



100TH GENERAL ASSEMBLY

State of Illinois

2017 and 2018

SB3453

Introduced 2/16/2018, by Sen. Dan McConchie

SYNOPSIS AS INTRODUCED:

35 ILCS 5/201	from Ch. 120, par. 2-201
35 ILCS 5/227 new	
35 ILCS 105/3-5	
35 ILCS 105/3-50	from Ch. 120, par. 439.3-50
35 ILCS 105/3-85	
35 ILCS 110/2	from Ch. 120, par. 439.32
35 ILCS 110/3-5	
35 ILCS 110/3-70	
35 ILCS 115/2	from Ch. 120, par. 439.102
35 ILCS 115/3-5	
35 ILCS 115/9	from Ch. 120, par. 439.109
35 ILCS 120/2-5	
35 ILCS 120/2-45	from Ch. 120, par. 441-45
35 ILCS 120/3	from Ch. 120, par. 442

Amends the Illinois Income Tax Act. Provides that the research and development applies on a permanent basis. Provides that the credit may be carried forward for a period of 20 years (instead of 5 years). Makes changes concerning the calculation of the credit. Reinstates the training expense credit. Provides that the credit shall be 2.5% of such training expenses. Creates an apprenticeship income tax credit. Amends the Use Tax Act, the Service Use Tax Act, the Service Occupation Tax Act, and the Retailers' Occupation Tax Act. Provides that the manufacturing and assembling machinery and equipment exemption includes production related tangible personal property. Provides that the exemption for coal and aggregate exploration, mining, off-highway hauling, processing, maintenance, and reclamation equipment applies on a permanent basis. Effective immediately.

LRB100 19576 HLH 34845 b

FISCAL NOTE ACT
MAY APPLY

A BILL FOR

1 AN ACT concerning revenue.

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

4 Section 5. The Illinois Income Tax Act is amended by
5 changing Section 201 and by adding Section 227 as follows:

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

7 Sec. 201. Tax imposed.

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

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

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

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

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

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

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

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

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

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

2 (5.2) In the case of an individual, trust, or estate,
3 for taxable years beginning on or after January 1, 2015,
4 and ending prior to July 1, 2017, an amount equal to 3.75%
5 of the taxpayer's net income for the taxable year.

6 (5.3) In the case of an individual, trust, or estate,
7 for taxable years beginning prior to July 1, 2017, and
8 ending after June 30, 2017, an amount equal to the sum of
9 (i) 3.75% of the taxpayer's net income for the period prior
10 to July 1, 2017, as calculated under Section 202.5, and
11 (ii) 4.95% of the taxpayer's net income for the period
12 after June 30, 2017, as calculated under Section 202.5.

13 (5.4) In the case of an individual, trust, or estate,
14 for taxable years beginning on or after July 1, 2017, an
15 amount equal to 4.95% of the taxpayer's net income for the
16 taxable year.

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

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

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

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

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

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

23 (12) In the case of a corporation, for taxable years
24 beginning on or after January 1, 2015, and ending prior to
25 July 1, 2017, an amount equal to 5.25% of the taxpayer's
26 net income for the taxable year.

1 (13) In the case of a corporation, for taxable years
2 beginning prior to July 1, 2017, and ending after June 30,
3 2017, an amount equal to the sum of (i) 5.25% of the
4 taxpayer's net income for the period prior to July 1, 2017,
5 as calculated under Section 202.5, and (ii) 7% of the
6 taxpayer's net income for the period after June 30, 2017,
7 as calculated under Section 202.5.

8 (14) In the case of a corporation, for taxable years
9 beginning on or after July 1, 2017, an amount equal to 7%
10 of the taxpayer's net income for the taxable year.

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

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

26 (d) Additional Personal Property Tax Replacement Income

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

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

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

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

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

16 (B) the privilege tax imposed by Section 409 of the
17 Illinois Insurance Code, the fire insurance company
18 tax imposed by Section 12 of the Fire Investigation
19 Act, and the fire department taxes imposed under
20 Section 11-10-1 of the Illinois Municipal Code,
21 equals 1.25% for taxable years ending prior to December 31,
22 2003, or 1.75% for taxable years ending on or after
23 December 31, 2003, of the net taxable premiums written for
24 the taxable year, as described by subsection (1) of Section
25 409 of the Illinois Insurance Code. This paragraph will in
26 no event increase the rates imposed under subsections (b)

1 and (d).

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

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

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

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

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

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

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

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

1 lines, local access roads, fencing, parking lots, and
2 other appurtenances;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

24 (1) A taxpayer shall be allowed a credit against the
25 tax imposed by subsections (a) and (b) of this Section for
26 investment in qualified property which is placed in service

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

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

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

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

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

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

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

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

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

24 (4) If the basis of the property for federal income tax
25 depreciation purposes is increased after it has been placed
26 in service in the Enterprise Zone or River Edge

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

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

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

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

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

14 (g) (Blank).

15 (h) Investment credit; High Impact Business.

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

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

1 tax year that is available to offset a liability, the
2 credit accruing first in time shall be applied first.

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

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

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

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

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

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

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

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

1 the date of such increase in basis.

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

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

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

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

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

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

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

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

14 (j) Training expense credit. Beginning with tax years
15 ending on or after December 31, 1986 and prior to December 31,
16 2003, and beginning again for tax years ending on or after
17 December 31, 2018, a taxpayer shall be allowed a credit against
18 the tax imposed by subsections (a) and (b) under this Section
19 for all amounts paid or accrued, on behalf of all persons
20 employed by the taxpayer in Illinois or Illinois residents
21 employed outside of Illinois by a taxpayer, for educational or
22 vocational training in semi-technical or technical fields or
23 semi-skilled or skilled fields, which were deducted from gross
24 income in the computation of taxable income. The credit against
25 the tax imposed by subsections (a) and (b) shall be 1.6% of
26 such training expenses for taxable years ending prior to

1 December 31, 2003 and 2.5% of such training expenses for
2 taxable years ending on or after December 31, 2018. For
3 partners, shareholders of subchapter S corporations, and
4 owners of limited liability companies, if the liability company
5 is treated as a partnership for purposes of federal and State
6 income taxation, there shall be allowed a credit under this
7 subsection (j) to be determined in accordance with the
8 determination of income and distributive share of income under
9 Sections 702 and 704 and subchapter S of the Internal Revenue
10 Code.

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

21 This subsection (j) is exempt from the provisions of
22 Section 250.

23 (k) Research and development credit. For tax years ending
24 after July 1, 1990 and prior to December 31, 2003, and
25 beginning again for tax years ending on or after December 31,
26 ~~2004, and ending prior to January 1, 2022,~~ a taxpayer shall be

1 allowed a credit against the tax imposed by subsections (a) and
2 (b) of this Section for increasing research activities in this
3 State. The credit allowed against the tax imposed by
4 subsections (a) and (b) shall be equal to 6 1/2% of the
5 qualifying expenditures for increasing research activities in
6 this State. For partners, shareholders of subchapter S
7 corporations, and owners of limited liability companies, if the
8 liability company is treated as a partnership for purposes of
9 federal and State income taxation, there shall be allowed a
10 credit under this subsection to be determined in accordance
11 with the determination of income and distributive share of
12 income under Sections 702 and 704 and subchapter S of the
13 Internal Revenue Code.

14 For purposes of this subsection, "qualifying expenditures"
15 means the qualifying expenditures as defined for the federal
16 credit for increasing research activities which would be
17 allowable under Section 41 of the Internal Revenue Code and
18 which are conducted in this State, "qualifying expenditures for
19 increasing research activities in this State" means the excess
20 of qualifying expenditures for the taxable year in which
21 incurred over qualifying expenditures for the base period,
22 "qualifying expenditures for the base period" means: (1) for
23 tax years ending prior to December 31, 2018, the average of the
24 qualifying expenditures for each year in the base period, and
25 "base period" means the 3 taxable years immediately preceding
26 the taxable year for which the determination is being made; and

1 (2) for tax years ending on or after December 31, 2018, 50% of
2 the average of the qualifying expenditures for each year in the
3 base period.

4 Any credit in excess of the tax liability for the taxable
5 year may be carried forward. A taxpayer may elect to have the
6 unused credit shown on its final completed return carried over
7 as a credit against the tax liability for the following 20 ~~5~~
8 taxable years or until it has been fully used, whichever occurs
9 first; provided that no credit earned in a tax year ending
10 prior to December 31, 2003 may be carried forward to any year
11 ending on or after December 31, 2003.

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

24 No inference shall be drawn from this amendatory Act of the
25 91st General Assembly in construing this Section for taxable
26 years beginning before January 1, 1999.

1 It is the intent of the General Assembly that the research
2 and development credit under this subsection (k) shall apply
3 continuously for all tax years ending on or after December 31,
4 2004 ~~and ending prior to January 1, 2022~~, including, but not
5 limited to, the period beginning on January 1, 2016 and ending
6 on the effective date of this amendatory Act of the 100th
7 General Assembly. All actions taken in reliance on the
8 continuation of the credit under this subsection (k) by any
9 taxpayer are hereby validated.

10 This subsection (k) is exempt from the provisions of
11 Section 250.

12 (1) Environmental Remediation Tax Credit.

13 (i) For tax years ending after December 31, 1997 and on
14 or before December 31, 2001, a taxpayer shall be allowed a
15 credit against the tax imposed by subsections (a) and (b)
16 of this Section for certain amounts paid for unreimbursed
17 eligible remediation costs, as specified in this
18 subsection. For purposes of this Section, "unreimbursed
19 eligible remediation costs" means costs approved by the
20 Illinois Environmental Protection Agency ("Agency") under
21 Section 58.14 of the Environmental Protection Act that were
22 paid in performing environmental remediation at a site for
23 which a No Further Remediation Letter was issued by the
24 Agency and recorded under Section 58.10 of the
25 Environmental Protection Act. The credit must be claimed
26 for the taxable year in which Agency approval of the

1 eligible remediation costs is granted. The credit is not
2 available to any taxpayer if the taxpayer or any related
3 party caused or contributed to, in any material respect, a
4 release of regulated substances on, in, or under the site
5 that was identified and addressed by the remedial action
6 pursuant to the Site Remediation Program of the
7 Environmental Protection Act. After the Pollution Control
8 Board rules are adopted pursuant to the Illinois
9 Administrative Procedure Act for the administration and
10 enforcement of Section 58.9 of the Environmental
11 Protection Act, determinations as to credit availability
12 for purposes of this Section shall be made consistent with
13 those rules. For purposes of this Section, "taxpayer"
14 includes a person whose tax attributes the taxpayer has
15 succeeded to under Section 381 of the Internal Revenue Code
16 and "related party" includes the persons disallowed a
17 deduction for losses by paragraphs (b), (c), and (f)(1) of
18 Section 267 of the Internal Revenue Code by virtue of being
19 a related taxpayer, as well as any of its partners. The
20 credit allowed against the tax imposed by subsections (a)
21 and (b) shall be equal to 25% of the unreimbursed eligible
22 remediation costs in excess of \$100,000 per site, except
23 that the \$100,000 threshold shall not apply to any site
24 contained in an enterprise zone as determined by the
25 Department of Commerce and Community Affairs (now
26 Department of Commerce and Economic Opportunity). The

1 total credit allowed shall not exceed \$40,000 per year with
2 a maximum total of \$150,000 per site. For partners and
3 shareholders of subchapter S corporations, there shall be
4 allowed a credit under this subsection to be determined in
5 accordance with the determination of income and
6 distributive share of income under Sections 702 and 704 and
7 subchapter S of the Internal Revenue Code.

8 (ii) A credit allowed under this subsection that is
9 unused in the year the credit is earned may be carried
10 forward to each of the 5 taxable years following the year
11 for which the credit is first earned until it is used. The
12 term "unused credit" does not include any amounts of
13 unreimbursed eligible remediation costs in excess of the
14 maximum credit per site authorized under paragraph (i).
15 This credit shall be applied first to the earliest year for
16 which there is a liability. If there is a credit under this
17 subsection from more than one tax year that is available to
18 offset a liability, the earliest credit arising under this
19 subsection shall be applied first. A credit allowed under
20 this subsection may be sold to a buyer as part of a sale of
21 all or part of the remediation site for which the credit
22 was granted. The purchaser of a remediation site and the
23 tax credit shall succeed to the unused credit and remaining
24 carry-forward period of the seller. To perfect the
25 transfer, the assignor shall record the transfer in the
26 chain of title for the site and provide written notice to

1 the Director of the Illinois Department of Revenue of the
2 assignor's intent to sell the remediation site and the
3 amount of the tax credit to be transferred as a portion of
4 the sale. In no event may a credit be transferred to any
5 taxpayer if the taxpayer or a related party would not be
6 eligible under the provisions of subsection (i).

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

10 (m) Education expense credit. Beginning with tax years
11 ending after December 31, 1999, a taxpayer who is the custodian
12 of one or more qualifying pupils shall be allowed a credit
13 against the tax imposed by subsections (a) and (b) of this
14 Section for qualified education expenses incurred on behalf of
15 the qualifying pupils. The credit shall be equal to 25% of
16 qualified education expenses, but in no event may the total
17 credit under this subsection claimed by a family that is the
18 custodian of qualifying pupils exceed (i) \$500 for tax years
19 ending prior to December 31, 2017, and (ii) \$750 for tax years
20 ending on or after December 31, 2017. In no event shall a
21 credit under this subsection reduce the taxpayer's liability
22 under this Act to less than zero. Notwithstanding any other
23 provision of law, for taxable years beginning on or after
24 January 1, 2017, no taxpayer may claim a credit under this
25 subsection (m) if the taxpayer's adjusted gross income for the
26 taxable year exceeds (i) \$500,000, in the case of spouses

1 filing a joint federal tax return or (ii) \$250,000, in the case
2 of all other taxpayers. This subsection is exempt from the
3 provisions of Section 250 of this Act.

4 For purposes of this subsection:

5 "Qualifying pupils" means individuals who (i) are
6 residents of the State of Illinois, (ii) are under the age of
7 21 at the close of the school year for which a credit is
8 sought, and (iii) during the school year for which a credit is
9 sought were full-time pupils enrolled in a kindergarten through
10 twelfth grade education program at any school, as defined in
11 this subsection.

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

16 "School" means any public or nonpublic elementary or
17 secondary school in Illinois that is in compliance with Title
18 VI of the Civil Rights Act of 1964 and attendance at which
19 satisfies the requirements of Section 26-1 of the School Code,
20 except that nothing shall be construed to require a child to
21 attend any particular public or nonpublic school to qualify for
22 the credit under this Section.

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

26 (n) River Edge Redevelopment Zone site remediation tax

1 credit.

2 (i) For tax years ending on or after December 31, 2006,
3 a taxpayer shall be allowed a credit against the tax
4 imposed by subsections (a) and (b) of this Section for
5 certain amounts paid for unreimbursed eligible remediation
6 costs, as specified in this subsection. For purposes of
7 this Section, "unreimbursed eligible remediation costs"
8 means costs approved by the Illinois Environmental
9 Protection Agency ("Agency") under Section 58.14a of the
10 Environmental Protection Act that were paid in performing
11 environmental remediation at a site within a River Edge
12 Redevelopment Zone for which a No Further Remediation
13 Letter was issued by the Agency and recorded under Section
14 58.10 of the Environmental Protection Act. The credit must
15 be claimed for the taxable year in which Agency approval of
16 the eligible remediation costs is granted. The credit is
17 not available to any taxpayer if the taxpayer or any
18 related party caused or contributed to, in any material
19 respect, a release of regulated substances on, in, or under
20 the site that was identified and addressed by the remedial
21 action pursuant to the Site Remediation Program of the
22 Environmental Protection Act. Determinations as to credit
23 availability for purposes of this Section shall be made
24 consistent with rules adopted by the Pollution Control
25 Board pursuant to the Illinois Administrative Procedure
26 Act for the administration and enforcement of Section 58.9

1 of the Environmental Protection Act. For purposes of this
2 Section, "taxpayer" includes a person whose tax attributes
3 the taxpayer has succeeded to under Section 381 of the
4 Internal Revenue Code and "related party" includes the
5 persons disallowed a deduction for losses by paragraphs
6 (b), (c), and (f) (1) of Section 267 of the Internal Revenue
7 Code by virtue of being a related taxpayer, as well as any
8 of its partners. The credit allowed against the tax imposed
9 by subsections (a) and (b) shall be equal to 25% of the
10 unreimbursed eligible remediation costs in excess of
11 \$100,000 per site.

12 (ii) A credit allowed under this subsection that is
13 unused in the year the credit is earned may be carried
14 forward to each of the 5 taxable years following the year
15 for which the credit is first earned until it is used. This
16 credit shall be applied first to the earliest year for
17 which there is a liability. If there is a credit under this
18 subsection from more than one tax year that is available to
19 offset a liability, the earliest credit arising under this
20 subsection shall be applied first. A credit allowed under
21 this subsection may be sold to a buyer as part of a sale of
22 all or part of the remediation site for which the credit
23 was granted. The purchaser of a remediation site and the
24 tax credit shall succeed to the unused credit and remaining
25 carry-forward period of the seller. To perfect the
26 transfer, the assignor shall record the transfer in the

1 chain of title for the site and provide written notice to
2 the Director of the Illinois Department of Revenue of the
3 assignor's intent to sell the remediation site and the
4 amount of the tax credit to be transferred as a portion of
5 the sale. In no event may a credit be transferred to any
6 taxpayer if the taxpayer or a related party would not be
7 eligible under the provisions of subsection (i).

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

11 (o) For each of taxable years during the Compassionate Use
12 of Medical Cannabis Pilot Program, a surcharge is imposed on
13 all taxpayers on income arising from the sale or exchange of
14 capital assets, depreciable business property, real property
15 used in the trade or business, and Section 197 intangibles of
16 an organization registrant under the Compassionate Use of
17 Medical Cannabis Pilot Program Act. The amount of the surcharge
18 is equal to the amount of federal income tax liability for the
19 taxable year attributable to those sales and exchanges. The
20 surcharge imposed does not apply if:

21 (1) the medical cannabis cultivation center
22 registration, medical cannabis dispensary registration, or
23 the property of a registration is transferred as a result
24 of any of the following:

25 (A) bankruptcy, a receivership, or a debt
26 adjustment initiated by or against the initial

1 registration or the substantial owners of the initial
2 registration;

3 (B) cancellation, revocation, or termination of
4 any registration by the Illinois Department of Public
5 Health;

6 (C) a determination by the Illinois Department of
7 Public Health that transfer of the registration is in
8 the best interests of Illinois qualifying patients as
9 defined by the Compassionate Use of Medical Cannabis
10 Pilot Program Act;

11 (D) the death of an owner of the equity interest in
12 a registrant;

13 (E) the acquisition of a controlling interest in
14 the stock or substantially all of the assets of a
15 publicly traded company;

16 (F) a transfer by a parent company to a wholly
17 owned subsidiary; or

18 (G) the transfer or sale to or by one person to
19 another person where both persons were initial owners
20 of the registration when the registration was issued;
21 or

22 (2) the cannabis cultivation center registration,
23 medical cannabis dispensary registration, or the
24 controlling interest in a registrant's property is
25 transferred in a transaction to lineal descendants in which
26 no gain or loss is recognized or as a result of a

1 transaction in accordance with Section 351 of the Internal
2 Revenue Code in which no gain or loss is recognized.

3 (Source: P.A. 100-22, eff. 7-6-17.)

4 (35 ILCS 5/227 new)

5 Sec. 227. Apprenticeship education expense credit.

6 (a) For tax years ending after December 31, 2018, a
7 taxpayer who is the employer of one or more qualifying
8 apprentices shall be allowed a credit against the tax imposed
9 by subsections (a) and (b) of Section 201 for qualified
10 education expenses incurred on behalf of the qualifying
11 apprentices. The credit shall be equal to 100% of qualified
12 education expenses, but in no event may the total credit under
13 this Section claimed by an employer of a qualifying apprentice
14 in any year exceed \$3,500. In no event shall a credit under
15 this subsection reduce the taxpayer's liability under this Act
16 to less than zero. This Section is exempt from the provisions
17 of Section 250 of this Act.

18 (b) For purposes of this Section:

19 "Qualifying apprentices" means individuals who (i) are
20 residents of the State of Illinois, (ii) are between the ages
21 of 16 and 30 years old at the close of the school year for which
22 a credit is sought, and (iii) during the school year for which
23 a credit is sought were full-time apprentices enrolled in an
24 apprenticeship program which is registered with the US
25 Department of Labor, Office of Apprenticeship.

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

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

12 "Employer" means, with respect to qualifying apprentices,
13 an Illinois taxpayer who is the employer of the qualifying
14 apprentices.

15 Section 10. The Use Tax Act is amended by changing Sections
16 3-5, 3-50, and 3-85 as follows:

17 (35 ILCS 105/3-5)

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

20 (1) Personal property purchased from a corporation,
21 society, association, foundation, institution, or
22 organization, other than a limited liability company, that is
23 organized and operated as a not-for-profit service enterprise
24 for the benefit of persons 65 years of age or older if the

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

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

6 (3) Personal property purchased by a not-for-profit arts or
7 cultural organization that establishes, by proof required by
8 the Department by rule, that it has received an exemption under
9 Section 501(c)(3) of the Internal Revenue Code and that is
10 organized and operated primarily for the presentation or
11 support of arts or cultural programming, activities, or
12 services. These organizations include, but are not limited to,
13 music and dramatic arts organizations such as symphony
14 orchestras and theatrical groups, arts and cultural service
15 organizations, local arts councils, visual arts organizations,
16 and media arts organizations. On and after July 1, 2001 (the
17 effective date of Public Act 92-35) ~~this amendatory Act of the~~
18 ~~92nd General Assembly~~, however, an entity otherwise eligible
19 for this exemption shall not make tax-free purchases unless it
20 has an active identification number issued by the Department.

