

# HB3034



## 101ST GENERAL ASSEMBLY

State of Illinois

2019 and 2020

HB3034

by Rep. Sonya M. Harper

### SYNOPSIS AS INTRODUCED:

35 ILCS 105/3-5  
35 ILCS 110/3-5  
35 ILCS 115/3-5  
35 ILCS 120/2-5

Amends the Use Tax Act, the Service Use Tax Act, the Service Occupation Tax Act, and the Retailers' Occupation Tax Act. Provides that agricultural goods purchased at a farmer's market are exempt from the taxes imposed under the Acts.

LRB101 08896 HLH 53986 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 Use Tax Act is amended by changing Section  
5 3-5 as follows:

6 (35 ILCS 105/3-5)

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

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

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

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

1 support of arts or cultural programming, activities, or  
2 services. These organizations include, but are not limited to,  
3 music and dramatic arts organizations such as symphony  
4 orchestras and theatrical groups, arts and cultural service  
5 organizations, local arts councils, visual arts organizations,  
6 and media arts organizations. On and after July 1, 2001 (the  
7 effective date of Public Act 92-35), however, an entity  
8 otherwise eligible for this exemption shall not make tax-free  
9 purchases unless it has an active identification number issued  
10 by the Department.

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

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

1 the car is subject to the Replacement Vehicle Tax.

2 (6) Until July 1, 2003 and beginning again on September 1,  
3 2004 through August 30, 2014, graphic arts machinery and  
4 equipment, including repair and replacement parts, both new and  
5 used, and including that manufactured on special order,  
6 certified by the purchaser to be used primarily for graphic  
7 arts production, and including machinery and equipment  
8 purchased for lease. Equipment includes chemicals or chemicals  
9 acting as catalysts but only if the chemicals or chemicals  
10 acting as catalysts effect a direct and immediate change upon a  
11 graphic arts product. Beginning on July 1, 2017, graphic arts  
12 machinery and equipment is included in the manufacturing and  
13 assembling machinery and equipment exemption under paragraph  
14 (18).

15 (7) Farm chemicals.

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

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

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

26 (11) 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 (11). Agricultural chemical tender tanks and dry  
15 boxes 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 (11) is exempt from the  
8 provisions of Section 3-90.

9 (12) 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 (13) Proceeds of mandatory service charges separately

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

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

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

22 (16) Until July 1, 2023, coal and aggregate exploration,  
23 mining, off-highway hauling, processing, maintenance, and  
24 reclamation equipment, including replacement parts and  
25 equipment, and including equipment purchased for lease, but  
26 excluding motor vehicles required to be registered under the

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

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

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



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

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

15 (20) Semen used for artificial insemination of livestock  
16 for direct agricultural production.

17 (21) Horses, or interests in horses, registered with and  
18 meeting the requirements of any of the Arabian Horse Club  
19 Registry of America, Appaloosa Horse Club, American Quarter  
20 Horse Association, United States Trotting Association, or  
21 Jockey Club, as appropriate, used for purposes of breeding or  
22 racing for prizes. This item (21) is exempt from the provisions  
23 of Section 3-90, and the exemption provided for under this item  
24 (21) applies for all periods beginning May 30, 1995, but no  
25 claim for credit or refund is allowed on or after January 1,  
26 2008 for such taxes paid during the period beginning May 30,

1 2000 and ending on January 1, 2008.

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

25 (23) Personal property purchased by a lessor who leases the  
26 property, under a lease of one year or longer executed or in

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

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

1 number by the Department that assists victims of the disaster  
2 who reside within the declared disaster area.

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

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

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

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

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

25 (29) Beginning January 1, 2000 and through December 31,  
26 2001, new or used automatic vending machines that prepare and

1 serve hot food and beverages, including coffee, soup, and other  
2 items, and replacement parts for these machines. Beginning  
3 January 1, 2002 and through June 30, 2003, machines and parts  
4 for machines used in commercial, coin-operated amusement and  
5 vending business if a use or occupation tax is paid on the  
6 gross receipts derived from the use of the commercial,  
7 coin-operated amusement and vending machines. This paragraph  
8 is exempt from the provisions of Section 3-90.

