
23 Section 17-200 or Section 17-300 of such Act, at the lesser of
24 0.32 cents per kilowatt hour of all electricity distributed,
25 supplied, furnished, sold, transmitted, and delivered by such
26 municipal system or electric cooperative to the purchaser or 5%

1 of each such purchaser's purchase price for all electricity
2 distributed, supplied, furnished, sold, transmitted, and
3 delivered by such municipal system or electric cooperative to
4 the purchaser, whichever is the lower rate as applied to each
5 purchaser in each billing period.

6 (c) The tax imposed by this Section 2-4 is not imposed with
7 respect to any use of electricity by business enterprises
8 certified under Section 9-222.1 or 9-222.1A of the Public
9 Utilities Act, as amended, to the extent of such exemption and
10 during the time specified by the Department of Commerce and
11 Economic Opportunity; or with respect to any transaction in
12 interstate commerce, or otherwise, to the extent to which such
13 transaction may not, under the Constitution and statutes of the
14 United States, be made the subject of taxation by this State.

15 (d) Beginning July 1, 2017, a business enterprise that is
16 certified as a qualified data center, as defined by Section
17 605-1020 of the Department of Commerce and Economic Opportunity
18 Law of the Civil Administrative Code of Illinois, by the
19 Department of Commerce and Economic Opportunity is exempt from
20 the tax imposed under this Section. The Department of Commerce
21 and Economic Opportunity may adopt rules to carry out the
22 provisions of this subsection including procedures for
23 applying for the exemption. The Department of Commerce and
24 Economic Opportunity shall notify the Department of Revenue of
25 the certification. The Department of Revenue shall then notify
26 the public utility of the exemption status of the business

1 enterprise. The exemption shall take effect upon certification
2 of the qualifying data center.

3 (Source: P.A. 94-793, eff. 5-19-06.)

4 Section 99. Effective date. This Act takes effect upon
5 becoming law.