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

1 that is organized and operated primarily for the recreation of
2 persons 55 years of age or older. A limited liability company
3 may 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 exemption
8 identification number issued by the Department.

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

12 (6) Until July 1, 2003 and beginning again on September 1,
13 2004 through August 30, 2014, graphic arts machinery and
14 equipment, including repair and replacement parts, both new and
15 used, and including that manufactured on special order,
16 certified by the purchaser to be used primarily for graphic
17 arts production, and including machinery and equipment
18 purchased for lease. Equipment includes chemicals or chemicals
19 acting as catalysts but only if the chemicals or chemicals
20 acting as catalysts effect a direct and immediate change upon a
21 graphic arts product. Beginning on July 1, 2017, graphic arts
22 machinery and equipment is included in the manufacturing and
23 assembling machinery and equipment exemption under paragraph
24 (18).

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). This item (16) is exempt
17 from the provisions of Section 3-90.

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

24 (18) Manufacturing and assembling machinery and equipment
25 used primarily in the process of manufacturing or assembling
26 tangible personal property for wholesale or retail sale or

1 lease, whether that sale or lease is made directly by the
2 manufacturer or by some other person, whether the materials
3 used in the process are owned by the manufacturer or some other
4 person, or whether that sale or lease is made apart from or as
5 an incident to the seller's engaging in the service occupation
6 of producing machines, tools, dies, jigs, patterns, gauges, or
7 other similar items of no commercial value on special order for
8 a particular purchaser. The exemption provided by this
9 paragraph (18) does not include machinery and equipment used in
10 (i) the generation of electricity for wholesale or retail sale;
11 (ii) the generation or treatment of natural or artificial gas
12 for wholesale or retail sale that is delivered to customers
13 through pipes, pipelines, or mains; or (iii) the treatment of
14 water for wholesale or retail sale that is delivered to
15 customers through pipes, pipelines, or mains. The provisions of
16 Public Act 98-583 are declaratory of existing law as to the
17 meaning and scope of this exemption. Beginning on July 1, 2017,
18 the exemption provided by this paragraph (18) includes, but is
19 not limited to, graphic arts machinery and equipment, as
20 defined in paragraph (6) of this Section.

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

26 (20) Semen used for artificial insemination of livestock

1 for direct agricultural production.

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

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

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

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

1 claim a refund of that amount from the lessor. If, however,
2 that amount is not refunded to the lessee for any reason, the
3 lessor is liable to pay that amount to the Department.

4 (24) 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 (25) 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 (26) Beginning July 1, 1999, game or game birds purchased

1 at a "game breeding and hunting preserve area" as that term is
2 used in the Wildlife Code. This paragraph is exempt from the
3 provisions of Section 3-90.

4 (27) 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 (28) 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 3-90.

10 (29) 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 3-90.

20 (30) Beginning January 1, 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 in a licensed facility as defined
5 in the ID/DD Community Care Act, the MC/DD Act, or the
6 Specialized Mental Health Rehabilitation Act of 2013.

7 (31) Beginning on August 2, 2001 (the effective date of
8 Public Act 92-227) ~~this amendatory Act of the 92nd General~~
9 ~~Assembly~~, 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 nonexempt 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 nonqualifying 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. This paragraph is exempt from the provisions of
6 Section 3-90.

7 (32) Beginning on August 2, 2001 (the effective date of
8 Public Act 92-227) ~~this amendatory Act of the 92nd General~~
9 ~~Assembly~~, personal property purchased by a lessor who leases
10 the property, under a lease of one year or longer executed or
11 in effect at the time the lessor would otherwise be subject to
12 the tax imposed by this Act, to a governmental body that has
13 been issued an active sales tax exemption identification number
14 by the Department under Section 1g of the Retailers' Occupation
15 Tax Act. If the property is leased in a manner that does not
16 qualify for this exemption or used in any other nonexempt
17 manner, the lessor shall be liable for the tax imposed under
18 this Act or the Service Use Tax Act, as the case may be, based
19 on the fair market value of the property at the time the
20 nonqualifying use occurs. No lessor shall collect or attempt to
21 collect an amount (however designated) that purports to
22 reimburse that lessor for the tax imposed by this Act or the
23 Service Use Tax Act, as the case may be, if the tax has not been
24 paid by the lessor. If a lessor improperly collects any such
25 amount from the lessee, the lessee shall have a legal right to
26 claim a refund of that amount from the lessor. If, however,

1 that amount is not refunded to the lessee for any reason, the
2 lessor is liable to pay that amount to the Department. This
3 paragraph is exempt from the provisions of Section 3-90.

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

23 (34) Beginning January 1, 2008, tangible personal property
24 used in the construction or maintenance of a community water
25 supply, as defined under Section 3.145 of the Environmental
26 Protection Act, that is operated by a not-for-profit

1 corporation that holds a valid water supply permit issued under
2 Title IV of the Environmental Protection Act. This paragraph is
3 exempt from the provisions of Section 3-90.

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

1 service pursuant to authority issued under Part 121 or Part 129
2 of the Federal Aviation Regulations. The changes made to this
3 paragraph (35) by Public Act 98-534 are declarative of existing
4 law.

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

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

21 (38) Merchandise that is subject to the Rental Purchase
22 Agreement Occupation and Use Tax. The purchaser must certify
23 that the item is purchased to be rented subject to a rental
24 purchase agreement, as defined in the Rental Purchase Agreement
25 Act, and provide proof of registration under the Rental
26 Purchase Agreement Occupation and Use Tax Act. This paragraph

1 is exempt from the provisions of Section 3-90.

2 (Source: P.A. 99-180, eff. 7-29-15; 99-855, eff. 8-19-16;
3 100-22, eff. 7-6-17; 100-437, eff. 1-1-18; revised 9-27-17.)

4 (35 ILCS 105/3-50) (from Ch. 120, par. 439.3-50)

5 Sec. 3-50. Manufacturing and assembly exemption. The
6 manufacturing and assembling machinery and equipment exemption
7 includes machinery and equipment that replaces machinery and
8 equipment in an existing manufacturing facility as well as
9 machinery and equipment that are for use in an expanded or new
10 manufacturing facility. The machinery and equipment exemption
11 also includes machinery and equipment used in the general
12 maintenance or repair of exempt machinery and equipment or for
13 in-house manufacture of exempt machinery and equipment.
14 Beginning on July 1, 2017, the manufacturing and assembling
15 machinery and equipment exemption also includes graphic arts
16 machinery and equipment, as defined in paragraph (6) of Section
17 3-5. The machinery and equipment exemption does not include
18 machinery and equipment used in (i) the generation of
19 electricity for wholesale or retail sale; (ii) the generation
20 or treatment of natural or artificial gas for wholesale or
21 retail sale that is delivered to customers through pipes,
22 pipelines, or mains; or (iii) the treatment of water for
23 wholesale or retail sale that is delivered to customers through
24 pipes, pipelines, or mains. The provisions of this amendatory
25 Act of the 98th General Assembly are declaratory of existing

1 law as to the meaning and scope of this exemption. For the
2 purposes of this exemption, terms have the following meanings:

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

20 (2) "Assembling process" means the production of an
21 article of tangible personal property, whether the article
22 is a finished product or an article for use in the process
23 of manufacturing or assembling a different article of
24 tangible personal property, by the combination of existing
25 materials in a manner commonly regarded as assembling that
26 results in an article or material of a different form, use,

1 or name.

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

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

20 (5) "Production related tangible personal property"
21 means all tangible personal property that is used or
22 consumed by the purchaser in a manufacturing facility in
23 which a manufacturing process described in Section 2-45 of
24 the Retailers' Occupation Tax Act takes place, including
25 ~~and includes, without limitation,~~ tangible personal
26 property that is purchased for incorporation into real

1 estate within a manufacturing facility and including, but
2 not limited to, tangible personal property that is used or
3 consumed in activities such as ~~research and development,~~
4 preproduction material handling, receiving, quality
5 control, inventory control, storage, staging, and
6 packaging for shipping and transportation purposes.
7 Tangible personal property used or consumed by the
8 purchaser for research and development is considered
9 "production related tangible personal property" regardless
10 of use within or without a manufacturing facility.

11 "Production related tangible personal property" does not
12 include (i) tangible personal property that is used, within
13 or without a manufacturing facility, in sales, purchasing,
14 accounting, fiscal management, marketing, personnel
15 recruitment or selection, or landscaping or (ii) tangible
16 personal property that is required to be titled or
17 registered with a department, agency, or unit of federal,
18 State, or local government.

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

25 ~~(1) The maximum amount of the exemption for any one~~
26 ~~taxpayer may not exceed 5% of the purchase price of~~

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

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

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

16 The manufacturing and assembling machinery and equipment
17 exemption includes the sale of materials to a purchaser who
18 produces exempted types of machinery, equipment, or tools and
19 who rents or leases that machinery, equipment, or tools to a
20 manufacturer of tangible personal property. This exemption
21 also includes the sale of materials to a purchaser who
22 manufactures those materials into an exempted type of
23 machinery, equipment, or tools that the purchaser uses himself
24 or herself in the manufacturing of tangible personal property.
25 This exemption includes the sale of exempted types of machinery
26 or equipment to a purchaser who is not the manufacturer, but

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

23 The manufacturing and assembling machinery and equipment
24 exemption is exempt from the provisions of Section 3-90.

25 (Source: P.A. 100-22, eff. 7-6-17.)

1 (35 ILCS 105/3-85)

2 Sec. 3-85. Manufacturer's Purchase Credit. For purchases
3 of machinery and equipment made on and after January 1, 1995
4 through June 30, 2003, and on and after September 1, 2004
5 through August 30, 2014, a purchaser of manufacturing machinery
6 and equipment that qualifies for the exemption provided by
7 paragraph (18) of Section 3-5 of this Act earns a credit in an
8 amount equal to a fixed percentage of the tax which would have
9 been incurred under this Act on those purchases. For purchases
10 of graphic arts machinery and equipment made on or after July
11 1, 1996 and through June 30, 2003, and on and after September
12 1, 2004 through August 30, 2014, a purchaser of graphic arts
13 machinery and equipment that qualifies for the exemption
14 provided by paragraph (6) of Section 3-5 of this Act earns a
15 credit in an amount equal to a fixed percentage of the tax that
16 would have been incurred under this Act on those purchases. The
17 credit earned for purchases of manufacturing machinery and
18 equipment or graphic arts machinery and equipment shall be
19 referred to as the Manufacturer's Purchase Credit. A graphic
20 arts producer is a person engaged in graphic arts production as
21 defined in Section 2-30 of the Retailers' Occupation Tax Act.
22 Beginning July 1, 1996, all references in this Section to
23 manufacturers or manufacturing shall also be deemed to refer to
24 graphic arts producers or graphic arts production.

25 The amount of credit shall be a percentage of the tax that
26 would have been incurred on the purchase of manufacturing

1 machinery and equipment or graphic arts machinery and equipment
2 if the exemptions provided by paragraph (6) or paragraph (18)
3 of Section 3-5 of this Act had not been applicable. The
4 percentage shall be as follows:

5 (1) 15% for purchases made on or before June 30, 1995.

6 (2) 25% for purchases made after June 30, 1995, and on
7 or before June 30, 1996.

8 (3) 40% for purchases made after June 30, 1996, and on
9 or before June 30, 1997.

10 (4) 50% for purchases made on or after July 1, 1997.

11 (a) Manufacturer's Purchase Credit earned prior to July 1,
12 2003. This subsection (a) applies to Manufacturer's Purchase
13 Credit earned prior to July 1, 2003. A purchaser of production
14 related tangible personal property desiring to use the
15 Manufacturer's Purchase Credit shall certify to the seller
16 prior to October 1, 2003 that the purchaser is satisfying all
17 or part of the liability under the Use Tax Act or the Service
18 Use Tax Act that is due on the purchase of the production
19 related tangible personal property by use of Manufacturer's
20 Purchase Credit. The Manufacturer's Purchase Credit
21 certification must be dated and shall include the name and
22 address of the purchaser, the purchaser's registration number,
23 if registered, the credit being applied, and a statement that
24 the State Use Tax or Service Use Tax liability is being
25 satisfied with the manufacturer's or graphic arts producer's
26 accumulated purchase credit. Certification may be incorporated

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

1 manufacturer's or graphic arts producer's name, registration
2 or resale number, and a statement that a specific amount of the
3 Use Tax or Service Use Tax liability, not to exceed 6.25% of
4 the selling price, is being satisfied with the credit. The
5 manufacturer or graphic arts producer shall remain liable to
6 timely report all information required by the annual Report of
7 Manufacturer's Purchase Credit Used for all credit utilized by
8 a construction contractor.

9 No Manufacturer's Purchase Credit earned prior to July 1,
10 2003 may be used after October 1, 2003. The Manufacturer's
11 Purchase Credit may be used to satisfy liability under the Use
12 Tax Act or the Service Use Tax Act due on the purchase of
13 production related tangible personal property (including
14 purchases by a manufacturer, by a graphic arts producer, or by
15 a lessor who rents or leases the use of the property to a
16 manufacturer or graphic arts producer) that does not otherwise
17 qualify for the manufacturing machinery and equipment
18 exemption or the graphic arts machinery and equipment
19 exemption. "Production related tangible personal property"
20 means (i) all tangible personal property used or consumed by
21 the purchaser in a manufacturing facility in which a
22 manufacturing process described in Section 2-45 of the
23 Retailers' Occupation Tax Act takes place, including tangible
24 personal property purchased for incorporation into real estate
25 within a manufacturing facility and including, but not limited
26 to, tangible personal property used or consumed in activities

1 such as preproduction material handling, receiving, quality
2 control, inventory control, storage, staging, and packaging
3 for shipping and transportation purposes; (ii) all tangible
4 personal property used or consumed by the purchaser in a
5 graphic arts facility in which graphic arts production as
6 described in Section 2-30 of the Retailers' Occupation Tax Act
7 takes place, including tangible personal property purchased
8 for incorporation into real estate within a graphic arts
9 facility and including, but not limited to, all tangible
10 personal property used or consumed in activities such as
11 graphic arts preliminary or pre-press production,
12 pre-production material handling, receiving, quality control,
13 inventory control, storage, staging, sorting, labeling,
14 mailing, tying, wrapping, and packaging; and (iii) all tangible
15 personal property used or consumed by the purchaser for
16 research and development. "Production related tangible
17 personal property" does not include (i) tangible personal
18 property used, within or without a manufacturing facility, in
19 sales, purchasing, accounting, fiscal management, marketing,
20 personnel recruitment or selection, or landscaping or (ii)
21 tangible personal property required to be titled or registered
22 with a department, agency, or unit of federal, state, or local
23 government. The Manufacturer's Purchase Credit may be used,
24 prior to October 1, 2003, to satisfy the tax arising either
25 from the purchase of machinery and equipment on or after
26 January 1, 1995 for which the exemption provided by paragraph

1 (18) of Section 3-5 of this Act was erroneously claimed, or the
2 purchase of machinery and equipment on or after July 1, 1996
3 for which the exemption provided by paragraph (6) of Section
4 3-5 of this Act was erroneously claimed, but not in
5 satisfaction of penalty, if any, and interest for failure to
6 pay the tax when due. A purchaser of production related
7 tangible personal property who is required to pay Illinois Use
8 Tax or Service Use Tax on the purchase directly to the
9 Department may, prior to October 1, 2003, utilize the
10 Manufacturer's Purchase Credit in satisfaction of the tax
11 arising from that purchase, but not in satisfaction of penalty
12 and interest. A purchaser who uses the Manufacturer's Purchase
13 Credit to purchase property which is later determined not to be
14 production related tangible personal property may be liable for
15 tax, penalty, and interest on the purchase of that property as
16 of the date of purchase but shall be entitled to use the
17 disallowed Manufacturer's Purchase Credit, so long as it has
18 not expired and is used prior to October 1, 2003, on qualifying
19 purchases of production related tangible personal property not
20 previously subject to credit usage. The Manufacturer's
21 Purchase Credit earned by a manufacturer or graphic arts
22 producer expires the last day of the second calendar year
23 following the calendar year in which the credit arose. No
24 Manufacturer's Purchase Credit may be used after September 30,
25 2003 regardless of when that credit was earned.

26 A purchaser earning Manufacturer's Purchase Credit shall

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

22 A purchaser using Manufacturer's Purchase Credit shall
23 sign and file an annual Report of Manufacturer's Purchase
24 Credit Used for each calendar year no later than the last day
25 of the sixth month following the calendar year in which a
26 Manufacturer's Purchase Credit is used. A Report of

1 Manufacturer's Purchase Credit Used shall be filed on forms as
2 prescribed or approved by the Department and shall state, for
3 each month of the calendar year: (i) the total purchase price
4 of production related tangible personal property purchased
5 from Illinois suppliers; (ii) the total purchase price of
6 production related tangible personal property purchased from
7 out-of-state suppliers; (iii) the total amount of credit used
8 during such month; and (iv) such other information as the
9 Department may reasonably require. A purchaser using
10 Manufacturer's Purchase Credit shall maintain records that
11 identify, as to each purchase of production related tangible
12 personal property on which the purchaser used Manufacturer's
13 Purchase Credit, the vendor (including, if applicable, either
14 the vendor's registration number or Federal Employer
15 Identification Number), the purchase price, and the amount of
16 Manufacturer's Purchase Credit used on each purchase.

17 No annual report shall be filed before May 1, 1996 or after
18 June 30, 2004. A purchaser that fails to file an annual Report
19 of Manufacturer's Purchase Credit Earned or an annual Report of
20 Manufacturer's Purchase Credit Used by the last day of the
21 sixth month following the end of the calendar year shall
22 forfeit all Manufacturer's Purchase Credit for that calendar
23 year unless it establishes that its failure to file was due to
24 reasonable cause. Manufacturer's Purchase Credit reports may
25 be amended to report and claim credit on qualifying purchases
26 not previously reported at any time before the credit would

1 have expired, unless both the Department and the purchaser have
2 agreed to an extension of the statute of limitations for the
3 issuance of a notice of tax liability as provided in Section 4
4 of the Retailers' Occupation Tax Act. If the time for
5 assessment or refund has been extended, then amended reports
6 for a calendar year may be filed at any time prior to the date
7 to which the statute of limitations for the calendar year or
8 portion thereof has been extended. No Manufacturer's Purchase
9 Credit report filed with the Department for periods prior to
10 January 1, 1995 shall be approved. Manufacturer's Purchase
11 Credit claimed on an amended report may be used, until October
12 1, 2003, to satisfy tax liability under the Use Tax Act or the
13 Service Use Tax Act (i) on qualifying purchases of production
14 related tangible personal property made after the date the
15 amended report is filed or (ii) assessed by the Department on
16 qualifying purchases of production related tangible personal
17 property made in the case of manufacturers on or after January
18 1, 1995, or in the case of graphic arts producers on or after
19 July 1, 1996.

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

25 A purchaser shall not be entitled to any Manufacturer's
26 Purchase Credit for a purchase that is required to be reported

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

10 (b) Manufacturer's Purchase Credit earned on and after
11 September 1, 2004 and through August 30, 2014. This subsection
12 (b) applies to Manufacturer's Purchase Credit earned on and
13 after September 1, 2004 and through August 30, 2014. No
14 Manufacturer's Purchase Credit may be used after September 30,
15 2014 to satisfy any tax liability incurred on purchases of
16 production related tangible personal property made on or before
17 August 30, 2014 or to satisfy any audit liability established
18 after September 30, 2014. Manufacturer's Purchase Credit
19 earned on or after September 1, 2004 may only be used to
20 satisfy the Use Tax or Service Use Tax liability incurred on
21 production related tangible personal property purchased on or
22 after September 1, 2004. A purchaser of production related
23 tangible personal property desiring to use the Manufacturer's
24 Purchase Credit shall certify to the seller that the purchaser
25 is satisfying all or part of the liability under the Use Tax
26 Act or the Service Use Tax Act that is due on the purchase of

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

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

14 The Manufacturer's Purchase Credit may be used to satisfy
15 liability under the Use Tax Act or the Service Use Tax Act due
16 on the purchase, made on or after September 1, 2004, of
17 production related tangible personal property (including
18 purchases by a manufacturer, by a graphic arts producer, or by
19 a lessor who rents or leases the use of the property to a
20 manufacturer or graphic arts producer) that does not otherwise
21 qualify for the manufacturing machinery and equipment
22 exemption or the graphic arts machinery and equipment
23 exemption. "Production related tangible personal property"
24 means (i) all tangible personal property used or consumed by
25 the purchaser in a manufacturing facility in which a
26 manufacturing process described in Section 2-45 of the

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

1 government. The Manufacturer's Purchase Credit may be used to
2 satisfy the tax arising either from the purchase of machinery
3 and equipment on or after September 1, 2004 for which the
4 exemption provided by paragraph (18) of Section 3-5 of this Act
5 was erroneously claimed, or the purchase of machinery and
6 equipment on or after September 1, 2004 for which the exemption
7 provided by paragraph (6) of Section 3-5 of this Act was
8 erroneously claimed, but not in satisfaction of penalty, if
9 any, and interest for failure to pay the tax when due. A
10 purchaser of production related tangible personal property
11 that is purchased on or after September 1, 2004 who is required
12 to pay Illinois Use Tax or Service Use Tax on the purchase
13 directly to the Department may utilize the Manufacturer's
14 Purchase Credit in satisfaction of the tax arising from that
15 purchase, but not in satisfaction of penalty and interest. A
16 purchaser who uses the Manufacturer's Purchase Credit to
17 purchase property on and after September 1, 2004 which is later
18 determined not to be production related tangible personal
19 property may be liable for tax, penalty, and interest on the
20 purchase of that property as of the date of purchase but shall
21 be entitled to use the disallowed Manufacturer's Purchase
22 Credit, so long as it has not expired and is used on qualifying
23 purchases of production related tangible personal property not
24 previously subject to credit usage. The Manufacturer's
25 Purchase Credit earned by a manufacturer or graphic arts
26 producer expires the last day of the second calendar year

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

1 the calendar year in which a Manufacturer's Purchase Credit is
2 used. A Report of Manufacturer's Purchase Credit Used shall be
3 filed on forms as prescribed or approved by the Department and
4 shall state, for each month of the calendar year: (i) the total
5 purchase price of production related tangible personal
6 property purchased from Illinois suppliers; (ii) the total
7 purchase price of production related tangible personal
8 property purchased from out-of-state suppliers; (iii) the
9 total amount of credit used during such month; and (iv) such
10 other information as the Department may reasonably require. A
11 purchaser using Manufacturer's Purchase Credit shall maintain
12 records that identify, as to each purchase of production
13 related tangible personal property on which the purchaser used
14 Manufacturer's Purchase Credit, the vendor (including, if
15 applicable, either the vendor's registration number or Federal
16 Employer Identification Number), the purchase price, and the
17 amount of Manufacturer's Purchase Credit used on each purchase.