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

22 (31) Beginning on August 2, 2001 (the effective date of  
23 Public Act 92-227), computers and communications equipment  
24 utilized for any hospital purpose and equipment used in the  
25 diagnosis, analysis, or treatment of hospital patients  
26 purchased by a lessor who leases the equipment, under a lease

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

21 (32) Beginning on August 2, 2001 (the effective date of  
22 Public Act 92-227), personal property purchased by a lessor who  
23 leases the property, under a lease of one year or longer  
24 executed or in effect at the time the lessor would otherwise be  
25 subject to the tax imposed by this Act, to a governmental body  
26 that has been issued an active sales tax exemption

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

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



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

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

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

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

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

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

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

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

15 (39) Tangible personal property purchased by a purchaser  
16 who is exempt from the tax imposed by this Act by operation of  
17 federal law. This paragraph is exempt from the provisions of  
18 Section 3-90.

19 (40) Agricultural goods purchased at a farmer's market.  
20 This paragraph is exempt from the provisions of Section 3-90.

21 (Source: P.A. 99-180, eff. 7-29-15; 99-855, eff. 8-19-16;  
22 100-22, eff. 7-6-17; 100-437, eff. 1-1-18; 100-594, eff.  
23 6-29-18; 100-863, eff. 8-14-18; 100-1171, eff. 1-4-19; revised  
24 1-8-19.)

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

1 Section 3-5 as follows:

2 (35 ILCS 110/3-5)

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

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

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

15 (3) Personal property purchased by a not-for-profit arts or  
16 cultural organization that establishes, by proof required by  
17 the Department by rule, that it has received an exemption under  
18 Section 501(c)(3) of the Internal Revenue Code and that is  
19 organized and operated primarily for the presentation or  
20 support of arts or cultural programming, activities, or  
21 services. These organizations include, but are not limited to,  
22 music and dramatic arts organizations such as symphony  
23 orchestras and theatrical groups, arts and cultural service  
24 organizations, local arts councils, visual arts organizations,  
25 and media arts organizations. On and after July 1, 2001 (the

1 effective date of Public Act 92-35) ~~this amendatory Act of the~~  
2 ~~92nd General Assembly~~, however, an entity otherwise eligible  
3 for this exemption shall not make tax-free purchases unless it  
4 has an active identification number issued by the Department.

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

9 (5) Until July 1, 2003 and beginning again on September 1,  
10 2004 through August 30, 2014, graphic arts machinery and  
11 equipment, including repair and replacement parts, both new and  
12 used, and including that manufactured on special order or  
13 purchased for lease, certified by the purchaser to be used  
14 primarily for graphic arts production. Equipment includes  
15 chemicals or chemicals acting as catalysts but only if the  
16 chemicals or chemicals acting as catalysts effect a direct and  
17 immediate change upon a graphic arts product. Beginning on July  
18 1, 2017, graphic arts machinery and equipment is included in  
19 the manufacturing and assembling machinery and equipment  
20 exemption under Section 2 of this Act.

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

24 (7) Farm machinery and equipment, both new and used,  
25 including that manufactured on special order, certified by the  
26 purchaser to be used primarily for production agriculture or

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

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

25 Farm machinery and equipment also includes computers,  
26 sensors, software, and related equipment used primarily in the

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

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

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

24 (9) Proceeds of mandatory service charges separately  
25 stated on customers' bills for the purchase and consumption of  
26 food and beverages acquired as an incident to the purchase of a

1 service from a serviceman, to the extent that the proceeds of  
2 the service charge are in fact turned over as tips or as a  
3 substitute for tips to the employees who participate directly  
4 in preparing, serving, hosting or cleaning up the food or  
5 beverage function with respect to which the service charge is  
6 imposed.