18 A purchaser that fails to file an annual Report of
19 Manufacturer's Purchase Credit Earned or an annual Report of
20 Manufacturer's Purchase Credit Used by the last day of the
21 sixth month following the end of the calendar year shall
22 forfeit all Manufacturer's Purchase Credit for that calendar
23 year unless it establishes that its failure to file was due to
24 reasonable cause. Manufacturer's Purchase Credit reports may
25 be amended to report and claim credit on qualifying purchases
26 not previously reported at any time before the credit would

1 have expired, unless both the Department and the purchaser have
2 agreed to an extension of the statute of limitations for the
3 issuance of a notice of tax liability as provided in Section 4
4 of the Retailers' Occupation Tax Act. If the time for
5 assessment or refund has been extended, then amended reports
6 for a calendar year may be filed at any time prior to the date
7 to which the statute of limitations for the calendar year or
8 portion thereof has been extended. Manufacturer's Purchase
9 Credit claimed on an amended report may be used to satisfy tax
10 liability under the Use Tax Act or the Service Use Tax Act (i)
11 on qualifying purchases of production related tangible
12 personal property made after the date the amended report is
13 filed or (ii) assessed by the Department on qualifying
14 production related tangible personal property purchased on or
15 after September 1, 2004. If the purchaser is not the
16 manufacturer or a graphic arts producer, but rents or leases
17 the use of the property to a manufacturer or graphic arts
18 producer, the purchaser may earn, report, and use
19 Manufacturer's Purchase Credit in the same manner as a
20 manufacturer or graphic arts producer. A purchaser shall not be
21 entitled to any Manufacturer's Purchase Credit for a purchase
22 that is required to be reported and is not timely reported as
23 provided in this Section. A purchaser remains liable for (i)
24 any tax that was satisfied by use of a Manufacturer's Purchase
25 Credit, as of the date of purchase, if that use is not timely
26 reported as required in this Section and (ii) for any

1 applicable penalties and interest for failing to pay the tax
2 when due.

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

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

6 (35 ILCS 110/2) (from Ch. 120, par. 439.32)

7 Sec. 2. Definitions. In this Act:

8 "Use" means the exercise by any person of any right or
9 power over tangible personal property incident to the ownership
10 of that property, but does not include the sale or use for
11 demonstration by him of that property in any form as tangible
12 personal property in the regular course of business. "Use" does
13 not mean the interim use of tangible personal property nor the
14 physical incorporation of tangible personal property, as an
15 ingredient or constituent, into other tangible personal
16 property, (a) which is sold in the regular course of business
17 or (b) which the person incorporating such ingredient or
18 constituent therein has undertaken at the time of such purchase
19 to cause to be transported in interstate commerce to
20 destinations outside the State of Illinois.

21 "Purchased from a serviceman" means the acquisition of the
22 ownership of, or title to, tangible personal property through a
23 sale of service.

24 "Purchaser" means any person who, through a sale of

1 service, acquires the ownership of, or title to, any tangible
2 personal property.

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

15 "Selling price" means the consideration for a sale valued
16 in money whether received in money or otherwise, including
17 cash, credits and service, and shall be determined without any
18 deduction on account of the serviceman's cost of the property
19 sold, the cost of materials used, labor or service cost or any
20 other expense whatsoever, but does not include interest or
21 finance charges which appear as separate items on the bill of
22 sale or sales contract nor charges that are added to prices by
23 sellers on account of the seller's duty to collect, from the
24 purchaser, the tax that is imposed by this Act.

25 "Department" means the Department of Revenue.

26 "Person" means any natural individual, firm, partnership,

1 association, joint stock company, joint venture, public or
2 private corporation, limited liability company, and any
3 receiver, executor, trustee, guardian or other representative
4 appointed by order of any court.

5 "Sale of service" means any transaction except:

6 (1) a retail sale of tangible personal property taxable
7 under the Retailers' Occupation Tax Act or under the Use
8 Tax Act.

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

12 (3) except as hereinafter provided, a sale or transfer
13 of tangible personal property as an incident to the
14 rendering of service for or by any governmental body, or
15 for or by any corporation, society, association,
16 foundation or institution organized and operated
17 exclusively for charitable, religious or educational
18 purposes or any not-for-profit corporation, society,
19 association, foundation, institution or organization which
20 has no compensated officers or employees and which is
21 organized and operated primarily for the recreation of
22 persons 55 years of age or older. A limited liability
23 company may qualify for the exemption under this paragraph
24 only if the limited liability company is organized and
25 operated exclusively for educational purposes.

26 (4) (blank).

1 (4a) a sale or transfer of tangible personal property
2 as an incident to the rendering of service for owners,
3 lessors, or shippers of tangible personal property which is
4 utilized by interstate carriers for hire for use as rolling
5 stock moving in interstate commerce so long as so used by
6 interstate carriers for hire, and equipment operated by a
7 telecommunications provider, licensed as a common carrier
8 by the Federal Communications Commission, which is
9 permanently installed in or affixed to aircraft moving in
10 interstate commerce.

11 (4a-5) on and after July 1, 2003 and through June 30,
12 2004, a sale or transfer of a motor vehicle of the second
13 division with a gross vehicle weight in excess of 8,000
14 pounds as an incident to the rendering of service if that
15 motor vehicle is subject to the commercial distribution fee
16 imposed under Section 3-815.1 of the Illinois Vehicle Code.
17 Beginning on July 1, 2004 and through June 30, 2005, the
18 use in this State of motor vehicles of the second division:
19 (i) with a gross vehicle weight rating in excess of 8,000
20 pounds; (ii) that are subject to the commercial
21 distribution fee imposed under Section 3-815.1 of the
22 Illinois Vehicle Code; and (iii) that are primarily used
23 for commercial purposes. Through June 30, 2005, this
24 exemption applies to repair and replacement parts added
25 after the initial purchase of such a motor vehicle if that
26 motor vehicle is used in a manner that would qualify for

1 the rolling stock exemption otherwise provided for in this
2 Act. For purposes of this paragraph, "used for commercial
3 purposes" means the transportation of persons or property
4 in furtherance of any commercial or industrial enterprise
5 whether for-hire or not.

6 (5) a sale or transfer of machinery and equipment used
7 primarily in the process of the manufacturing or
8 assembling, either in an existing, an expanded or a new
9 manufacturing facility, of tangible personal property for
10 wholesale or retail sale or lease, whether such sale or
11 lease is made directly by the manufacturer or by some other
12 person, whether the materials used in the process are owned
13 by the manufacturer or some other person, or whether such
14 sale or lease is made apart from or as an incident to the
15 seller's engaging in a service occupation and the
16 applicable tax is a Service Use Tax or Service Occupation
17 Tax, rather than Use Tax or Retailers' Occupation Tax. The
18 exemption provided by this paragraph (5) does not include
19 machinery and equipment used in (i) the generation of
20 electricity for wholesale or retail sale; (ii) the
21 generation or treatment of natural or artificial gas for
22 wholesale or retail sale that is delivered to customers
23 through pipes, pipelines, or mains; or (iii) the treatment
24 of water for wholesale or retail sale that is delivered to
25 customers through pipes, pipelines, or mains. The
26 provisions of Public Act 98-583 ~~this amendatory Act of the~~

1 ~~98th General Assembly~~ are declaratory of existing law as to
2 the meaning and scope of this exemption. The exemption
3 under this paragraph (5) is exempt from the provisions of
4 Section 3-75.

5 (5a) the repairing, reconditioning or remodeling, for
6 a common carrier by rail, of tangible personal property
7 which belongs to such carrier for hire, and as to which
8 such carrier receives the physical possession of the
9 repaired, reconditioned or remodeled item of tangible
10 personal property in Illinois, and which such carrier
11 transports, or shares with another common carrier in the
12 transportation of such property, out of Illinois on a
13 standard uniform bill of lading showing the person who
14 repaired, reconditioned or remodeled the property to a
15 destination outside Illinois, for use outside Illinois.

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

1 destination outside Illinois, for use outside Illinois.

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

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

1 pay Use Tax on his or her cost price of any tangible
2 personal property transferred to the primary serviceman
3 and (ii) certifies that fact in writing to the primary
4 serviceman.

5 Tangible personal property transferred incident to the
6 completion of a maintenance agreement is exempt from the tax
7 imposed pursuant to this Act.

8 Exemption (5) also includes machinery and equipment used in
9 the general maintenance or repair of such exempt machinery and
10 equipment or for in-house manufacture of exempt machinery and
11 equipment. On and after July 1, 2017, exemption (5) also
12 includes graphic arts machinery and equipment, as defined in
13 paragraph (5) of Section 3-5. The machinery and equipment
14 exemption does not include machinery and equipment used in (i)
15 the generation of electricity for wholesale or retail sale;
16 (ii) the generation or treatment of natural or artificial gas
17 for wholesale or retail sale that is delivered to customers
18 through pipes, pipelines, or mains; or (iii) the treatment of
19 water for wholesale or retail sale that is delivered to
20 customers through pipes, pipelines, or mains. The provisions of
21 Public Act 98-583 ~~this amendatory Act of the 98th General~~
22 ~~Assembly~~ are declaratory of existing law as to the meaning and
23 scope of this exemption. For the purposes of exemption (5),
24 each of these terms shall have the following meanings: (1)
25 "manufacturing process" shall mean the production of any
26 article of tangible personal property, whether such article is

1 a finished product or an article for use in the process of
2 manufacturing or assembling a different article of tangible
3 personal property, by procedures commonly regarded as
4 manufacturing, processing, fabricating, or refining which
5 changes some existing material or materials into a material
6 with a different form, use or name. In relation to a recognized
7 integrated business composed of a series of operations which
8 collectively constitute manufacturing, or individually
9 constitute manufacturing operations, the manufacturing process
10 shall be deemed to commence with the first operation or stage
11 of production in the series, and shall not be deemed to end
12 until the completion of the final product in the last operation
13 or stage of production in the series; and further, for purposes
14 of exemption (5), photoprocessing is deemed to be a
15 manufacturing process of tangible personal property for
16 wholesale or retail sale; (2) "assembling process" shall mean
17 the production of any article of tangible personal property,
18 whether such article is a finished product or an article for
19 use in the process of manufacturing or assembling a different
20 article of tangible personal property, by the combination of
21 existing materials in a manner commonly regarded as assembling
22 which results in a material of a different form, use or name;
23 (3) "machinery" shall mean major mechanical machines or major
24 components of such machines contributing to a manufacturing or
25 assembling process; ~~and~~ (4) "equipment" shall include any
26 independent device or tool separate from any machinery but

1 essential to an integrated manufacturing or assembly process;
2 including computers used primarily in a manufacturer's
3 computer assisted design, computer assisted manufacturing
4 (CAD/CAM) system; or any subunit or assembly comprising a
5 component of any machinery or auxiliary, adjunct or attachment
6 parts of machinery, such as tools, dies, jigs, fixtures,
7 patterns and molds; or any parts which require periodic
8 replacement in the course of normal operation; but shall not
9 include hand tools; "equipment" ~~Equipment~~ includes chemicals
10 or chemicals acting as catalysts but only if the chemicals or
11 chemicals acting as catalysts effect a direct and immediate
12 change upon a product being manufactured or assembled for
13 wholesale or retail sale or lease; and (5) "production related
14 tangible personal property" means all tangible personal
15 property that is used or consumed by the purchaser in a
16 manufacturing facility in which a manufacturing process
17 described in Section 2-45 of the Retailers' Occupation Tax Act
18 takes place, including tangible personal property that is
19 purchased for incorporation into real estate within a
20 manufacturing facility, and including, but not limited to,
21 tangible personal property that is used or consumed in
22 activities such as preproduction material handling, receiving,
23 quality control, inventory control, storage, staging,
24 packaging for shipping and transportation purposes, and all
25 tangible personal property used or consumed by the purchaser
26 for research and development; "production related tangible

1 personal property" does not include (i) tangible personal
2 property that is used, within or without a manufacturing
3 facility, in sales, purchasing, accounting, fiscal management,
4 marketing, personnel recruitment or selection, or landscaping,
5 or (ii) tangible personal property that is required to be
6 titled or registered with a department, agency, or unit of
7 federal, State, or local government. The purchaser of such
8 machinery and equipment who has an active resale registration
9 number shall furnish such number to the seller at the time of
10 purchase. The user of such machinery and equipment and tools
11 without an active resale registration number shall prepare a
12 certificate of exemption for each transaction stating facts
13 establishing the exemption for that transaction, which
14 certificate shall be available to the Department for inspection
15 or audit. The Department shall prescribe the form of the
16 certificate.

17 Any informal rulings, opinions or letters issued by the
18 Department in response to an inquiry or request for any opinion
19 from any person regarding the coverage and applicability of
20 exemption (5) to specific devices shall be published,
21 maintained as a public record, and made available for public
22 inspection and copying. If the informal ruling, opinion or
23 letter contains trade secrets or other confidential
24 information, where possible the Department shall delete such
25 information prior to publication. Whenever such informal
26 rulings, opinions, or letters contain any policy of general

1 applicability, the Department shall formulate and adopt such
2 policy as a rule in accordance with the provisions of the
3 Illinois Administrative Procedure Act.

4 On and after July 1, 1987, no entity otherwise eligible
5 under exemption (3) of this Section shall make tax-free ~~tax~~
6 ~~free~~ purchases unless it has an active exemption identification
7 number issued by the Department.

8 The purchase, employment and transfer of such tangible
9 personal property as newsprint and ink for the primary purpose
10 of conveying news (with or without other information) is not a
11 purchase, use or sale of service or of tangible personal
12 property within the meaning of this Act.

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

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

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

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

22 1. having or maintaining within this State, directly or
23 by a subsidiary, an office, distribution house, sales
24 house, warehouse or other place of business, or any agent
25 or other representative operating within this State under
26 the authority of the serviceman or its subsidiary,

1 irrespective of whether such place of business or agent or
2 other representative is located here permanently or
3 temporarily, or whether such serviceman or subsidiary is
4 licensed to do business in this State;

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

1 this presumption by submitting proof that the referrals or
2 other activities pursued within this State by such persons
3 were not sufficient to meet the nexus standards of the
4 United States Constitution during the preceding 4
5 quarterly periods;

6 1.2. beginning July 1, 2011, having a contract with a
7 person located in this State under which:

8 A. the serviceman sells the same or substantially
9 similar line of services as the person located in this
10 State and does so using an identical or substantially
11 similar name, trade name, or trademark as the person
12 located in this State; and

13 B. the serviceman provides a commission or other
14 consideration to the person located in this State based
15 upon the sale of services by the serviceman.

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

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

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

6 4. soliciting orders for tangible personal property by
7 mail if the solicitations are substantial and recurring and
8 if the retailer benefits from any banking, financing, debt
9 collection, telecommunication, or marketing activities
10 occurring in this State or benefits from the location in
11 this State of authorized installation, servicing, or
12 repair facilities;

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

16 6. having a franchisee or licensee operating under its
17 trade name if the franchisee or licensee is required to
18 collect the tax under this Section;

19 7. pursuant to a contract with a cable television
20 operator located in this State, soliciting orders for
21 tangible personal property by means of advertising which is
22 transmitted or distributed over a cable television system
23 in this State; or

24 8. engaging in activities in Illinois, which
25 activities in the state in which the supply business
26 engaging in such activities is located would constitute

1 maintaining a place of business in that state.

2 (Source: P.A. 100-22, eff. 7-6-17; 100-321, eff. 8-24-17;
3 revised 9-27-17.)

4 (35 ILCS 110/3-5)

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

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

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

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

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

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

11 (5) Until July 1, 2003 and beginning again on September 1,
12 2004 through August 30, 2014, graphic arts machinery and
13 equipment, including repair and replacement parts, both new and
14 used, and including that manufactured on special order or
15 purchased for lease, certified by the purchaser to be used
16 primarily for graphic arts production. Equipment includes
17 chemicals or chemicals acting as catalysts but only if the
18 chemicals or chemicals acting as catalysts effect a direct and
19 immediate change upon a graphic arts product. Beginning on July
20 1, 2017, graphic arts machinery and equipment is included in
21 the manufacturing and assembling machinery and equipment
22 exemption under Section 2 of this Act.

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). This item (12) is exempt
9 from the provisions of Section 3-75.

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

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

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

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

21 (16) Personal property purchased by a lessor who leases the
22 property, under a lease of one year or longer executed or in
23 effect at the time the lessor would otherwise be subject to the
24 tax imposed by this Act, to a governmental body that has been
25 issued an active tax exemption identification number by the
26 Department under Section 1g of the Retailers' Occupation Tax

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

15 (17) 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 (18) 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 (19) Beginning July 1, 1999, game or game birds purchased
12 at a "game breeding and hunting preserve area" as that term is
13 used in the Wildlife Code. This paragraph is exempt from the
14 provisions of Section 3-75.

15 (20) 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 (21) 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 3-75.

21 (22) 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 3-75.

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

18 (24) Beginning on the effective date of this amendatory Act
19 of the 92nd General Assembly, computers and communications
20 equipment utilized for any hospital purpose and equipment used
21 in the diagnosis, analysis, or treatment of hospital patients
22 purchased by a lessor who leases the equipment, under a lease
23 of one year or longer executed or in effect at the time the
24 lessor would otherwise be subject to the tax imposed by this
25 Act, to a hospital that has been issued an active tax exemption
26 identification number by the Department under Section 1g of the

1 Retailers' Occupation Tax Act. If the equipment is leased in a
2 manner that does not qualify for this exemption or is used in
3 any other nonexempt manner, the lessor shall be liable for the
4 tax imposed under this Act or the Use Tax Act, as the case may
5 be, based on the fair market value of the property at the time
6 the nonqualifying use occurs. No lessor shall collect or
7 attempt to collect an amount (however designated) that purports
8 to reimburse that lessor for the tax imposed by this Act or the
9 Use Tax Act, as the case may be, if the tax has not been paid by
10 the lessor. If a lessor improperly collects any such amount
11 from the lessee, the lessee shall have a legal right to claim a
12 refund of that amount from the lessor. If, however, that amount
13 is not refunded to the lessee for any reason, the lessor is
14 liable to pay that amount to the Department. This paragraph is
15 exempt from the provisions of Section 3-75.

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

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

12 (26) Beginning January 1, 2008, tangible personal property
13 used in the construction or maintenance of a community water
14 supply, as defined under Section 3.145 of the Environmental
15 Protection Act, that is operated by a not-for-profit
16 corporation that holds a valid water supply permit issued under
17 Title IV of the Environmental Protection Act. This paragraph is
18 exempt from the provisions of Section 3-75.

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

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

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

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

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

11 (Source: P.A. 99-180, eff. 7-29-15; 99-855, eff. 8-19-16;
12 100-22, eff. 7-6-17.)

13 (35 ILCS 110/3-70)

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

1 paragraph (5) of Section 3-5 of this Act earns a credit in an
2 amount equal to a fixed percentage of the tax that would have
3 been incurred under this Act on those purchases. The credit
4 earned for the purchase of manufacturing machinery and
5 equipment and graphic arts machinery and equipment shall be
6 referred to as the Manufacturer's Purchase Credit. A graphic
7 arts producer is a person engaged in graphic arts production as
8 defined in Section 3-30 of the Service Occupation Tax Act.
9 Beginning July 1, 1996, all references in this Section to
10 manufacturers or manufacturing shall also refer to graphic arts
11 producers or graphic arts production.

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

17 All purchases prior to October 1, 2003 and on and after
18 September 1, 2004 and through August 30, 2014 of manufacturing
19 machinery and equipment and graphic arts machinery and
20 equipment that qualify for the exemptions provided by paragraph
21 (5) of Section 2 or paragraph (5) of Section 3-5 of this Act
22 qualify for the credit without regard to whether the serviceman
23 elected, or could have elected, under paragraph (7) of Section
24 2 of this Act to exclude the transaction from this Act. If the
25 serviceman's billing to the service customer separately states
26 a selling price for the exempt manufacturing machinery or

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

16 The percentage shall be as follows:

17 (1) 15% for purchases made on or before June 30, 1995.

18 (2) 25% for purchases made after June 30, 1995, and on
19 or before June 30, 1996.

20 (3) 40% for purchases made after June 30, 1996, and on
21 or before June 30, 1997.

22 (4) 50% for purchases made on or after July 1, 1997.

23 (a) Manufacturer's Purchase Credit earned prior to July 1,
24 2003. This subsection (a) applies to Manufacturer's Purchase
25 Credit earned prior to July 1, 2003. A purchaser of production
26 related tangible personal property desiring to use the

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

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

21 No Manufacturer's Purchase Credit earned prior to July 1,
22 2003 may be used after October 1, 2003. The Manufacturer's
23 Purchase Credit may be used to satisfy liability under the Use
24 Tax Act or the Service Use Tax Act due on the purchase of
25 production related tangible personal property (including
26 purchases by a manufacturer, by a graphic arts producer, or a

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

1 personal property used or consumed by the purchaser for
2 research and development. "Production related tangible
3 personal property" does not include (i) tangible personal
4 property used, within or without a manufacturing or graphic
5 arts facility, in sales, purchasing, accounting, fiscal
6 management, marketing, personnel recruitment or selection, or
7 landscaping or (ii) tangible personal property required to be
8 titled or registered with a department, agency, or unit of
9 federal, state, or local government. The Manufacturer's
10 Purchase Credit may be used, prior to October 1, 2003, to
11 satisfy the tax arising either from the purchase of machinery
12 and equipment on or after January 1, 1995 for which the
13 manufacturing machinery and equipment exemption provided by
14 Section 2 of this Act was erroneously claimed, or the purchase
15 of machinery and equipment on or after July 1, 1996 for which
16 the exemption provided by paragraph (5) of Section 3-5 of this
17 Act was erroneously claimed, but not in satisfaction of
18 penalty, if any, and interest for failure to pay the tax when
19 due. A purchaser of production related tangible personal
20 property who is required to pay Illinois Use Tax or Service Use
21 Tax on the purchase directly to the Department may, prior to
22 October 1, 2003, utilize the Manufacturer's Purchase Credit in
23 satisfaction of the tax arising from that purchase, but not in
24 satisfaction of penalty and interest. A purchaser who uses the
25 Manufacturer's Purchase Credit to purchase property which is
26 later determined not to be production related tangible personal

1 property may be liable for tax, penalty, and interest on the
2 purchase of that property as of the date of purchase but shall
3 be entitled to use the disallowed Manufacturer's Purchase
4 Credit, so long as it has not expired and is used prior to
5 October 1, 2003, on qualifying purchases of production related
6 tangible personal property not previously subject to credit
7 usage. The Manufacturer's Purchase Credit earned by a
8 manufacturer or graphic arts producer expires the last day of
9 the second calendar year following the calendar year in which
10 the credit arose. No Manufacturer's Purchase Credit may be used
11 after September 30, 2003 regardless of when that credit was
12 earned.

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

1 purchaser earning Manufacturer's Purchase Credit shall
2 maintain records which identify, as to each purchase of
3 manufacturing or graphic arts machinery and equipment on which
4 the purchaser earned Manufacturer's Purchase Credit, the
5 vendor (including, if applicable, either the vendor's
6 registration number or Federal Employer Identification
7 Number), the purchase price, and the amount of Manufacturer's
8 Purchase Credit earned on each purchase.

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

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

4 No annual report shall be filed before May 1, 1996 or after
5 June 30, 2004. A purchaser that fails to file an annual Report
6 of Manufacturer's Purchase Credit Earned or an annual Report of
7 Manufacturer's Purchase Credit Used by the last day of the
8 sixth month following the end of the calendar year shall
9 forfeit all Manufacturer's Purchase Credit for that calendar
10 year unless it establishes that its failure to file was due to
11 reasonable cause. Manufacturer's Purchase Credit reports may
12 be amended to report and claim credit on qualifying purchases
13 not previously reported at any time before the credit would
14 have expired, unless both the Department and the purchaser have
15 agreed to an extension of the statute of limitations for the
16 issuance of a notice of tax liability as provided in Section 4
17 of the Retailers' Occupation Tax Act. If the time for
18 assessment or refund has been extended, then amended reports
19 for a calendar year may be filed at any time prior to the date
20 to which the statute of limitations for the calendar year or
21 portion thereof has been extended. No Manufacturer's Purchase
22 Credit report filed with the Department for periods prior to
23 January 1, 1995 shall be approved. Manufacturer's Purchase
24 Credit claimed on an amended report may be used, prior to
25 October 1, 2003, to satisfy tax liability under the Use Tax Act
26 or the Service Use Tax Act (i) on qualifying purchases of

1 production related tangible personal property made after the
2 date the amended report is filed or (ii) assessed by the
3 Department on qualifying purchases of production related
4 tangible personal property made in the case of manufacturers on
5 or after January 1, 1995, or in the case of graphic arts
6 producers on or after July 1, 1996.

7 If the purchaser is not the manufacturer or a graphic arts
8 producer, but rents or leases the use of the property to a
9 manufacturer or a graphic arts producer, the purchaser may
10 earn, report, and use Manufacturer's Purchase Credit in the
11 same manner as a manufacturer or graphic arts producer.

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

23 (b) Manufacturer's Purchase Credit earned on and after
24 September 1, 2004 and through August 30, 2014. This subsection
25 (b) applies to Manufacturer's Purchase Credit earned on or
26 after September 1, 2004 and through August 30, 2014.

1 Manufacturer's Purchase Credit earned on or after September 1,
2 2004 and through August 30, 2014 may only be used to satisfy
3 the Use Tax or Service Use Tax liability incurred on production
4 related tangible personal property purchased on or after
5 September 1, 2004 and through August 30, 2014. A purchaser of
6 production related tangible personal property desiring to use
7 the Manufacturer's Purchase Credit shall certify to the seller
8 that the purchaser is satisfying all or part of the liability
9 under the Use Tax Act or the Service Use Tax Act that is due on
10 the purchase of the production related tangible personal
11 property by use of a Manufacturer's Purchase Credit. The
12 Manufacturer's Purchase Credit certification must be dated and
13 shall include the name and address of the purchaser, the
14 purchaser's registration number, if registered, the credit
15 being applied, and a statement that the State Use Tax or
16 Service Use Tax liability is being satisfied with the
17 manufacturer's or graphic arts producer's accumulated purchase
18 credit. Certification may be incorporated into the
19 manufacturer's or graphic arts producer's purchase order.
20 Manufacturer's Purchase Credit certification provided by the
21 manufacturer or graphic arts producer may be used to satisfy
22 the retailer's or serviceman's liability under the Retailers'
23 Occupation Tax Act or Service Occupation Tax Act for the credit
24 claimed, not to exceed 6.25% of the receipts subject to tax
25 from a qualifying purchase, but only if the retailer or
26 serviceman reports the Manufacturer's Purchase Credit claimed

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

24 The Manufacturer's Purchase Credit may be used to satisfy
25 liability under the Use Tax Act or the Service Use Tax Act due
26 on the purchase, made on or after September 1, 2004, of

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

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

1 the Manufacturer's Purchase Credit to purchase property on and
2 after September 1, 2004 which is later determined not to be
3 production related tangible personal property may be liable for
4 tax, penalty, and interest on the purchase of that property as
5 of the date of purchase but shall be entitled to use the
6 disallowed Manufacturer's Purchase Credit, so long as it has
7 not expired, on qualifying purchases of production related
8 tangible personal property not previously subject to credit
9 usage. The Manufacturer's Purchase Credit earned by a
10 manufacturer or graphic arts producer expires the last day of
11 the second calendar year following the calendar year in which
12 the credit arose.

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

1 purchaser earning Manufacturer's Purchase Credit shall
2 maintain records which identify, as to each purchase of
3 manufacturing or graphic arts machinery and equipment on which
4 the purchaser earned Manufacturer's Purchase Credit, the
5 vendor (including, if applicable, either the vendor's
6 registration number or Federal Employer Identification
7 Number), the purchase price, and the amount of Manufacturer's
8 Purchase Credit earned on each purchase.

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

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

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

1 after September 1, 2004.

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

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

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

18 (35 ILCS 115/2) (from Ch. 120, par. 439.102)

19 Sec. 2. In this Act:

20 "Transfer" means any transfer of the title to property or
21 of the ownership of property whether or not the transferor
22 retains title as security for the payment of amounts due him
23 from the transferee.

24 "Cost Price" means the consideration paid by the serviceman

1 for a purchase valued in money, whether paid in money or
2 otherwise, including cash, credits and services, and shall be
3 determined without any deduction on account of the supplier's
4 cost of the property sold or on account of any other expense
5 incurred by the supplier. When a serviceman contracts out part
6 or all of the services required in his sale of service, it
7 shall be presumed that the cost price to the serviceman of the
8 property transferred to him by his or her subcontractor is
9 equal to 50% of the subcontractor's charges to the serviceman
10 in the absence of proof of the consideration paid by the
11 subcontractor for the purchase of such property.

12 "Department" means the Department of Revenue.

13 "Person" means any natural individual, firm, partnership,
14 association, joint stock company, joint venture, public or
15 private corporation, limited liability company, and any
16 receiver, executor, trustee, guardian or other representative
17 appointed by order of any court.

18 "Sale of Service" means any transaction except:

19 (a) A retail sale of tangible personal property taxable
20 under the Retailers' Occupation Tax Act or under the Use Tax
21 Act.

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

25 (c) Except as hereinafter provided, a sale or transfer of
26 tangible personal property as an incident to the rendering of

1 service for or by any governmental body or for or by any
2 corporation, society, association, foundation or institution
3 organized and operated exclusively for charitable, religious
4 or educational purposes or any not-for-profit corporation,
5 society, association, foundation, institution or organization
6 which has no compensated officers or employees and which is
7 organized and operated primarily for the recreation of persons
8 55 years of age or older. A limited liability company may
9 qualify for the exemption under this paragraph only if the
10 limited liability company is organized and operated
11 exclusively for educational purposes.

12 (d) (Blank).

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

22 (d-1.1) On and after July 1, 2003 and through June 30,
23 2004, a sale or transfer of a motor vehicle of the second
24 division with a gross vehicle weight in excess of 8,000 pounds
25 as an incident to the rendering of service if that motor
26 vehicle is subject to the commercial distribution fee imposed

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

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

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

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

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

1 person, or whether such sale or lease is made apart from or as
2 an incident to the seller's engaging in a service occupation
3 and the applicable tax is a Service Occupation Tax or Service
4 Use Tax, rather than Retailers' Occupation Tax or Use Tax. The
5 exemption provided by this paragraph (e) does not include
6 machinery and equipment used in (i) the generation of
7 electricity for wholesale or retail sale; (ii) the generation
8 or treatment of natural or artificial gas for wholesale or
9 retail sale that is delivered to customers through pipes,
10 pipelines, or mains; or (iii) the treatment of water for
11 wholesale or retail sale that is delivered to customers through
12 pipes, pipelines, or mains. The provisions of Public Act 98-583
13 ~~this amendatory Act of the 98th General Assembly~~ are
14 declaratory of existing law as to the meaning and scope of this
15 exemption. The exemption under this subsection (e) is exempt
16 from the provisions of Section 3-75.

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

24 (g) At the election of any serviceman not required to be
25 otherwise registered as a retailer under Section 2a of the
26 Retailers' Occupation Tax Act, made for each fiscal year sales

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

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

20 Exemption (e) also includes machinery and equipment used in
21 the general maintenance or repair of such exempt machinery and
22 equipment or for in-house manufacture of exempt machinery and
23 equipment. On and after July 1, 2017, exemption (e) also
24 includes graphic arts machinery and equipment, as defined in
25 paragraph (5) of Section 3-5. On and after August 31, 2014,
26 exemption(e) also includes production related tangible

1 personal property, as defined in this Section. The machinery
2 and equipment exemption does not include machinery and
3 equipment used in (i) the generation of electricity for
4 wholesale or retail sale; (ii) the generation or treatment of
5 natural or artificial gas for wholesale or retail sale that is
6 delivered to customers through pipes, pipelines, or mains; or
7 (iii) the treatment of water for wholesale or retail sale that
8 is delivered to customers through pipes, pipelines, or mains.
9 The provisions of Public Act 98-583 ~~this amendatory Act of the~~
10 ~~98th General Assembly~~ are declaratory of existing law as to the
11 meaning and scope of this exemption. For the purposes of
12 exemption (e), each of these terms shall have the following
13 meanings: (1) "manufacturing process" shall mean the
14 production of any article of tangible personal property,
15 whether such article is a finished product or an article for
16 use in the process of manufacturing or assembling a different
17 article of tangible personal property, by procedures commonly
18 regarded as manufacturing, processing, fabricating, or
19 refining which changes some existing material or materials into
20 a material with a different form, use or name. In relation to a
21 recognized integrated business composed of a series of
22 operations which collectively constitute manufacturing, or
23 individually constitute manufacturing operations, the
24 manufacturing process shall be deemed to commence with the
25 first operation or stage of production in the series, and shall
26 not be deemed to end until the completion of the final product

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

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

1 transaction stating facts establishing the exemption for that
2 transaction, which certificate shall be available to the
3 Department for inspection or audit.

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

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

23 On and after July 1, 1987, no entity otherwise eligible
24 under exemption (c) of this Section shall make tax-free ~~tax~~
25 ~~free~~ purchases unless it has an active exemption identification
26 number issued by the Department.

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

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

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

8 (Source: P.A. 100-22, eff. 7-6-17; 100-321, eff. 8-24-17;
9 revised 9-27-17.)

10 (35 ILCS 115/3-5)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 photoprocessing machinery and equipment purchased for lease.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 provided in Section 11-65-25 of the Illinois Municipal Code.
2 This paragraph is exempt from the provisions of Section 3-55.

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

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

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

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

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

10 (Text of Section before amendment by P.A. 100-363)

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

1 registration has become final.

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

10 Except as provided hereinafter in this Section, on or
11 before the twentieth day of each calendar month, such
12 serviceman shall file a return for the preceding calendar month
13 in accordance with reasonable rules and regulations to be
14 promulgated by the Department of Revenue. Such return shall be
15 filed on a form prescribed by the Department and shall contain
16 such information as the Department may reasonably require. On
17 and after January 1, 2018, with respect to servicemen whose
18 annual gross receipts average \$20,000 or more, all returns
19 required to be filed pursuant to this Act shall be filed
20 electronically. Servicemen who demonstrate that they do not
21 have access to the Internet or demonstrate hardship in filing
22 electronically may petition the Department to waive the
23 electronic filing requirement.

24 The Department may require returns to be filed on a
25 quarterly basis. If so required, a return for each calendar
26 quarter shall be filed on or before the twentieth day of the

1 calendar month following the end of such calendar quarter. The
2 taxpayer shall also file a return with the Department for each
3 of the first two months of each calendar quarter, on or before
4 the twentieth day of the following calendar month, stating:

5 1. The name of the seller;

6 2. The address of the principal place of business from
7 which he engages in business as a serviceman in this State;

8 3. The total amount of taxable receipts received by him
9 during the preceding calendar month, including receipts
10 from charge and time sales, but less all deductions allowed
11 by law;

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

14 5. The amount of tax due;

15 5-5. The signature of the taxpayer; and

16 6. Such other reasonable information as the Department
17 may require.

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

22 Prior to October 1, 2003, and on and after September 1,
23 2004 and through August 30, 2014, a serviceman may accept a
24 Manufacturer's Purchase Credit certification from a purchaser
25 in satisfaction of Service Use Tax as provided in Section 3-70
26 of the Service Use Tax Act if the purchaser provides the

1 appropriate documentation as required by Section 3-70 of the
2 Service Use Tax Act. A Manufacturer's Purchase Credit
3 certification, accepted prior to October 1, 2003 or on or after
4 September 1, 2004 or through August 30, 2014 by a serviceman as
5 provided in Section 3-70 of the Service Use Tax Act, may be
6 used by that serviceman through September 30, 2014 to satisfy
7 Service Occupation Tax liability in the amount claimed in the
8 certification, not to exceed 6.25% of the receipts subject to
9 tax from a qualifying purchase. A Manufacturer's Purchase
10 Credit reported on any original or amended return filed under
11 this Act after October 20, 2003 for reporting periods prior to
12 September 1, 2004 shall be disallowed. A Manufacturer's
13 Purchase Credit reported on any original or amended return
14 filed under this Act after September 30, 2014 shall be
15 disallowed. Manufacturer's Purchase Credit reported on annual
16 returns due on or after January 1, 2005 will be disallowed for
17 periods prior to September 1, 2004. A Manufacturer's Purchase
18 Credit reported on an annual return due on or after January 1,
19 2015 shall be disallowed for periods on and after August 31,
20 2014. No Manufacturer's Purchase Credit may be used after
21 September 30, 2003 through August 31, 2004 or after September
22 30, 2014 to satisfy any tax liability imposed under this Act,
23 including any audit liability.

24 If the serviceman's average monthly tax liability to the
25 Department does not exceed \$200, the Department may authorize
26 his returns to be filed on a quarter annual basis, with the

1 return for January, February and March of a given year being
2 due by April 20 of such year; with the return for April, May
3 and June of a given year being due by July 20 of such year; with
4 the return for July, August and September of a given year being
5 due by October 20 of such year, and with the return for
6 October, November and December of a given year being due by
7 January 20 of the following year.

8 If the serviceman's average monthly tax liability to the
9 Department does not exceed \$50, the Department may authorize
10 his returns to be filed on an annual basis, with the return for
11 a given year being due by January 20 of the following year.

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

15 Notwithstanding any other provision in this Act concerning
16 the time within which a serviceman may file his return, in the
17 case of any serviceman who ceases to engage in a kind of
18 business which makes him responsible for filing returns under
19 this Act, such serviceman shall file a final return under this
20 Act with the Department not more than 1 month after
21 discontinuing such business.

22 Beginning October 1, 1993, a taxpayer who has an average
23 monthly tax liability of \$150,000 or more shall make all
24 payments required by rules of the Department by electronic
25 funds transfer. Beginning October 1, 1994, a taxpayer who has
26 an average monthly tax liability of \$100,000 or more shall make

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

21 Before August 1 of each year beginning in 1993, the
22 Department shall notify all taxpayers required to make payments
23 by electronic funds transfer. All taxpayers required to make
24 payments by electronic funds transfer shall make those payments
25 for a minimum of one year beginning on October 1.

26 Any taxpayer not required to make payments by electronic

1 funds transfer may make payments by electronic funds transfer
2 with the permission of the Department.

3 All taxpayers required to make payment by electronic funds
4 transfer and any taxpayers authorized to voluntarily make
5 payments by electronic funds transfer shall make those payments
6 in the manner authorized by the Department.

7 The Department shall adopt such rules as are necessary to
8 effectuate a program of electronic funds transfer and the
9 requirements of this Section.

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

1 If experience indicates such action to be practicable, the
2 Department may prescribe and furnish a combination or joint
3 return which will enable servicemen, who are required to file
4 returns hereunder and also under the Retailers' Occupation Tax
5 Act, the Use Tax Act or the Service Use Tax Act, to furnish all
6 the return information required by all said Acts on the one
7 form.

8 Where the serviceman has more than one business registered
9 with the Department under separate registrations hereunder,
10 such serviceman shall file separate returns for each registered
11 business.

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

25 Beginning January 1, 1990, each month the Department shall
26 pay into the County and Mass Transit District Fund 4% of the

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

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

7 Beginning January 1, 1990, each month the Department shall
8 pay into the Local Government Tax Fund 16% of the revenue
9 realized for the preceding month from the 6.25% general rate on
10 transfers of tangible personal property.

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

15 Beginning October 1, 2009, each month the Department shall
16 pay into the Capital Projects Fund an amount that is equal to
17 an amount estimated by the Department to represent 80% of the
18 net revenue realized for the preceding month from the sale of
19 candy, grooming and hygiene products, and soft drinks that had
20 been taxed at a rate of 1% prior to September 1, 2009 but that
21 are now taxed at 6.25%.

22 Beginning July 1, 2013, each month the Department shall pay
23 into the Underground Storage Tank Fund from the proceeds
24 collected under this Act, the Use Tax Act, the Service Use Tax
25 Act, and the Retailers' Occupation Tax Act an amount equal to
26 the average monthly deficit in the Underground Storage Tank

1 Fund during the prior year, as certified annually by the
2 Illinois Environmental Protection Agency, but the total
3 payment into the Underground Storage Tank Fund under this Act,
4 the Use Tax Act, the Service Use Tax Act, and the Retailers'
5 Occupation Tax Act shall not exceed \$18,000,000 in any State
6 fiscal year. As used in this paragraph, the "average monthly
7 deficit" shall be equal to the difference between the average
8 monthly claims for payment by the fund and the average monthly
9 revenues deposited into the fund, excluding payments made
10 pursuant to this paragraph.

11 Beginning July 1, 2015, of the remainder of the moneys
12 received by the Department under the Use Tax Act, the Service
13 Use Tax Act, this Act, and the Retailers' Occupation Tax Act,
14 each month the Department shall deposit \$500,000 into the State
15 Crime Laboratory Fund.