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

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

22 (12) Until July 1, 2023, coal and aggregate exploration,  
23 mining, off-highway hauling, processing, maintenance, and  
24 reclamation equipment, including replacement parts and  
25 equipment, and including equipment purchased for lease, but  
26 excluding motor vehicles required to be registered under the



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

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

9 (14) Horses, or interests in horses, registered with and  
10 meeting the requirements of any of the Arabian Horse Club  
11 Registry of America, Appaloosa Horse Club, American Quarter  
12 Horse Association, United States Trotting Association, or  
13 Jockey Club, as appropriate, used for purposes of breeding or  
14 racing for prizes. This item (14) is exempt from the provisions  
15 of Section 3-75, and the exemption provided for under this item  
16 (14) applies for all periods beginning May 30, 1995, but no  
17 claim for credit or refund is allowed on or after January 1,  
18 2008 (the effective date of Public Act 95-88) ~~this amendatory~~  
19 ~~Act of the 95th General Assembly~~ for such taxes paid during the  
20 period beginning May 30, 2000 and ending on January 1, 2008  
21 (the effective date of Public Act 95-88) ~~this amendatory Act of~~  
22 ~~the 95th General Assembly.~~

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

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

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

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

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

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

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

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

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

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

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

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

1 coin-operated amusement and vending machines. This paragraph  
2 is exempt from the provisions of Section 3-75.

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

16 (24) Beginning on August 2, 2001 (the effective date of  
17 Public Act 92-227) ~~this amendatory Act of the 92nd General~~  
18 ~~Assembly~~, computers and communications equipment utilized for  
19 any hospital purpose and equipment used in the diagnosis,  
20 analysis, or treatment of hospital patients purchased by a  
21 lessor who leases the equipment, under a lease of one year or  
22 longer executed or in effect at the time the lessor would  
23 otherwise be subject to the tax imposed by this Act, to a  
24 hospital that has been issued an active tax exemption  
25 identification number by the Department under Section 1g of the  
26 Retailers' Occupation Tax Act. If the equipment is leased in a

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

15 (25) Beginning on August 2, 2001 (the effective date of  
16 Public Act 92-227) ~~this amendatory Act of the 92nd General~~  
17 ~~Assembly~~, personal property purchased by a lessor who leases  
18 the property, under a lease of one year or longer executed or  
19 in effect at the time the lessor would otherwise be subject to  
20 the tax imposed by this Act, to a governmental body that has  
21 been issued an active tax exemption identification number by  
22 the Department under Section 1g of the Retailers' Occupation  
23 Tax Act. If the property is leased in a manner that does not  
24 qualify for this exemption or is used in any other nonexempt  
25 manner, the lessor shall be liable for the tax imposed under  
26 this Act or the Use Tax Act, as the case may be, based on the

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

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 (30) Tangible personal property transferred to a purchaser  
12 who is exempt from the tax imposed by this Act by operation of  
13 federal law. This paragraph is exempt from the provisions of  
14 Section 3-75.

15 (31) Agricultural goods purchased at a farmer's market.  
16 This paragraph is exempt from the provisions of Section 3-75.

17 (Source: P.A. 99-180, eff. 7-29-15; 99-855, eff. 8-19-16;  
18 100-22, eff. 7-6-17; 100-594, eff. 6-29-18; 100-1171, eff.  
19 1-4-19; revised 1-8-19.)

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

22 (35 ILCS 115/3-5)

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

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

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

11           (3) Personal property purchased by any not-for-profit arts  
12 or cultural organization that establishes, by proof required by  
13 the Department by rule, that it has received an exemption under  
14 Section 501(c)(3) of the Internal Revenue Code and that is  
15 organized and operated primarily for the presentation or  
16 support of arts or cultural programming, activities, or  
17 services. These organizations include, but are not limited to,  
18 music and dramatic arts organizations such as symphony  
19 orchestras and theatrical groups, arts and cultural service  
20 organizations, local arts councils, visual arts organizations,  
21 and media arts organizations. On and after July 1, 2001 (the  
22 effective date of Public Act 92-35) ~~this amendatory Act of the~~  
23 ~~92nd General Assembly~~, however, an entity otherwise eligible  
24 for this exemption shall not make tax-free purchases unless it  
25 has an active identification number issued by the Department.

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

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

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

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

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

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

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

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

1 provisions of Section 3-55.

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

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

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

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

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

15           (12) Until July 1, 2023, coal and aggregate exploration,  
16 mining, off-highway hauling, processing, maintenance, and  
17 reclamation equipment, including replacement parts and  
18 equipment, and including equipment purchased for lease, but  
19 excluding motor vehicles required to be registered under the  
20 Illinois Vehicle Code. The changes made to this Section by  
21 Public Act 97-767 apply on and after July 1, 2003, but no claim  
22 for credit or refund is allowed on or after August 16, 2013  
23 (the effective date of Public Act 98-456) for such taxes paid  
24 during the period beginning July 1, 2003 and ending on August  
25 16, 2013 (the effective date of Public Act 98-456).