16 Of the remainder of the moneys received by the Department
17 pursuant to this Act, (a) 1.75% thereof shall be paid into the
18 Build Illinois Fund and (b) prior to July 1, 1989, 2.2% and on
19 and after July 1, 1989, 3.8% thereof shall be paid into the
20 Build Illinois Fund; provided, however, that if in any fiscal
21 year the sum of (1) the aggregate of 2.2% or 3.8%, as the case
22 may be, of the moneys received by the Department and required
23 to be paid into the Build Illinois Fund pursuant to Section 3
24 of the Retailers' Occupation Tax Act, Section 9 of the Use Tax
25 Act, Section 9 of the Service Use Tax Act, and Section 9 of the
26 Service Occupation Tax Act, such Acts being hereinafter called

1 the "Tax Acts" and such aggregate of 2.2% or 3.8%, as the case
2 may be, of moneys being hereinafter called the "Tax Act
3 Amount", and (2) the amount transferred to the Build Illinois
4 Fund from the State and Local Sales Tax Reform Fund shall be
5 less than the Annual Specified Amount (as defined in Section 3
6 of the Retailers' Occupation Tax Act), an amount equal to the
7 difference shall be immediately paid into the Build Illinois
8 Fund from other moneys received by the Department pursuant to
9 the Tax Acts; and further provided, that if on the last
10 business day of any month the sum of (1) the Tax Act Amount
11 required to be deposited into the Build Illinois Account in the
12 Build Illinois Fund during such month and (2) the amount
13 transferred during such month to the Build Illinois Fund from
14 the State and Local Sales Tax Reform Fund shall have been less
15 than 1/12 of the Annual Specified Amount, an amount equal to
16 the difference shall be immediately paid into the Build
17 Illinois Fund from other moneys received by the Department
18 pursuant to the Tax Acts; and, further provided, that in no
19 event shall the payments required under the preceding proviso
20 result in aggregate payments into the Build Illinois Fund
21 pursuant to this clause (b) for any fiscal year in excess of
22 the greater of (i) the Tax Act Amount or (ii) the Annual
23 Specified Amount for such fiscal year; and, further provided,
24 that the amounts payable into the Build Illinois Fund under
25 this clause (b) shall be payable only until such time as the
26 aggregate amount on deposit under each trust indenture securing

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

1 Build Illinois Fund are subject to the pledge, claim and charge
2 set forth in Section 12 of the Build Illinois Bond Act.

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

15		Total
	Fiscal Year	Deposit
16	1993	\$0
17	1994	53,000,000
18	1995	58,000,000
19	1996	61,000,000
20	1997	64,000,000
21	1998	68,000,000
22	1999	71,000,000
23	2000	75,000,000
24	2001	80,000,000
25	2002	93,000,000

1	2003	99,000,000
2	2004	103,000,000
3	2005	108,000,000
4	2006	113,000,000
5	2007	119,000,000
6	2008	126,000,000
7	2009	132,000,000
8	2010	139,000,000
9	2011	146,000,000
10	2012	153,000,000
11	2013	161,000,000
12	2014	170,000,000
13	2015	179,000,000
14	2016	189,000,000
15	2017	199,000,000
16	2018	210,000,000
17	2019	221,000,000
18	2020	233,000,000
19	2021	246,000,000
20	2022	260,000,000
21	2023	275,000,000
22	2024	275,000,000
23	2025	275,000,000
24	2026	279,000,000
25	2027	292,000,000
26	2028	307,000,000

1	2029	322,000,000
2	2030	338,000,000
3	2031	350,000,000
4	2032	350,000,000

5 and

6 each fiscal year

7 thereafter that bonds

8 are outstanding under

9 Section 13.2 of the

10 Metropolitan Pier and

11 Exposition Authority Act,

12 but not after fiscal year 2060.

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

26 Subject to payment of amounts into the Build Illinois Fund

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

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

21 Subject to payment of amounts into the Build Illinois Fund,
22 the McCormick Place Expansion Project Fund, the Illinois Tax
23 Increment Fund, and the Energy Infrastructure Fund pursuant to
24 the preceding paragraphs or in any amendments to this Section
25 hereafter enacted, beginning on the first day of the first
26 calendar month to occur on or after August 26, 2014 (the

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

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

22 The Department may, upon separate written notice to a
23 taxpayer, require the taxpayer to prepare and file with the
24 Department on a form prescribed by the Department within not
25 less than 60 days after receipt of the notice an annual
26 information return for the tax year specified in the notice.

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

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

22 (i) Until January 1, 1994, the taxpayer shall be liable
23 for a penalty equal to 1/6 of 1% of the tax due from such
24 taxpayer under this Act during the period to be covered by
25 the annual return for each month or fraction of a month
26 until such return is filed as required, the penalty to be

1 assessed and collected in the same manner as any other
2 penalty provided for in this Act.

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

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

14 The foregoing portion of this Section concerning the filing
15 of an annual information return shall not apply to a serviceman
16 who is not required to file an income tax return with the
17 United States Government.

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

25 Net revenue realized for a month shall be the revenue
26 collected by the State pursuant to this Act, less the amount

1 paid out during that month as refunds to taxpayers for
2 overpayment of liability.

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

11 (Source: P.A. 99-352, eff. 8-12-15; 99-858, eff. 8-19-16;
12 100-303, eff. 8-24-17; revised 10-31-17)

13 (Text of Section after amendment by P.A. 100-363)

14 Sec. 9. Each serviceman required or authorized to collect
15 the tax herein imposed shall pay to the Department the amount
16 of such tax at the time when he is required to file his return
17 for the period during which such tax was collectible, less a
18 discount of 2.1% prior to January 1, 1990, and 1.75% on and
19 after January 1, 1990, or \$5 per calendar year, whichever is
20 greater, which is allowed to reimburse the serviceman for
21 expenses incurred in collecting the tax, keeping records,
22 preparing and filing returns, remitting the tax and supplying
23 data to the Department on request. The discount allowed under
24 this Section is allowed only for returns that are filed in the
25 manner required by this Act. The Department may disallow the

1 discount for servicemen whose certificate of registration is
2 revoked at the time the return is filed, but only if the
3 Department's decision to revoke the certificate of
4 registration has become final.

5 Where such tangible personal property is sold under a
6 conditional sales contract, or under any other form of sale
7 wherein the payment of the principal sum, or a part thereof, is
8 extended beyond the close of the period for which the return is
9 filed, the serviceman, in collecting the tax may collect, for
10 each tax return period, only the tax applicable to the part of
11 the selling price actually received during such tax return
12 period.

13 Except as provided hereinafter in this Section, on or
14 before the twentieth day of each calendar month, such
15 serviceman shall file a return for the preceding calendar month
16 in accordance with reasonable rules and regulations to be
17 promulgated by the Department of Revenue. Such return shall be
18 filed on a form prescribed by the Department and shall contain
19 such information as the Department may reasonably require. On
20 and after January 1, 2018, with respect to servicemen whose
21 annual gross receipts average \$20,000 or more, all returns
22 required to be filed pursuant to this Act shall be filed
23 electronically. Servicemen who demonstrate that they do not
24 have access to the Internet or demonstrate hardship in filing
25 electronically may petition the Department to waive the
26 electronic filing requirement.

1 The Department may require returns to be filed on a
2 quarterly basis. If so required, a return for each calendar
3 quarter shall be filed on or before the twentieth day of the
4 calendar month following the end of such calendar quarter. The
5 taxpayer shall also file a return with the Department for each
6 of the first two months of each calendar quarter, on or before
7 the twentieth day of the following calendar month, stating:

8 1. The name of the seller;

9 2. The address of the principal place of business from
10 which he engages in business as a serviceman in this State;

11 3. The total amount of taxable receipts received by him
12 during the preceding calendar month, including receipts
13 from charge and time sales, but less all deductions allowed
14 by law;

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

17 5. The amount of tax due;

18 5-5. The signature of the taxpayer; and

19 6. Such other reasonable information as the Department
20 may require.

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

25 Prior to October 1, 2003, and on and after September 1,
26 2004 and through August 30, 2014, a serviceman may accept a

1 Manufacturer's Purchase Credit certification from a purchaser
2 in satisfaction of Service Use Tax as provided in Section 3-70
3 of the Service Use Tax Act if the purchaser provides the
4 appropriate documentation as required by Section 3-70 of the
5 Service Use Tax Act. A Manufacturer's Purchase Credit
6 certification, accepted prior to October 1, 2003 or on or after
7 September 1, 2004 and through August 30, 2014 by a serviceman
8 as provided in Section 3-70 of the Service Use Tax Act, may be
9 used by that serviceman through September 30, 2014 to satisfy
10 Service Occupation Tax liability in the amount claimed in the
11 certification, not to exceed 6.25% of the receipts subject to
12 tax from a qualifying purchase. A Manufacturer's Purchase
13 Credit reported on any original or amended return filed under
14 this Act after October 20, 2003 for reporting periods prior to
15 September 1, 2004 shall be disallowed. A Manufacturer's
16 Purchase Credit reported on any original or amended return
17 filed under this Act after September 30, 2014 shall be
18 disallowed. Manufacturer's Purchase Credit reported on annual
19 returns due on or after January 1, 2005 will be disallowed for
20 periods prior to September 1, 2004. A Manufacturer's Purchase
21 Credit reported on any annual return due on or after January 1,
22 2015 shall be disallowed for periods on and after August 31,
23 2014. No Manufacturer's Purchase Credit may be used after
24 September 30, 2003 through August 31, 2004 or after September
25 30, 2014 to satisfy any tax liability imposed under this Act,
26 including any audit liability.

1 If the serviceman's average monthly tax liability to the
2 Department does not exceed \$200, the Department may authorize
3 his returns to be filed on a quarter annual basis, with the
4 return for January, February and March of a given year being
5 due by April 20 of such year; with the return for April, May
6 and June of a given year being due by July 20 of such year; with
7 the return for July, August and September of a given year being
8 due by October 20 of such year, and with the return for
9 October, November and December of a given year being due by
10 January 20 of the following year.

11 If the serviceman's average monthly tax liability to the
12 Department does not exceed \$50, the Department may authorize
13 his returns to be filed on an annual basis, with the return for
14 a given year being due by January 20 of the following year.

15 Such quarter annual and annual returns, as to form and
16 substance, shall be subject to the same requirements as monthly
17 returns.

18 Notwithstanding any other provision in this Act concerning
19 the time within which a serviceman may file his return, in the
20 case of any serviceman who ceases to engage in a kind of
21 business which makes him responsible for filing returns under
22 this Act, such serviceman shall file a final return under this
23 Act with the Department not more than 1 month after
24 discontinuing such business.

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

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

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

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

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

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

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

13 Where a serviceman collects the tax with respect to the
14 selling price of tangible personal property which he sells and
15 the purchaser thereafter returns such tangible personal
16 property and the serviceman refunds the selling price thereof
17 to the purchaser, such serviceman shall also refund, to the
18 purchaser, the tax so collected from the purchaser. When filing
19 his return for the period in which he refunds such tax to the
20 purchaser, the serviceman may deduct the amount of the tax so
21 refunded by him to the purchaser from any other Service
22 Occupation Tax, Service Use Tax, Retailers' Occupation Tax or
23 Use Tax which such serviceman may be required to pay or remit
24 to the Department, as shown by such return, provided that the
25 amount of the tax to be deducted shall previously have been
26 remitted to the Department by such serviceman. If the

1 serviceman shall not previously have remitted the amount of
2 such tax to the Department, he shall be entitled to no
3 deduction hereunder upon refunding such tax to the purchaser.

4 If experience indicates such action to be practicable, the
5 Department may prescribe and furnish a combination or joint
6 return which will enable servicemen, who are required to file
7 returns hereunder and also under the Retailers' Occupation Tax
8 Act, the Use Tax Act or the Service Use Tax Act, to furnish all
9 the return information required by all said Acts on the one
10 form.

11 Where the serviceman has more than one business registered
12 with the Department under separate registrations hereunder,
13 such serviceman shall file separate returns for each registered
14 business.

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

1 diabetics.

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

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

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

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

18 Beginning October 1, 2009, each month the Department shall
19 pay into the Capital Projects Fund an amount that is equal to
20 an amount estimated by the Department to represent 80% of the
21 net revenue realized for the preceding month from the sale of
22 candy, grooming and hygiene products, and soft drinks that had
23 been taxed at a rate of 1% prior to September 1, 2009 but that
24 are now taxed at 6.25%.

25 Beginning July 1, 2013, each month the Department shall pay
26 into the Underground Storage Tank Fund from the proceeds

1 collected under this Act, the Use Tax Act, the Service Use Tax
2 Act, and the Retailers' Occupation Tax Act an amount equal to
3 the average monthly deficit in the Underground Storage Tank
4 Fund during the prior year, as certified annually by the
5 Illinois Environmental Protection Agency, but the total
6 payment into the Underground Storage Tank Fund under this Act,
7 the Use Tax Act, the Service Use Tax Act, and the Retailers'
8 Occupation Tax Act shall not exceed \$18,000,000 in any State
9 fiscal year. As used in this paragraph, the "average monthly
10 deficit" shall be equal to the difference between the average
11 monthly claims for payment by the fund and the average monthly
12 revenues deposited into the fund, excluding payments made
13 pursuant to this paragraph.

14 Beginning July 1, 2015, of the remainder of the moneys
15 received by the Department under the Use Tax Act, the Service
16 Use Tax Act, this Act, and the Retailers' Occupation Tax Act,
17 each month the Department shall deposit \$500,000 into the State
18 Crime Laboratory Fund.

19 Of the remainder of the moneys received by the Department
20 pursuant to this Act, (a) 1.75% thereof shall be paid into the
21 Build Illinois Fund and (b) prior to July 1, 1989, 2.2% and on
22 and after July 1, 1989, 3.8% thereof shall be paid into the
23 Build Illinois Fund; provided, however, that if in any fiscal
24 year the sum of (1) the aggregate of 2.2% or 3.8%, as the case
25 may be, of the moneys received by the Department and required
26 to be paid into the Build Illinois Fund pursuant to Section 3

1 of the Retailers' Occupation Tax Act, Section 9 of the Use Tax
2 Act, Section 9 of the Service Use Tax Act, and Section 9 of the
3 Service Occupation Tax Act, such Acts being hereinafter called
4 the "Tax Acts" and such aggregate of 2.2% or 3.8%, as the case
5 may be, of moneys being hereinafter called the "Tax Act
6 Amount", and (2) the amount transferred to the Build Illinois
7 Fund from the State and Local Sales Tax Reform Fund shall be
8 less than the Annual Specified Amount (as defined in Section 3
9 of the Retailers' Occupation Tax Act), an amount equal to the
10 difference shall be immediately paid into the Build Illinois
11 Fund from other moneys received by the Department pursuant to
12 the Tax Acts; and further provided, that if on the last
13 business day of any month the sum of (1) the Tax Act Amount
14 required to be deposited into the Build Illinois Account in the
15 Build Illinois Fund during such month and (2) the amount
16 transferred during such month to the Build Illinois Fund from
17 the State and Local Sales Tax Reform Fund shall have been less
18 than 1/12 of the Annual Specified Amount, an amount equal to
19 the difference shall be immediately paid into the Build
20 Illinois Fund from other moneys received by the Department
21 pursuant to the Tax Acts; and, further provided, that in no
22 event shall the payments required under the preceding proviso
23 result in aggregate payments into the Build Illinois Fund
24 pursuant to this clause (b) for any fiscal year in excess of
25 the greater of (i) the Tax Act Amount or (ii) the Annual
26 Specified Amount for such fiscal year; and, further provided,

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

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

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

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

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

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

8 and

9 each fiscal year

10 thereafter that bonds

11 are outstanding under

12 Section 13.2 of the

13 Metropolitan Pier and

14 Exposition Authority Act,

15 but not after fiscal year 2060.

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

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

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

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

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

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

18 Subject to payments of amounts into the Build Illinois
19 Fund, the McCormick Place Expansion Project Fund, the Illinois
20 Tax Increment Fund, the Energy Infrastructure Fund, and the Tax
21 Compliance and Administration Fund as provided in this Section,
22 beginning on July 1, 2018 the Department shall pay each month
23 into the Downstate Public Transportation Fund the moneys
24 required to be so paid under Section 2-3 of the Downstate
25 Public Transportation Act.

26 Of the remainder of the moneys received by the Department

1 pursuant to this Act, 75% shall be paid into the General
2 Revenue Fund of the State Treasury and 25% shall be reserved in
3 a special account and used only for the transfer to the Common
4 School Fund as part of the monthly transfer from the General
5 Revenue Fund in accordance with Section 8a of the State Finance
6 Act.

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

1 helpful in determining the accuracy of the monthly, quarterly
2 or annual returns filed by such taxpayer as hereinbefore
3 provided for in this Section.

4 If the annual information return required by this Section
5 is not filed when and as required, the taxpayer shall be liable
6 as follows:

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

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

17 The chief executive officer, proprietor, owner or highest
18 ranking manager shall sign the annual return to certify the
19 accuracy of the information contained therein. Any person who
20 willfully signs the annual return containing false or
21 inaccurate information shall be guilty of perjury and punished
22 accordingly. The annual return form prescribed by the
23 Department shall include a warning that the person signing the
24 return may be liable for perjury.

25 The foregoing portion of this Section concerning the filing
26 of an annual information return shall not apply to a serviceman

1 who is not required to file an income tax return with the
2 United States Government.

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

10 Net revenue realized for a month shall be the revenue
11 collected by the State pursuant to this Act, less the amount
12 paid out during that month as refunds to taxpayers for
13 overpayment of liability.

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

22 (Source: P.A. 99-352, eff. 8-12-15; 99-858, eff. 8-19-16;
23 100-303, eff. 8-24-17; 100-363, eff. 7-1-18; revised
24 10-31-17.)

25 Section 25. The Retailers' Occupation Tax Act is amended by

1 changing Sections 2-5, 2-45, and 3 as follows:

2 (35 ILCS 120/2-5)

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

6 (1) Farm chemicals.

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

1 is separately stated.

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

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

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

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

1 equipment, including repair and replacement parts, both
2 new and used, and including that manufactured on special
3 order or purchased for lease, certified by the purchaser to
4 be used primarily for graphic arts production. Equipment
5 includes chemicals or chemicals acting as catalysts but
6 only if the chemicals or chemicals acting as catalysts
7 effect a direct and immediate change upon a graphic arts
8 product. Beginning on July 1, 2017, graphic arts machinery
9 and equipment is included in the manufacturing and
10 assembling machinery and equipment exemption under
11 paragraph (14).

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

16 (6) Personal property sold by a teacher-sponsored
17 student organization affiliated with an elementary or
18 secondary school 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
21 subject to the Replacement Vehicle Tax.

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

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

1 by the Department by rule, that it has received an
2 exemption under Section 501(c)(3) of the Internal Revenue
3 Code and that is organized and operated primarily for the
4 presentation or support of arts or cultural programming,
5 activities, or services. These organizations include, but
6 are not limited to, music and dramatic arts organizations
7 such as symphony orchestras and theatrical groups, arts and
8 cultural service organizations, local arts councils,
9 visual arts organizations, and media arts organizations.
10 On and after July 1, 2001 (the effective date of Public Act
11 92-35) ~~this amendatory Act of the 92nd General Assembly,~~
12 however, an entity otherwise eligible for this exemption
13 shall not make tax-free purchases unless it has an active
14 identification number issued by the Department.

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

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

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

11 (12) (Blank).

12 (12-5) On and after July 1, 2003 and through June 30,
13 2004, motor vehicles of the second division with a gross
14 vehicle weight in excess of 8,000 pounds that are subject
15 to the commercial distribution fee imposed under Section
16 3-815.1 of the Illinois Vehicle Code. Beginning on July 1,
17 2004 and through June 30, 2005, the use in this State of
18 motor vehicles of the second division: (i) with a gross
19 vehicle weight rating in excess of 8,000 pounds; (ii) that
20 are subject to the commercial distribution fee imposed
21 under Section 3-815.1 of the Illinois Vehicle Code; and
22 (iii) that are primarily used for commercial purposes.
23 Through June 30, 2005, this exemption applies to repair and
24 replacement parts added after the initial purchase of such
25 a motor vehicle if that motor vehicle is used in a manner
26 that would qualify for the rolling stock exemption

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

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

14 (14) Machinery and equipment that will be used by the
15 purchaser, or a lessee of the purchaser, primarily in the
16 process of manufacturing or assembling tangible personal
17 property for wholesale or retail sale or lease, whether the
18 sale or lease is made directly by the manufacturer or by
19 some other person, whether the materials used in the
20 process are owned by the manufacturer or some other person,
21 or whether the sale or lease is made apart from or as an
22 incident to the seller's engaging in the service occupation
23 of producing machines, tools, dies, jigs, patterns,
24 gauges, or other similar items of no commercial value on
25 special order for a particular purchaser. The exemption
26 provided by this paragraph (14) does not include machinery

1 and equipment used in (i) the generation of electricity for
2 wholesale or retail sale; (ii) the generation or treatment
3 of natural or artificial gas for wholesale or retail sale
4 that is delivered to customers through pipes, pipelines, or
5 mains; or (iii) the treatment of water for wholesale or
6 retail sale that is delivered to customers through pipes,
7 pipelines, or mains. The provisions of Public Act 98-583
8 are declaratory of existing law as to the meaning and scope
9 of this exemption. Beginning on July 1, 2017, the exemption
10 provided by this paragraph (14) includes, but is not
11 limited to, graphic arts machinery and equipment, as
12 defined in paragraph (4) of this Section. Beginning on
13 August 31, 2014, manufacturing and assembling machinery
14 and equipment includes production related tangible
15 personal property, as defined in Section 2-45 of this Act.
16 The exemption provided by this paragraph (14) is exempt
17 from the provisions of Section 2-70.

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

26 (16) Petroleum products sold to a purchaser if the

1 seller is prohibited by federal law from charging tax to
2 the purchaser.

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

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

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

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

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

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

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

25 Beginning July 1, 2013, fuel and petroleum products
26 sold to or used by an air carrier, certified by the carrier

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

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

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

19 (25) Except as provided in item (25-5) of this Section,
20 a motor vehicle sold in this State to a nonresident even
21 though the motor vehicle is delivered to the nonresident in
22 this State, if the motor vehicle is not to be titled in
23 this State, and if a drive-away permit is issued to the
24 motor vehicle as provided in Section 3-603 of the Illinois
25 Vehicle Code or if the nonresident purchaser has vehicle
26 registration plates to transfer to the motor vehicle upon

1 returning to his or her home state. The issuance of the
2 drive-away permit or having the out-of-state registration
3 plates to be transferred is prima facie evidence that the
4 motor vehicle will not be titled in this State.

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

1 the removal of the vehicle from this state following the
2 filing of an intent to title the vehicle in the purchaser's
3 state of residence if the purchaser titles the vehicle in
4 his or her state of residence within 30 days after the date
5 of sale. The tax collected under this Act in accordance
6 with this item (25-5) shall be proportionately distributed
7 as if the tax were collected at the 6.25% general rate
8 imposed under this Act.

9 (25-7) Beginning on July 1, 2007, no tax is imposed
10 under this Act on the sale of an aircraft, as defined in
11 Section 3 of the Illinois Aeronautics Act, if all of the
12 following conditions are met:

13 (1) the aircraft leaves this State within 15 days
14 after the later of either the issuance of the final
15 billing for the sale of the aircraft, or the authorized
16 approval for return to service, completion of the
17 maintenance record entry, and completion of the test
18 flight and ground test for inspection, as required by
19 14 C.F.R. 91.407;

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

22 (3) the seller retains in his or her books and
23 records and provides to the Department a signed and
24 dated certification from the purchaser, on a form
25 prescribed by the Department, certifying that the
26 requirements of this item (25-7) are met. The

1 certificate must also include the name and address of
2 the purchaser, the address of the location where the
3 aircraft is to be titled or registered, the address of
4 the primary physical location of the aircraft, and
5 other information that the Department may reasonably
6 require.

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

8 "Based in this State" means hangared, stored, or
9 otherwise used, excluding post-sale customizations as
10 defined in this Section, for 10 or more days in each
11 12-month period immediately following the date of the sale
12 of the aircraft.

13 "Registered in this State" means an aircraft
14 registered with the Department of Transportation,
15 Aeronautics Division, or titled or registered with the
16 Federal Aviation Administration to an address located in
17 this State.

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

20 (26) Semen used for artificial insemination of
21 livestock for direct agricultural production.

22 (27) Horses, or interests in horses, registered with
23 and meeting the requirements of any of the Arabian Horse
24 Club Registry of America, Appaloosa Horse Club, American
25 Quarter Horse Association, United States Trotting
26 Association, or Jockey Club, as appropriate, used for

1 purposes of breeding or racing for prizes. This item (27)
2 is exempt from the provisions of Section 2-70, and the
3 exemption provided for under this item (27) applies for all
4 periods beginning May 30, 1995, but no claim for credit or
5 refund is allowed on or after January 1, 2008 (the
6 effective date of Public Act 95-88) for such taxes paid
7 during the period beginning May 30, 2000 and ending on
8 January 1, 2008 (the effective date of Public Act 95-88).

9 (28) Computers and communications equipment utilized
10 for any hospital purpose and equipment used in the
11 diagnosis, analysis, or treatment of hospital patients
12 sold to a lessor who leases the equipment, under a lease of
13 one year or longer executed or in effect at the time of the
14 purchase, to a hospital that has been issued an active tax
15 exemption identification number by the Department under
16 Section 1g of this Act.

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

23 (30) Beginning with taxable years ending on or after
24 December 31, 1995 and ending with taxable years ending on
25 or before December 31, 2004, personal property that is
26 donated for disaster relief to be used in a State or

1 federally declared disaster area in Illinois or bordering
2 Illinois by a manufacturer or retailer that is registered
3 in this State to a corporation, society, association,
4 foundation, or institution that has been issued a sales tax
5 exemption identification number by the Department that
6 assists victims of the disaster who reside within the
7 declared disaster area.

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

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

25 (33) A motor vehicle, as that term is defined in
26 Section 1-146 of the Illinois Vehicle Code, that is donated

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

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

1 fundraising events (i) for the benefit of private home
2 instruction or (ii) for which the fundraising entity
3 purchases the personal property sold at the events from
4 another individual or entity that sold the property for the
5 purpose of resale by the fundraising entity and that
6 profits from the sale to the fundraising entity. This
7 paragraph is exempt from the provisions of Section 2-70.

8 (35) Beginning January 1, 2000 and through December 31,
9 2001, new or used automatic vending machines that prepare
10 and serve hot food and beverages, including coffee, soup,
11 and other items, and replacement parts for these machines.
12 Beginning January 1, 2002 and through June 30, 2003,
13 machines and parts for machines used in commercial,
14 coin-operated amusement and vending business if a use or
15 occupation tax is paid on the gross receipts derived from
16 the use of the commercial, coin-operated amusement and
17 vending machines. This paragraph is exempt from the
18 provisions of Section 2-70.

19 (35-5) Beginning August 23, 2001 and through June 30,
20 2016, food for human consumption that is to be consumed off
21 the premises where it is sold (other than alcoholic
22 beverages, soft drinks, and food that has been prepared for
23 immediate consumption) and prescription and
24 nonprescription medicines, drugs, medical appliances, and
25 insulin, urine testing materials, syringes, and needles
26 used by diabetics, for human use, when purchased for use by

1 a person receiving medical assistance under Article V of
2 the Illinois Public Aid Code who resides in a licensed
3 long-term care facility, as defined in the Nursing Home
4 Care Act, or a licensed facility as defined in the ID/DD
5 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
9 and equipment used in the diagnosis, analysis, or treatment
10 of hospital patients sold to a lessor who leases the
11 equipment, under a lease of one year or longer executed or
12 in effect at the time of the purchase, to a hospital that
13 has been issued an active tax exemption identification
14 number by the Department under Section 1g of this Act. This
15 paragraph is exempt from the provisions of Section 2-70.

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

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

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

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

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

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

1 carrier providing scheduled passenger air service pursuant
2 to authority issued under Part 121 or Part 129 of the
3 Federal Aviation Regulations. The changes made to this
4 paragraph (40) by Public Act 98-534 are declarative of
5 existing law.

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

21 (42) Beginning January 1, 2017, menstrual pads,
22 tampons, and menstrual cups.

23 (43) Merchandise that is subject to the Rental Purchase
24 Agreement Occupation and Use Tax. The purchaser must
25 certify that the item is purchased to be rented subject to
26 a rental purchase agreement, as defined in the Rental

1 Purchase Agreement Act, and provide proof of registration
2 under the Rental Purchase Agreement Occupation and Use Tax
3 Act. This paragraph is exempt from the provisions of
4 Section 2-70.

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

8 (35 ILCS 120/2-45) (from Ch. 120, par. 441-45)

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

15 The machinery and equipment exemption also includes
16 machinery and equipment used in the general maintenance or
17 repair of exempt machinery and equipment or for in-house
18 manufacture of exempt machinery and equipment. Beginning on
19 August 31, 2014, the manufacturing and assembling machinery and
20 equipment exemption also includes production related tangible
21 personal property, as defined in this Section. Beginning on
22 July 1, 2017, the manufacturing and assembling machinery and
23 equipment exemption also includes graphic arts machinery and
24 equipment, as defined in paragraph (4) of Section 2-5. The
25 machinery and equipment exemption does not include machinery

1 and equipment used in (i) the generation of electricity for
2 wholesale or retail sale; (ii) the generation or treatment of
3 natural or artificial gas for wholesale or retail sale that is
4 delivered to customers through pipes, pipelines, or mains; or
5 (iii) the treatment of water for wholesale or retail sale that
6 is delivered to customers through pipes, pipelines, or mains.
7 The provisions of this amendatory Act of the 98th General
8 Assembly are declaratory of existing law as to the meaning and
9 scope of this exemption. For the purposes of this exemption,
10 terms have the following meanings:

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

1 manufacturing process of tangible personal property for
2 wholesale or retail sale.

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

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

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

1 wholesale or retail sale or lease.

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

25 ~~The manufacturing and assembling machinery and equipment~~
26 ~~exemption includes production related tangible personal~~

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

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

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

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

21 The manufacturing and assembling machinery and equipment
22 exemption includes the sale of materials to a purchaser who
23 produces exempted types of machinery, equipment, or tools and
24 who rents or leases that machinery, equipment, or tools to a
25 manufacturer of tangible personal property. This exemption
26 also includes the sale of materials to a purchaser who

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

24 The manufacturing and assembling machinery and equipment
25 exemption is exempt from the provisions of Section 2-70.

26 (Source: P.A. 100-22, eff. 7-6-17.)

1 (35 ILCS 120/3) (from Ch. 120, par. 442)

2 (Text of Section before amendment by P.A. 100-363)

3 Sec. 3. Except as provided in this Section, on or before
4 the twentieth day of each calendar month, every person engaged
5 in the business of selling tangible personal property at retail
6 in this State during the preceding calendar month shall file a
7 return with the Department, stating:

8 1. The name of the seller;

9 2. His residence address and the address of his
10 principal place of business and the address of the
11 principal place of business (if that is a different
12 address) from which he engages in the business of selling
13 tangible personal property at retail in this State;

14 3. Total amount of receipts received by him during the
15 preceding calendar month or quarter, as the case may be,
16 from sales of tangible personal property, and from services
17 furnished, by him during such preceding calendar month or
18 quarter;

19 4. Total amount received by him during the preceding
20 calendar month or quarter on charge and time sales of
21 tangible personal property, and from services furnished,
22 by him prior to the month or quarter for which the return
23 is filed;

24 5. Deductions allowed by law;

25 6. Gross receipts which were received by him during the

1 preceding calendar month or quarter and upon the basis of
2 which the tax is imposed;

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

5 8. The amount of tax due;

6 9. The signature of the taxpayer; and

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

9 On and after January 1, 2018, except for returns for motor
10 vehicles, watercraft, aircraft, and trailers that are required
11 to be registered with an agency of this State, with respect to
12 retailers whose annual gross receipts average \$20,000 or more,
13 all returns required to be filed pursuant to this Act shall be
14 filed electronically. Retailers who demonstrate that they do
15 not have access to the Internet or demonstrate hardship in
16 filing electronically may petition the Department to waive the
17 electronic filing requirement.

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

22 Each return shall be accompanied by the statement of
23 prepaid tax issued pursuant to Section 2e for which credit is
24 claimed.

25 Prior to October 1, 2003, and on and after September 1,
26 2004 and through August 30, 2014, a retailer may accept a

1 Manufacturer's Purchase Credit certification from a purchaser
2 in satisfaction of Use Tax as provided in Section 3-85 of the
3 Use Tax Act if the purchaser provides the appropriate
4 documentation as required by Section 3-85 of the Use Tax Act. A
5 Manufacturer's Purchase Credit certification, accepted by a
6 retailer prior to October 1, 2003 and on and after September 1,
7 2004 and through August 30, 2014, as provided in Section 3-85
8 of the Use Tax Act, may be used through September 30, 2014 by
9 that retailer to satisfy Retailers' Occupation Tax liability in
10 the amount claimed in the certification, not to exceed 6.25% of
11 the receipts subject to tax from a qualifying purchase. A
12 Manufacturer's Purchase Credit reported on any original or
13 amended return filed under this Act after October 20, 2003 for
14 reporting periods prior to September 1, 2004 shall be
15 disallowed. A Manufacturer's Purchaser Credit reported on any
16 original or amended return filed under this Act after September
17 20, 2014 shall be disallowed. Manufacturer's Purchaser Credit
18 reported on annual returns due on or after January 1, 2005 will
19 be disallowed for periods prior to September 1, 2004. A
20 Manufacturer's Purchase Credit reported on an annual return due
21 on or after January 1, 2015 shall be disallowed for periods on
22 and after August 31, 2014. No Manufacturer's Purchase Credit
23 may be used after September 30, 2003 through August 31, 2004,
24 or after September 20, 2014, to satisfy any tax liability
25 imposed under this Act, including any audit liability.

26 The Department may require returns to be filed on a

1 quarterly basis. If so required, a return for each calendar
2 quarter shall be filed on or before the twentieth day of the
3 calendar month following the end of such calendar quarter. The
4 taxpayer shall also file a return with the Department for each
5 of the first two months of each calendar quarter, on or before
6 the twentieth day of the following calendar month, stating:

7 1. The name of the seller;

8 2. The address of the principal place of business from
9 which he engages in the business of selling tangible
10 personal property at retail in this State;

11 3. The total amount of taxable receipts received by him
12 during the preceding calendar month from sales of tangible
13 personal property by him during such preceding calendar
14 month, including receipts from charge and time sales, but
15 less all deductions allowed by law;

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

18 5. The amount of tax due; and

19 6. Such other reasonable information as the Department
20 may require.

21 Beginning on October 1, 2003, any person who is not a
22 licensed distributor, importing distributor, or manufacturer,
23 as defined in the Liquor Control Act of 1934, but is engaged in
24 the business of selling, at retail, alcoholic liquor shall file
25 a statement with the Department of Revenue, in a format and at
26 a time prescribed by the Department, showing the total amount

1 paid for alcoholic liquor purchased during the preceding month
2 and such other information as is reasonably required by the
3 Department. The Department may adopt rules to require that this
4 statement be filed in an electronic or telephonic format. Such
5 rules may provide for exceptions from the filing requirements
6 of this paragraph. For the purposes of this paragraph, the term
7 "alcoholic liquor" shall have the meaning prescribed in the
8 Liquor Control Act of 1934.

9 Beginning on October 1, 2003, every distributor, importing
10 distributor, and manufacturer of alcoholic liquor as defined in
11 the Liquor Control Act of 1934, shall file a statement with the
12 Department of Revenue, no later than the 10th day of the month
13 for the preceding month during which transactions occurred, by
14 electronic means, showing the total amount of gross receipts
15 from the sale of alcoholic liquor sold or distributed during
16 the preceding month to purchasers; identifying the purchaser to
17 whom it was sold or distributed; the purchaser's tax
18 registration number; and such other information reasonably
19 required by the Department. A distributor, importing
20 distributor, or manufacturer of alcoholic liquor must
21 personally deliver, mail, or provide by electronic means to
22 each retailer listed on the monthly statement a report
23 containing a cumulative total of that distributor's, importing
24 distributor's, or manufacturer's total sales of alcoholic
25 liquor to that retailer no later than the 10th day of the month
26 for the preceding month during which the transaction occurred.

1 The distributor, importing distributor, or manufacturer shall
2 notify the retailer as to the method by which the distributor,
3 importing distributor, or manufacturer will provide the sales
4 information. If the retailer is unable to receive the sales
5 information by electronic means, the distributor, importing
6 distributor, or manufacturer shall furnish the sales
7 information by personal delivery or by mail. For purposes of
8 this paragraph, the term "electronic means" includes, but is
9 not limited to, the use of a secure Internet website, e-mail,
10 or facsimile.

11 If a total amount of less than \$1 is payable, refundable or
12 creditable, such amount shall be disregarded if it is less than
13 50 cents and shall be increased to \$1 if it is 50 cents or more.

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

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

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

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

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

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

1 requirements of this Section.

2 Any amount which is required to be shown or reported on any
3 return or other document under this Act shall, if such amount
4 is not a whole-dollar amount, be increased to the nearest
5 whole-dollar amount in any case where the fractional part of a
6 dollar is 50 cents or more, and decreased to the nearest
7 whole-dollar amount where the fractional part of a dollar is
8 less than 50 cents.

9 If the retailer is otherwise required to file a monthly
10 return and if the retailer's average monthly tax liability to
11 the Department does not exceed \$200, the Department may
12 authorize his returns to be filed on a quarter annual basis,
13 with the return for January, February and March of a given year
14 being due by April 20 of such year; with the return for April,
15 May and June of a given year being due by July 20 of such year;
16 with the return for July, August and September of a given year
17 being due by October 20 of such year, and with the return for
18 October, November and December of a given year being due by
19 January 20 of the following year.

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

26 Such quarter annual and annual returns, as to form and

1 substance, shall be subject to the same requirements as monthly
2 returns.

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

10 Where the same person has more than one business registered
11 with the Department under separate registrations under this
12 Act, such person may not file each return that is due as a
13 single return covering all such registered businesses, but
14 shall file separate returns for each such registered business.

15 In addition, with respect to motor vehicles, watercraft,
16 aircraft, and trailers that are required to be registered with
17 an agency of this State, every retailer selling this kind of
18 tangible personal property shall file, with the Department,
19 upon a form to be prescribed and supplied by the Department, a
20 separate return for each such item of tangible personal
21 property which the retailer sells, except that if, in the same
22 transaction, (i) a retailer of aircraft, watercraft, motor
23 vehicles or trailers transfers more than one aircraft,
24 watercraft, motor vehicle or trailer to another aircraft,
25 watercraft, motor vehicle retailer or trailer retailer for the
26 purpose of resale or (ii) a retailer of aircraft, watercraft,

1 motor vehicles, or trailers transfers more than one aircraft,
2 watercraft, motor vehicle, or trailer to a purchaser for use as
3 a qualifying rolling stock as provided in Section 2-5 of this
4 Act, then that seller may report the transfer of all aircraft,
5 watercraft, motor vehicles or trailers involved in that
6 transaction to the Department on the same uniform
7 invoice-transaction reporting return form. For purposes of
8 this Section, "watercraft" means a Class 2, Class 3, or Class 4
9 watercraft as defined in Section 3-2 of the Boat Registration
10 and Safety Act, a personal watercraft, or any boat equipped
11 with an inboard motor.

12 Any retailer who sells only motor vehicles, watercraft,
13 aircraft, or trailers that are required to be registered with
14 an agency of this State, so that all retailers' occupation tax
15 liability is required to be reported, and is reported, on such
16 transaction reporting returns and who is not otherwise required
17 to file monthly or quarterly returns, need not file monthly or
18 quarterly returns. However, those retailers shall be required
19 to file returns on an annual basis.

20 The transaction reporting return, in the case of motor
21 vehicles or trailers that are required to be registered with an
22 agency of this State, shall be the same document as the Uniform
23 Invoice referred to in Section 5-402 of The Illinois Vehicle
24 Code and must show the name and address of the seller; the name
25 and address of the purchaser; the amount of the selling price
26 including the amount allowed by the retailer for traded-in

1 property, if any; the amount allowed by the retailer for the
2 traded-in tangible personal property, if any, to the extent to
3 which Section 1 of this Act allows an exemption for the value
4 of traded-in property; the balance payable after deducting such
5 trade-in allowance from the total selling price; the amount of
6 tax due from the retailer with respect to such transaction; the
7 amount of tax collected from the purchaser by the retailer on
8 such transaction (or satisfactory evidence that such tax is not
9 due in that particular instance, if that is claimed to be the
10 fact); the place and date of the sale; a sufficient
11 identification of the property sold; such other information as
12 is required in Section 5-402 of The Illinois Vehicle Code, and
13 such other information as the Department may reasonably
14 require.

15 The transaction reporting return in the case of watercraft
16 or aircraft must show the name and address of the seller; the
17 name and address of the purchaser; the amount of the selling
18 price including the amount allowed by the retailer for
19 traded-in property, if any; the amount allowed by the retailer
20 for the traded-in tangible personal property, if any, to the
21 extent to which Section 1 of this Act allows an exemption for
22 the value of traded-in property; the balance payable after
23 deducting such trade-in allowance from the total selling price;
24 the amount of tax due from the retailer with respect to such
25 transaction; the amount of tax collected from the purchaser by
26 the retailer on such transaction (or satisfactory evidence that

1 such tax is not due in that particular instance, if that is
2 claimed to be the fact); the place and date of the sale, a
3 sufficient identification of the property sold, and such other
4 information as the Department may reasonably require.

5 Such transaction reporting return shall be filed not later
6 than 20 days after the day of delivery of the item that is
7 being sold, but may be filed by the retailer at any time sooner
8 than that if he chooses to do so. The transaction reporting
9 return and tax remittance or proof of exemption from the
10 Illinois use tax may be transmitted to the Department by way of
11 the State agency with which, or State officer with whom the
12 tangible personal property must be titled or registered (if
13 titling or registration is required) if the Department and such
14 agency or State officer determine that this procedure will
15 expedite the processing of applications for title or
16 registration.

17 With each such transaction reporting return, the retailer
18 shall remit the proper amount of tax due (or shall submit
19 satisfactory evidence that the sale is not taxable if that is
20 the case), to the Department or its agents, whereupon the
21 Department shall issue, in the purchaser's name, a use tax
22 receipt (or a certificate of exemption if the Department is
23 satisfied that the particular sale is tax exempt) which such
24 purchaser may submit to the agency with which, or State officer
25 with whom, he must title or register the tangible personal
26 property that is involved (if titling or registration is

1 required) in support of such purchaser's application for an
2 Illinois certificate or other evidence of title or registration
3 to such tangible personal property.

4 No retailer's failure or refusal to remit tax under this
5 Act precludes a user, who has paid the proper tax to the
6 retailer, from obtaining his certificate of title or other
7 evidence of title or registration (if titling or registration
8 is required) upon satisfying the Department that such user has
9 paid the proper tax (if tax is due) to the retailer. The
10 Department shall adopt appropriate rules to carry out the
11 mandate of this paragraph.

12 If the user who would otherwise pay tax to the retailer
13 wants the transaction reporting return filed and the payment of
14 the tax or proof of exemption made to the Department before the
15 retailer is willing to take these actions and such user has not
16 paid the tax to the retailer, such user may certify to the fact
17 of such delay by the retailer and may (upon the Department
18 being satisfied of the truth of such certification) transmit
19 the information required by the transaction reporting return
20 and the remittance for tax or proof of exemption directly to
21 the Department and obtain his tax receipt or exemption
22 determination, in which event the transaction reporting return
23 and tax remittance (if a tax payment was required) shall be
24 credited by the Department to the proper retailer's account
25 with the Department, but without the 2.1% or 1.75% discount
26 provided for in this Section being allowed. When the user pays

1 the tax directly to the Department, he shall pay the tax in the
2 same amount and in the same form in which it would be remitted
3 if the tax had been remitted to the Department by the retailer.

4 Refunds made by the seller during the preceding return
5 period to purchasers, on account of tangible personal property
6 returned to the seller, shall be allowed as a deduction under
7 subdivision 5 of his monthly or quarterly return, as the case
8 may be, in case the seller had theretofore included the
9 receipts from the sale of such tangible personal property in a
10 return filed by him and had paid the tax imposed by this Act
11 with respect to such receipts.

12 Where the seller is a corporation, the return filed on
13 behalf of such corporation shall be signed by the president,
14 vice-president, secretary or treasurer or by the properly
15 accredited agent of such corporation.

16 Where the seller is a limited liability company, the return
17 filed on behalf of the limited liability company shall be
18 signed by a manager, member, or properly accredited agent of
19 the limited liability company.

20 Except as provided in this Section, the retailer filing the
21 return under this Section shall, at the time of filing such
22 return, pay to the Department the amount of tax imposed by this
23 Act less a discount of 2.1% prior to January 1, 1990 and 1.75%
24 on and after January 1, 1990, or \$5 per calendar year,
25 whichever is greater, which is allowed to reimburse the
26 retailer for the expenses incurred in keeping records,

1 preparing and filing returns, remitting the tax and supplying
2 data to the Department on request. Any prepayment made pursuant
3 to Section 2d of this Act shall be included in the amount on
4 which such 2.1% or 1.75% discount is computed. In the case of
5 retailers who report and pay the tax on a transaction by
6 transaction basis, as provided in this Section, such discount
7 shall be taken with each such tax remittance instead of when
8 such retailer files his periodic return. The discount allowed
9 under this Section is allowed only for returns that are filed
10 in the manner required by this Act. The Department may disallow
11 the discount for retailers whose certificate of registration is
12 revoked at the time the return is filed, but only if the
13 Department's decision to revoke the certificate of
14 registration has become final.

15 Before October 1, 2000, if the taxpayer's average monthly
16 tax liability to the Department under this Act, the Use Tax
17 Act, the Service Occupation Tax Act, and the Service Use Tax
18 Act, excluding any liability for prepaid sales tax to be
19 remitted in accordance with Section 2d of this Act, was \$10,000
20 or more during the preceding 4 complete calendar quarters, he
21 shall file a return with the Department each month by the 20th
22 day of the month next following the month during which such tax
23 liability is incurred and shall make payments to the Department
24 on or before the 7th, 15th, 22nd and last day of the month
25 during which such liability is incurred. On and after October
26 1, 2000, if the taxpayer's average monthly tax liability to the

1 Department under this Act, the Use Tax Act, the Service
2 Occupation Tax Act, and the Service Use Tax Act, excluding any
3 liability for prepaid sales tax to be remitted in accordance
4 with Section 2d of this Act, was \$20,000 or more during the
5 preceding 4 complete calendar quarters, he shall file a return
6 with the Department each month by the 20th day of the month
7 next following the month during which such tax liability is
8 incurred and shall make payment to the Department on or before
9 the 7th, 15th, 22nd and last day of the month during which such
10 liability is incurred. If the month during which such tax
11 liability is incurred began prior to January 1, 1985, each
12 payment shall be in an amount equal to 1/4 of the taxpayer's
13 actual liability for the month or an amount set by the
14 Department not to exceed 1/4 of the average monthly liability
15 of the taxpayer to the Department for the preceding 4 complete
16 calendar quarters (excluding the month of highest liability and
17 the month of lowest liability in such 4 quarter period). If the
18 month during which such tax liability is incurred begins on or
19 after January 1, 1985 and prior to January 1, 1987, each
20 payment shall be in an amount equal to 22.5% of the taxpayer's
21 actual liability for the month or 27.5% of the taxpayer's
22 liability for the same calendar month of the preceding year. If
23 the month during which such tax liability is incurred begins on
24 or after January 1, 1987 and prior to January 1, 1988, each
25 payment shall be in an amount equal to 22.5% of the taxpayer's
26 actual liability for the month or 26.25% of the taxpayer's

1 liability for the same calendar month of the preceding year. If
2 the month during which such tax liability is incurred begins on
3 or after January 1, 1988, and prior to January 1, 1989, or
4 begins on or after January 1, 1996, each payment shall be in an
5 amount equal to 22.5% of the taxpayer's actual liability for
6 the month or 25% of the taxpayer's liability for the same
7 calendar month of the preceding year. If the month during which
8 such tax liability is incurred begins on or after January 1,
9 1989, and prior to January 1, 1996, each payment shall be in an
10 amount equal to 22.5% of the taxpayer's actual liability for
11 the month or 25% of the taxpayer's liability for the same
12 calendar month of the preceding year or 100% of the taxpayer's
13 actual liability for the quarter monthly reporting period. The
14 amount of such quarter monthly payments shall be credited
15 against the final tax liability of the taxpayer's return for
16 that month. Before October 1, 2000, once applicable, the
17 requirement of the making of quarter monthly payments to the
18 Department by taxpayers having an average monthly tax liability
19 of \$10,000 or more as determined in the manner provided above
20 shall continue until such taxpayer's average monthly liability
21 to the Department during the preceding 4 complete calendar
22 quarters (excluding the month of highest liability and the
23 month of lowest liability) is less than \$9,000, or until such
24 taxpayer's average monthly liability to the Department as
25 computed for each calendar quarter of the 4 preceding complete
26 calendar quarter period is less than \$10,000. However, if a

1 taxpayer can show the Department that a substantial change in
2 the taxpayer's business has occurred which causes the taxpayer
3 to anticipate that his average monthly tax liability for the
4 reasonably foreseeable future will fall below the \$10,000
5 threshold stated above, then such taxpayer may petition the
6 Department for a change in such taxpayer's reporting status. On
7 and after October 1, 2000, once applicable, the requirement of
8 the making of quarter monthly payments to the Department by
9 taxpayers having an average monthly tax liability of \$20,000 or
10 more as determined in the manner provided above shall continue
11 until such taxpayer's average monthly liability to the
12 Department during the preceding 4 complete calendar quarters
13 (excluding the month of highest liability and the month of
14 lowest liability) is less than \$19,000 or until such taxpayer's
15 average monthly liability to the Department as computed for
16 each calendar quarter of the 4 preceding complete calendar
17 quarter period is less than \$20,000. However, if a taxpayer can
18 show the Department that a substantial change in the taxpayer's
19 business has occurred which causes the taxpayer to anticipate
20 that his average monthly tax liability for the reasonably
21 foreseeable future will fall below the \$20,000 threshold stated
22 above, then such taxpayer may petition the Department for a
23 change in such taxpayer's reporting status. The Department
24 shall change such taxpayer's reporting status unless it finds
25 that such change is seasonal in nature and not likely to be
26 long term. If any such quarter monthly payment is not paid at

1 the time or in the amount required by this Section, then the
2 taxpayer shall be liable for penalties and interest on the
3 difference between the minimum amount due as a payment and the
4 amount of such quarter monthly payment actually and timely
5 paid, except insofar as the taxpayer has previously made
6 payments for that month to the Department in excess of the
7 minimum payments previously due as provided in this Section.
8 The Department shall make reasonable rules and regulations to
9 govern the quarter monthly payment amount and quarter monthly
10 payment dates for taxpayers who file on other than a calendar
11 monthly basis.

12 The provisions of this paragraph apply before October 1,
13 2001. Without regard to whether a taxpayer is required to make
14 quarter monthly payments as specified above, any taxpayer who
15 is required by Section 2d of this Act to collect and remit
16 prepaid taxes and has collected prepaid taxes which average in
17 excess of \$25,000 per month during the preceding 2 complete
18 calendar quarters, shall file a return with the Department as
19 required by Section 2f and shall make payments to the
20 Department on or before the 7th, 15th, 22nd and last day of the
21 month during which such liability is incurred. If the month
22 during which such tax liability is incurred began prior to
23 September 1, 1985 (the effective date of Public Act 84-221),
24 each payment shall be in an amount not less than 22.5% of the
25 taxpayer's actual liability under Section 2d. If the month
26 during which such tax liability is incurred begins on or after

1 January 1, 1986, each payment shall be in an amount equal to
2 22.5% of the taxpayer's actual liability for the month or 27.5%
3 of the taxpayer's liability for the same calendar month of the
4 preceding calendar year. If the month during which such tax
5 liability is incurred begins on or after January 1, 1987, each
6 payment shall be in an amount equal to 22.5% of the taxpayer's
7 actual liability for the month or 26.25% of the taxpayer's
8 liability for the same calendar month of the preceding year.
9 The amount of such quarter monthly payments shall be credited
10 against the final tax liability of the taxpayer's return for
11 that month filed under this Section or Section 2f, as the case
12 may be. Once applicable, the requirement of the making of
13 quarter monthly payments to the Department pursuant to this
14 paragraph shall continue until such taxpayer's average monthly
15 prepaid tax collections during the preceding 2 complete
16 calendar quarters is \$25,000 or less. If any such quarter
17 monthly payment is not paid at the time or in the amount
18 required, the taxpayer shall be liable for penalties and
19 interest on such difference, except insofar as the taxpayer has
20 previously made payments for that month in excess of the
21 minimum payments previously due.

22 The provisions of this paragraph apply on and after October
23 1, 2001. Without regard to whether a taxpayer is required to
24 make quarter monthly payments as specified above, any taxpayer
25 who is required by Section 2d of this Act to collect and remit
26 prepaid taxes and has collected prepaid taxes that average in

1 excess of \$20,000 per month during the preceding 4 complete
2 calendar quarters shall file a return with the Department as
3 required by Section 2f and shall make payments to the
4 Department on or before the 7th, 15th, 22nd and last day of the
5 month during which the liability is incurred. Each payment
6 shall be in an amount equal to 22.5% of the taxpayer's actual
7 liability for the month or 25% of the taxpayer's liability for
8 the same calendar month of the preceding year. The amount of
9 the quarter monthly payments shall be credited against the
10 final tax liability of the taxpayer's return for that month
11 filed under this Section or Section 2f, as the case may be.
12 Once applicable, the requirement of the making of quarter
13 monthly payments to the Department pursuant to this paragraph
14 shall continue until the taxpayer's average monthly prepaid tax
15 collections during the preceding 4 complete calendar quarters
16 (excluding the month of highest liability and the month of
17 lowest liability) is less than \$19,000 or until such taxpayer's
18 average monthly liability to the Department as computed for
19 each calendar quarter of the 4 preceding complete calendar
20 quarters is less than \$20,000. If any such quarter monthly
21 payment is not paid at the time or in the amount required, the
22 taxpayer shall be liable for penalties and interest on such
23 difference, except insofar as the taxpayer has previously made
24 payments for that month in excess of the minimum payments
25 previously due.

26 If any payment provided for in this Section exceeds the

1 taxpayer's liabilities under this Act, the Use Tax Act, the
2 Service Occupation Tax Act and the Service Use Tax Act, as
3 shown on an original monthly return, the Department shall, if
4 requested by the taxpayer, issue to the taxpayer a credit
5 memorandum no later than 30 days after the date of payment. The
6 credit evidenced by such credit memorandum may be assigned by
7 the taxpayer to a similar taxpayer under this Act, the Use Tax
8 Act, the Service Occupation Tax Act or the Service Use Tax Act,
9 in accordance with reasonable rules and regulations to be
10 prescribed by the Department. If no such request is made, the
11 taxpayer may credit such excess payment against tax liability
12 subsequently to be remitted to the Department under this Act,
13 the Use Tax Act, the Service Occupation Tax Act or the Service
14 Use Tax Act, in accordance with reasonable rules and
15 regulations prescribed by the Department. If the Department
16 subsequently determined that all or any part of the credit
17 taken was not actually due to the taxpayer, the taxpayer's 2.1%
18 and 1.75% vendor's discount shall be reduced by 2.1% or 1.75%
19 of the difference between the credit taken and that actually
20 due, and that taxpayer shall be liable for penalties and
21 interest on such difference.

22 If a retailer of motor fuel is entitled to a credit under
23 Section 2d of this Act which exceeds the taxpayer's liability
24 to the Department under this Act for the month which the
25 taxpayer is filing a return, the Department shall issue the
26 taxpayer a credit memorandum for the excess.

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

15 Beginning January 1, 1990, each month the Department shall
16 pay into the County and Mass Transit District Fund, a special
17 fund in the State treasury which is hereby created, 4% of the
18 net revenue realized for the preceding month from the 6.25%
19 general rate.

20 Beginning August 1, 2000, each month the Department shall
21 pay into the County and Mass Transit District Fund 20% of the
22 net revenue realized for the preceding month from the 1.25%
23 rate on the selling price of motor fuel and gasohol. Beginning
24 September 1, 2010, each month the Department shall pay into the
25 County and Mass Transit District Fund 20% of the net revenue
26 realized for the preceding month from the 1.25% rate on the

1 selling price of sales tax holiday items.

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

6 Beginning August 1, 2000, each month the Department shall
7 pay into the Local Government Tax Fund 80% of the net revenue
8 realized for the preceding month from the 1.25% rate on the
9 selling price of motor fuel and gasohol. Beginning September 1,
10 2010, each month the Department shall pay into the Local
11 Government Tax Fund 80% of the net revenue realized for the
12 preceding month from the 1.25% rate on the selling price of
13 sales tax holiday items.

14 Beginning October 1, 2009, each month the Department shall
15 pay into the Capital Projects Fund an amount that is equal to
16 an amount estimated by the Department to represent 80% of the
17 net revenue realized for the preceding month from the sale of
18 candy, grooming and hygiene products, and soft drinks that had
19 been taxed at a rate of 1% prior to September 1, 2009 but that
20 are now taxed at 6.25%.

21 Beginning July 1, 2011, each month the Department shall pay
22 into the Clean Air Act Permit Fund 80% of the net revenue
23 realized for the preceding month from the 6.25% general rate on
24 the selling price of sorbents used in Illinois in the process
25 of sorbent injection as used to comply with the Environmental
26 Protection Act or the federal Clean Air Act, but the total

1 payment into the Clean Air Act Permit Fund under this Act and
2 the Use Tax Act shall not exceed \$2,000,000 in any fiscal year.

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

18 Beginning July 1, 2015, of the remainder of the moneys
19 received by the Department under the Use Tax Act, the Service
20 Use Tax Act, the Service Occupation Tax Act, and this Act, each
21 month the Department shall deposit \$500,000 into the State
22 Crime Laboratory Fund.

23 Of the remainder of the moneys received by the Department
24 pursuant to this Act, (a) 1.75% thereof shall be paid into the
25 Build Illinois Fund and (b) prior to July 1, 1989, 2.2% and on
26 and after July 1, 1989, 3.8% thereof shall be paid into the

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

17	Fiscal Year	Annual Specified Amount
18	1986	\$54,800,000
19	1987	\$76,650,000
20	1988	\$80,480,000
21	1989	\$88,510,000
22	1990	\$115,330,000
23	1991	\$145,470,000
24	1992	\$182,730,000
25	1993	\$206,520,000;

26 and means the Certified Annual Debt Service Requirement (as

1 defined in Section 13 of the Build Illinois Bond Act) or the
2 Tax Act Amount, whichever is greater, for fiscal year 1994 and
3 each fiscal year thereafter; and further provided, that if on
4 the last business day of any month the sum of (1) the Tax Act
5 Amount required to be deposited into the Build Illinois Bond
6 Account in the Build Illinois Fund during such month and (2)
7 the amount transferred to the Build Illinois Fund from the
8 State and Local Sales Tax Reform Fund shall have been less than
9 1/12 of the Annual Specified Amount, an amount equal to the
10 difference shall be immediately paid into the Build Illinois
11 Fund from other moneys received by the Department pursuant to
12 the Tax Acts; and, further provided, that in no event shall the
13 payments required under the preceding proviso result in
14 aggregate payments into the Build Illinois Fund pursuant to
15 this clause (b) for any fiscal year in excess of the greater of
16 (i) the Tax Act Amount or (ii) the Annual Specified Amount for
17 such fiscal year. The amounts payable into the Build Illinois
18 Fund under clause (b) of the first sentence in this paragraph
19 shall be payable only until such time as the aggregate amount
20 on deposit under each trust indenture securing Bonds issued and
21 outstanding pursuant to the Build Illinois Bond Act is
22 sufficient, taking into account any future investment income,
23 to fully provide, in accordance with such indenture, for the
24 defeasance of or the payment of the principal of, premium, if
25 any, and interest on the Bonds secured by such indenture and on
26 any Bonds expected to be issued thereafter and all fees and

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

23 Subject to payment of amounts into the Build Illinois Fund
24 as provided in the preceding paragraph or in any amendment
25 thereto hereafter enacted, the following specified monthly
26 installment of the amount requested in the certificate of the

1 Chairman of the Metropolitan Pier and Exposition Authority
2 provided under Section 8.25f of the State Finance Act, but not
3 in excess of sums designated as "Total Deposit", shall be
4 deposited in the aggregate from collections under Section 9 of
5 the Use Tax Act, Section 9 of the Service Use Tax Act, Section
6 9 of the Service Occupation Tax Act, and Section 3 of the
7 Retailers' Occupation Tax Act into the McCormick Place
8 Expansion Project Fund in the specified fiscal years.

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

1	2009	132,000,000
2	2010	139,000,000
3	2011	146,000,000
4	2012	153,000,000
5	2013	161,000,000
6	2014	170,000,000
7	2015	179,000,000
8	2016	189,000,000
9	2017	199,000,000
10	2018	210,000,000
11	2019	221,000,000
12	2020	233,000,000
13	2021	246,000,000
14	2022	260,000,000
15	2023	275,000,000
16	2024	275,000,000
17	2025	275,000,000
18	2026	279,000,000
19	2027	292,000,000
20	2028	307,000,000
21	2029	322,000,000
22	2030	338,000,000
23	2031	350,000,000
24	2032	350,000,000
25	and	
26	each fiscal year	

1 thereafter that bonds
2 are outstanding under
3 Section 13.2 of the
4 Metropolitan Pier and
5 Exposition Authority Act,
6 but not after fiscal year 2060.

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

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

1 price of tangible personal property.

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

15 Subject to payment of amounts into the Build Illinois Fund,
16 the McCormick Place Expansion Project Fund, the Illinois Tax
17 Increment Fund, and the Energy Infrastructure Fund pursuant to
18 the preceding paragraphs or in any amendments to this Section
19 hereafter enacted, beginning on the first day of the first
20 calendar month to occur on or after August 26, 2014 (the
21 effective date of Public Act 98-1098), each month, from the
22 collections made under Section 9 of the Use Tax Act, Section 9
23 of the Service Use Tax Act, Section 9 of the Service Occupation
24 Tax Act, and Section 3 of the Retailers' Occupation Tax Act,
25 the Department shall pay into the Tax Compliance and
26 Administration Fund, to be used, subject to appropriation, to

1 fund additional auditors and compliance personnel at the
2 Department of Revenue, an amount equal to 1/12 of 5% of 80% of
3 the cash receipts collected during the preceding fiscal year by
4 the Audit Bureau of the Department under the Use Tax Act, the
5 Service Use Tax Act, the Service Occupation Tax Act, the
6 Retailers' Occupation Tax Act, and associated local occupation
7 and use taxes administered by the Department.

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

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

1 Department shall also disclose the cost of goods sold by the
2 retailer during the year covered by such return, opening and
3 closing inventories of such goods for such year, costs of goods
4 used from stock or taken from stock and given away by the
5 retailer during such year, payroll information of the
6 retailer's business during such year and any additional
7 reasonable information which the Department deems would be
8 helpful in determining the accuracy of the monthly, quarterly
9 or annual returns filed by such retailer as provided for in
10 this Section.

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

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

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

24 The chief executive officer, proprietor, owner or highest
25 ranking manager shall sign the annual return to certify the
26 accuracy of the information contained therein. Any person who

1 willfully signs the annual return containing false or
2 inaccurate information shall be guilty of perjury and punished
3 accordingly. The annual return form prescribed by the
4 Department shall include a warning that the person signing the
5 return may be liable for perjury.

6 The provisions of this Section concerning the filing of an
7 annual information return do not apply to a retailer who is not
8 required to file an income tax return with the United States
9 Government.

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

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

21 For greater simplicity of administration, manufacturers,
22 importers and wholesalers whose products are sold at retail in
23 Illinois by numerous retailers, and who wish to do so, may
24 assume the responsibility for accounting and paying to the
25 Department all tax accruing under this Act with respect to such
26 sales, if the retailers who are affected do not make written

1 objection to the Department to this arrangement.

2 Any person who promotes, organizes, provides retail
3 selling space for concessionaires or other types of sellers at
4 the Illinois State Fair, DuQuoin State Fair, county fairs,
5 local fairs, art shows, flea markets and similar exhibitions or
6 events, including any transient merchant as defined by Section
7 2 of the Transient Merchant Act of 1987, is required to file a
8 report with the Department providing the name of the merchant's
9 business, the name of the person or persons engaged in
10 merchant's business, the permanent address and Illinois
11 Retailers Occupation Tax Registration Number of the merchant,
12 the dates and location of the event and other reasonable
13 information that the Department may require. The report must be
14 filed not later than the 20th day of the month next following
15 the month during which the event with retail sales was held.
16 Any person who fails to file a report required by this Section
17 commits a business offense and is subject to a fine not to
18 exceed \$250.

19 Any person engaged in the business of selling tangible
20 personal property at retail as a concessionaire or other type
21 of seller at the Illinois State Fair, county fairs, art shows,
22 flea markets and similar exhibitions or events, or any
23 transient merchants, as defined by Section 2 of the Transient
24 Merchant Act of 1987, may be required to make a daily report of
25 the amount of such sales to the Department and to make a daily
26 payment of the full amount of tax due. The Department shall

1 impose this requirement when it finds that there is a
2 significant risk of loss of revenue to the State at such an
3 exhibition or event. Such a finding shall be based on evidence
4 that a substantial number of concessionaires or other sellers
5 who are not residents of Illinois will be engaging in the
6 business of selling tangible personal property at retail at the
7 exhibition or event, or other evidence of a significant risk of
8 loss of revenue to the State. The Department shall notify
9 concessionaires and other sellers affected by the imposition of
10 this requirement. In the absence of notification by the
11 Department, the concessionaires and other sellers shall file
12 their returns as otherwise required in this Section.

13 (Source: P.A. 99-352, eff. 8-12-15; 99-858, eff. 8-19-16;
14 99-933, eff. 1-27-17; 100-303, eff. 8-24-17.)

15 (Text of Section after amendment by P.A. 100-363)

16 Sec. 3. Except as provided in this Section, on or before
17 the twentieth day of each calendar month, every person engaged
18 in the business of selling tangible personal property at retail
19 in this State during the preceding calendar month shall file a
20 return with the Department, stating:

21 1. The name of the seller;

22 2. His residence address and the address of his
23 principal place of business and the address of the
24 principal place of business (if that is a different
25 address) from which he engages in the business of selling

1 tangible personal property at retail in this State;

2 3. Total amount of receipts received by him during the
3 preceding calendar month or quarter, as the case may be,
4 from sales of tangible personal property, and from services
5 furnished, by him during such preceding calendar month or
6 quarter;

7 4. Total amount received by him during the preceding
8 calendar month or quarter on charge and time sales of
9 tangible personal property, and from services furnished,
10 by him prior to the month or quarter for which the return
11 is filed;

12 5. Deductions allowed by law;

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

16 7. The amount of credit provided in Section 2d of this
17 Act;

18 8. The amount of tax due;

19 9. The signature of the taxpayer; and

20 10. Such other reasonable information as the
21 Department may require.

22 On and after January 1, 2018, except for returns for motor
23 vehicles, watercraft, aircraft, and trailers that are required
24 to be registered with an agency of this State, with respect to
25 retailers whose annual gross receipts average \$20,000 or more,
26 all returns required to be filed pursuant to this Act shall be

1 filed electronically. Retailers who demonstrate that they do
2 not have access to the Internet or demonstrate hardship in
3 filing electronically may petition the Department to waive the
4 electronic filing requirement.

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

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

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

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

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

20 1. The name of the seller;

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

24 3. The total amount of taxable receipts received by him
25 during the preceding calendar month from sales of tangible
26 personal property by him during such preceding calendar

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

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

5 5. The amount of tax due; and

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

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

22 Beginning on October 1, 2003, every distributor, importing
23 distributor, and manufacturer of alcoholic liquor as defined in
24 the Liquor Control Act of 1934, shall file a statement with the
25 Department of Revenue, no later than the 10th day of the month
26 for the preceding month during which transactions occurred, by

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

24 If a total amount of less than \$1 is payable, refundable or
25 creditable, such amount shall be disregarded if it is less than
26 50 cents and shall be increased to \$1 if it is 50 cents or more.

1 Beginning October 1, 1993, a taxpayer who has an average
2 monthly tax liability of \$150,000 or more shall make all
3 payments required by rules of the Department by electronic
4 funds transfer. Beginning October 1, 1994, a taxpayer who has
5 an average monthly tax liability of \$100,000 or more shall make
6 all payments required by rules of the Department by electronic
7 funds transfer. Beginning October 1, 1995, a taxpayer who has
8 an average monthly tax liability of \$50,000 or more shall make
9 all payments required by rules of the Department by electronic
10 funds transfer. Beginning October 1, 2000, a taxpayer who has
11 an annual tax liability of \$200,000 or more shall make all
12 payments required by rules of the Department by electronic
13 funds transfer. The term "annual tax liability" shall be the
14 sum of the taxpayer's liabilities under this Act, and under all
15 other State and local occupation and use tax laws administered
16 by the Department, for the immediately preceding calendar year.
17 The term "average monthly tax liability" shall be the sum of
18 the taxpayer's liabilities under this Act, and under all other
19 State and local occupation and use tax laws administered by the
20 Department, for the immediately preceding calendar year
21 divided by 12. Beginning on October 1, 2002, a taxpayer who has
22 a tax liability in the amount set forth in subsection (b) of
23 Section 2505-210 of the Department of Revenue Law shall make
24 all payments required by rules of the Department by electronic
25 funds transfer.

26 Before August 1 of each year beginning in 1993, the

1 Department shall notify all taxpayers required to make payments
2 by electronic funds transfer. All taxpayers required to make
3 payments by electronic funds transfer shall make those payments
4 for a minimum of one year beginning on October 1.

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

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

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

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

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

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

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

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

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

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

1 shall file separate returns for each such registered business.

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

25 Any retailer who sells only motor vehicles, watercraft,
26 aircraft, or trailers that are required to be registered with

1 an agency of this State, so that all retailers' occupation tax
2 liability is required to be reported, and is reported, on such
3 transaction reporting returns and who is not otherwise required
4 to file monthly or quarterly returns, need not file monthly or
5 quarterly returns. However, those retailers shall be required
6 to file returns on an annual basis.

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

1 require.

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

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

1 agency or State officer determine that this procedure will
2 expedite the processing of applications for title or
3 registration.

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

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

25 If the user who would otherwise pay tax to the retailer
26 wants the transaction reporting return filed and the payment of

1 the tax or proof of exemption made to the Department before the
2 retailer is willing to take these actions and such user has not
3 paid the tax to the retailer, such user may certify to the fact
4 of such delay by the retailer and may (upon the Department
5 being satisfied of the truth of such certification) transmit
6 the information required by the transaction reporting return
7 and the remittance for tax or proof of exemption directly to
8 the Department and obtain his tax receipt or exemption
9 determination, in which event the transaction reporting return
10 and tax remittance (if a tax payment was required) shall be
11 credited by the Department to the proper retailer's account
12 with the Department, but without the 2.1% or 1.75% discount
13 provided for in this Section being allowed. When the user pays
14 the tax directly to the Department, he shall pay the tax in the
15 same amount and in the same form in which it would be remitted
16 if the tax had been remitted to the Department by the retailer.

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

25 Where the seller is a corporation, the return filed on
26 behalf of such corporation shall be signed by the president,

1 vice-president, secretary or treasurer or by the properly
2 accredited agent of such corporation.

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

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

1 registration has become final.

2 Before October 1, 2000, if the taxpayer's average monthly
3 tax liability to the Department under this Act, the Use Tax
4 Act, the Service Occupation Tax Act, and the Service Use Tax
5 Act, excluding any liability for prepaid sales tax to be
6 remitted in accordance with Section 2d of this Act, was \$10,000
7 or more during the preceding 4 complete calendar quarters, he
8 shall file a return with the Department each month by the 20th
9 day of the month next following the month during which such tax
10 liability is incurred and shall make payments to the Department
11 on or before the 7th, 15th, 22nd and last day of the month
12 during which such liability is incurred. On and after October
13 1, 2000, if the taxpayer's average monthly tax liability to the
14 Department under this Act, the Use Tax Act, the Service
15 Occupation Tax Act, and the Service Use Tax Act, excluding any
16 liability for prepaid sales tax to be remitted in accordance
17 with Section 2d of this Act, was \$20,000 or more during the
18 preceding 4 complete calendar quarters, he shall file a return
19 with the Department each month by the 20th day of the month
20 next following the month during which such tax liability is
21 incurred and shall make payment to the Department on or before
22 the 7th, 15th, 22nd and last day of the month during which such
23 liability is incurred. If the month during which such tax
24 liability is incurred began prior to January 1, 1985, each
25 payment shall be in an amount equal to 1/4 of the taxpayer's
26 actual liability for the month or an amount set by the

1 Department not to exceed 1/4 of the average monthly liability
2 of the taxpayer to the Department for the preceding 4 complete
3 calendar quarters (excluding the month of highest liability and
4 the month of lowest liability in such 4 quarter period). If the
5 month during which such tax liability is incurred begins on or
6 after January 1, 1985 and prior to January 1, 1987, each
7 payment shall be in an amount equal to 22.5% of the taxpayer's
8 actual liability for the month or 27.5% of the taxpayer's
9 liability for the same calendar month of the preceding year. If
10 the month during which such tax liability is incurred begins on
11 or after January 1, 1987 and prior to January 1, 1988, each
12 payment shall be in an amount equal to 22.5% of the taxpayer's
13 actual liability for the month or 26.25% of the taxpayer's
14 liability for the same calendar month of the preceding year. If
15 the month during which such tax liability is incurred begins on
16 or after January 1, 1988, and prior to January 1, 1989, or
17 begins on or after January 1, 1996, each payment shall be in an
18 amount equal to 22.5% of the taxpayer's actual liability for
19 the month or 25% of the taxpayer's liability for the same
20 calendar month of the preceding year. If the month during which
21 such tax liability is incurred begins on or after January 1,
22 1989, and prior to January 1, 1996, each payment shall be in an
23 amount equal to 22.5% of the taxpayer's actual liability for
24 the month or 25% of the taxpayer's liability for the same
25 calendar month of the preceding year or 100% of the taxpayer's
26 actual liability for the quarter monthly reporting period. The

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

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

25 The provisions of this paragraph apply before October 1,
26 2001. Without regard to whether a taxpayer is required to make

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

1 paragraph shall continue until such taxpayer's average monthly
2 prepaid tax collections during the preceding 2 complete
3 calendar quarters is \$25,000 or less. If any such quarter
4 monthly payment is not paid at the time or in the amount
5 required, the taxpayer shall be liable for penalties and
6 interest on such difference, except insofar as the taxpayer has
7 previously made payments for that month in excess of the
8 minimum payments previously due.

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

1 shall continue until the taxpayer's average monthly prepaid tax
2 collections during the preceding 4 complete calendar quarters
3 (excluding the month of highest liability and the month of
4 lowest liability) is less than \$19,000 or until such taxpayer's
5 average monthly liability to the Department as computed for
6 each calendar quarter of the 4 preceding complete calendar
7 quarters is less than \$20,000. If any such quarter monthly
8 payment is not paid at the time or in the amount required, the
9 taxpayer shall be liable for penalties and interest on such
10 difference, except insofar as the taxpayer has previously made
11 payments for that month in excess of the minimum payments
12 previously due.

13 If any payment provided for in this Section exceeds the
14 taxpayer's liabilities under this Act, the Use Tax Act, the
15 Service Occupation Tax Act and the Service Use Tax Act, as
16 shown on an original monthly return, the Department shall, if
17 requested by the taxpayer, issue to the taxpayer a credit
18 memorandum no later than 30 days after the date of payment. The
19 credit evidenced by such credit memorandum may be assigned by
20 the taxpayer to a similar taxpayer under this Act, the Use Tax
21 Act, the Service Occupation Tax Act or the Service Use Tax Act,
22 in accordance with reasonable rules and regulations to be
23 prescribed by the Department. If no such request is made, the
24 taxpayer may credit such excess payment against tax liability
25 subsequently to be remitted to the Department under this Act,
26 the Use Tax Act, the Service Occupation Tax Act or the Service

1 Use Tax Act, in accordance with reasonable rules and
2 regulations prescribed by the Department. If the Department
3 subsequently determined that all or any part of the credit
4 taken was not actually due to the taxpayer, the taxpayer's 2.1%
5 and 1.75% vendor's discount shall be reduced by 2.1% or 1.75%
6 of the difference between the credit taken and that actually
7 due, and that taxpayer shall be liable for penalties and
8 interest on such difference.

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

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

1 syringes and needles used by diabetics.

2 Beginning January 1, 1990, each month the Department shall
3 pay into the County and Mass Transit District Fund, a special
4 fund in the State treasury which is hereby created, 4% of the
5 net revenue realized for the preceding month from the 6.25%
6 general rate.

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

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

19 Beginning August 1, 2000, each month the Department shall
20 pay into the Local Government Tax Fund 80% of the net revenue
21 realized for the preceding month from the 1.25% rate on the
22 selling price of motor fuel and gasohol. Beginning September 1,
23 2010, each month the Department shall pay into the Local
24 Government Tax Fund 80% of the net revenue realized for the
25 preceding month from the 1.25% rate on the selling price of
26 sales tax holiday items.

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

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

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

1 to the difference between the average monthly claims for
2 payment by the fund and the average monthly revenues deposited
3 into the fund, excluding payments made pursuant to this
4 paragraph.

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

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

1 moneys received by the Department pursuant to the Tax Acts; the
2 "Annual Specified Amount" means the amounts specified below for
3 fiscal years 1986 through 1993:

4	Fiscal Year	Annual Specified Amount
5	1986	\$54,800,000
6	1987	\$76,650,000
7	1988	\$80,480,000
8	1989	\$88,510,000
9	1990	\$115,330,000
10	1991	\$145,470,000
11	1992	\$182,730,000
12	1993	\$206,520,000;

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

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

1 Build Illinois Fund in any fiscal year pursuant to this
 2 sentence shall be deemed to constitute payments pursuant to
 3 clause (b) of the first sentence of this paragraph and shall
 4 reduce the amount otherwise payable for such fiscal year
 5 pursuant to that clause (b). The moneys received by the
 6 Department pursuant to this Act and required to be deposited
 7 into the Build Illinois Fund are subject to the pledge, claim
 8 and charge set forth in Section 12 of the Build Illinois Bond
 9 Act.

10 Subject to payment of amounts into the Build Illinois Fund
 11 as provided in the preceding paragraph or in any amendment
 12 thereto hereafter enacted, the following specified monthly
 13 installment of the amount requested in the certificate of the
 14 Chairman of the Metropolitan Pier and Exposition Authority
 15 provided under Section 8.25f of the State Finance Act, but not
 16 in excess of sums designated as "Total Deposit", shall be
 17 deposited in the aggregate from collections under Section 9 of
 18 the Use Tax Act, Section 9 of the Service Use Tax Act, Section
 19 9 of the Service Occupation Tax Act, and Section 3 of the
 20 Retailers' Occupation Tax Act into the McCormick Place
 21 Expansion Project Fund in the specified fiscal years.

	Fiscal Year	Total Deposit
23	1993	\$0
24	1994	53,000,000
25	1995	58,000,000

1	1996	61,000,000
2	1997	64,000,000
3	1998	68,000,000
4	1999	71,000,000
5	2000	75,000,000
6	2001	80,000,000
7	2002	93,000,000
8	2003	99,000,000
9	2004	103,000,000
10	2005	108,000,000
11	2006	113,000,000
12	2007	119,000,000
13	2008	126,000,000
14	2009	132,000,000
15	2010	139,000,000
16	2011	146,000,000
17	2012	153,000,000
18	2013	161,000,000
19	2014	170,000,000
20	2015	179,000,000
21	2016	189,000,000
22	2017	199,000,000
23	2018	210,000,000
24	2019	221,000,000
25	2020	233,000,000
26	2021	246,000,000

1	2022	260,000,000
2	2023	275,000,000
3	2024	275,000,000
4	2025	275,000,000
5	2026	279,000,000
6	2027	292,000,000
7	2028	307,000,000
8	2029	322,000,000
9	2030	338,000,000
10	2031	350,000,000
11	2032	350,000,000

12 and
13 each fiscal year
14 thereafter that bonds
15 are outstanding under
16 Section 13.2 of the
17 Metropolitan Pier and
18 Exposition Authority Act,
19 but not after fiscal year 2060.

20 Beginning July 20, 1993 and in each month of each fiscal
21 year thereafter, one-eighth of the amount requested in the
22 certificate of the Chairman of the Metropolitan Pier and
23 Exposition Authority for that fiscal year, less the amount
24 deposited into the McCormick Place Expansion Project Fund by
25 the State Treasurer in the respective month under subsection
26 (g) of Section 13 of the Metropolitan Pier and Exposition

1 Authority Act, plus cumulative deficiencies in the deposits
2 required under this Section for previous months and years,
3 shall be deposited into the McCormick Place Expansion Project
4 Fund, until the full amount requested for the fiscal year, but
5 not in excess of the amount specified above as "Total Deposit",
6 has been deposited.

7 Subject to payment of amounts into the Build Illinois Fund
8 and the McCormick Place Expansion Project Fund pursuant to the
9 preceding paragraphs or in any amendments thereto hereafter
10 enacted, beginning July 1, 1993 and ending on September 30,
11 2013, the Department shall each month pay into the Illinois Tax
12 Increment Fund 0.27% of 80% of the net revenue realized for the
13 preceding month from the 6.25% general rate on the selling
14 price of tangible personal property.

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

1 Civil Administrative Code of Illinois.

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

21 Subject to payments of amounts into the Build Illinois
22 Fund, the McCormick Place Expansion Project Fund, the Illinois
23 Tax Increment Fund, the Energy Infrastructure Fund, and the Tax
24 Compliance and Administration Fund as provided in this Section,
25 beginning on July 1, 2018 the Department shall pay each month
26 into the Downstate Public Transportation Fund the moneys

1 required to be so paid under Section 2-3 of the Downstate
2 Public Transportation Act.

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

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

1 retailer's business during such year and any additional
2 reasonable information which the Department deems would be
3 helpful in determining the accuracy of the monthly, quarterly
4 or annual returns filed by such retailer as provided for in
5 this Section.

6 If the annual information return required by this Section
7 is not filed when and as required, the taxpayer shall be liable
8 as follows:

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

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

19 The chief executive officer, proprietor, owner or highest
20 ranking manager shall sign the annual return to certify the
21 accuracy of the information contained therein. Any person who
22 willfully signs the annual return containing false or
23 inaccurate information shall be guilty of perjury and punished
24 accordingly. The annual return form prescribed by the
25 Department shall include a warning that the person signing the
26 return may be liable for perjury.

1 The provisions of this Section concerning the filing of an
2 annual information return do not apply to a retailer who is not
3 required to file an income tax return with the United States
4 Government.

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

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

16 For greater simplicity of administration, manufacturers,
17 importers and wholesalers whose products are sold at retail in
18 Illinois by numerous retailers, and who wish to do so, may
19 assume the responsibility for accounting and paying to the
20 Department all tax accruing under this Act with respect to such
21 sales, if the retailers who are affected do not make written
22 objection to the Department to this arrangement.

23 Any person who promotes, organizes, provides retail
24 selling space for concessionaires or other types of sellers at
25 the Illinois State Fair, DuQuoin State Fair, county fairs,
26 local fairs, art shows, flea markets and similar exhibitions or

1 events, including any transient merchant as defined by Section
2 of the Transient Merchant Act of 1987, is required to file a
3 report with the Department providing the name of the merchant's
4 business, the name of the person or persons engaged in
5 merchant's business, the permanent address and Illinois
6 Retailers Occupation Tax Registration Number of the merchant,
7 the dates and location of the event and other reasonable
8 information that the Department may require. The report must be
9 filed not later than the 20th day of the month next following
10 the month during which the event with retail sales was held.
11 Any person who fails to file a report required by this Section
12 commits a business offense and is subject to a fine not to
13 exceed \$250.

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

1 business of selling tangible personal property at retail at the
2 exhibition or event, or other evidence of a significant risk of
3 loss of revenue to the State. The Department shall notify
4 concessionaires and other sellers affected by the imposition of
5 this requirement. In the absence of notification by the
6 Department, the concessionaires and other sellers shall file
7 their returns as otherwise required in this Section.

8 (Source: P.A. 99-352, eff. 8-12-15; 99-858, eff. 8-19-16;
9 99-933, eff. 1-27-17; 100-303, eff. 8-24-17; 100-363, eff.
10 7-1-18; revised 10-27-17.)

11 Section 95. No acceleration or delay. Where this Act makes
12 changes in a statute that is represented in this Act by text
13 that is not yet or no longer in effect (for example, a Section
14 represented by multiple versions), the use of that text does
15 not accelerate or delay the taking effect of (i) the changes
16 made by this Act or (ii) provisions derived from any other
17 Public Act.

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