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

5 (24) Beginning on August 2, 2001 (the effective date of  
6 Public Act 92-227) ~~this amendatory Act of the 92nd General~~  
7 ~~Assembly~~, computers and communications equipment utilized for  
8 any hospital purpose and equipment used in the diagnosis,  
9 analysis, or treatment of hospital patients sold to a lessor  
10 who leases the equipment, under a lease of one year or longer  
11 executed or in effect at the time of the purchase, to a  
12 hospital that has been issued an active tax exemption  
13 identification number by the Department under Section 1g of the  
14 Retailers' Occupation Tax Act. This paragraph is exempt from  
15 the provisions of Section 3-55.

16 (25) Beginning on August 2, 2001 (the effective date of  
17 Public Act 92-227) ~~this amendatory Act of the 92nd General~~  
18 ~~Assembly~~, personal property sold to a lessor who leases the  
19 property, under a lease of one year or longer executed or in  
20 effect at the time of the purchase, to a governmental body that  
21 has been issued an active tax exemption identification number  
22 by the Department under Section 1g of the Retailers' Occupation  
23 Tax Act. This paragraph is exempt from the provisions of  
24 Section 3-55.

25 (26) Beginning on January 1, 2002 and through June 30,  
26 2016, tangible personal property purchased from an Illinois

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

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

1 Title IV of the Environmental Protection Act. This paragraph is  
2 exempt from the provisions of Section 3-55.

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

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

1 engines or power plants are installed or uninstalled upon any  
2 such aircraft. "Consumable supplies" include, but are not  
3 limited to, adhesive, tape, sandpaper, general purpose  
4 lubricants, cleaning solution, latex gloves, and protective  
5 films. This exemption applies only to the transfer of  
6 qualifying tangible personal property incident to the  
7 modification, refurbishment, completion, replacement, repair,  
8 or maintenance of an aircraft by persons who (i) hold an Air  
9 Agency Certificate and are empowered to operate an approved  
10 repair station by the Federal Aviation Administration, (ii)  
11 have a Class IV Rating, and (iii) conduct operations in  
12 accordance with Part 145 of the Federal Aviation Regulations.  
13 The exemption does not include aircraft operated by a  
14 commercial air carrier providing scheduled passenger air  
15 service pursuant to authority issued under Part 121 or Part 129  
16 of the Federal Aviation Regulations. The changes made to this  
17 paragraph (29) by Public Act 98-534 are declarative of existing  
18 law.

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

21 (31) Tangible personal property transferred to a purchaser  
22 who is exempt from tax by operation of federal law. This  
23 paragraph is exempt from the provisions of Section 3-55.

24 (32) Agricultural goods purchased at a farmer's market.  
25 This paragraph is exempt from the provisions of Section 3-55.

26 (Source: P.A. 99-180, eff. 7-29-15; 99-855, eff. 8-19-16;

1 100-22, eff. 7-6-17; 100-594, eff. 6-29-18; 100-1171, eff.  
2 1-4-19; revised 1-8-19.)

3 Section 20. The Retailers' Occupation Tax Act is amended by  
4 changing Section 2-5 as follows:

5 (35 ILCS 120/2-5)

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

9 (1) Farm chemicals.

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



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

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

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

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

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

3 (4) Until July 1, 2003 and beginning again September 1,  
4 2004 through August 30, 2014, graphic arts machinery and  
5 equipment, including repair and replacement parts, both  
6 new and used, and including that manufactured on special  
7 order or purchased for lease, certified by the purchaser to  
8 be used primarily for graphic arts production. Equipment  
9 includes chemicals or chemicals acting as catalysts but  
10 only if the chemicals or chemicals acting as catalysts  
11 effect a direct and immediate change upon a graphic arts  
12 product. Beginning on July 1, 2017, graphic arts machinery  
13 and equipment is included in the manufacturing and  
14 assembling machinery and equipment exemption under  
15 paragraph (14).

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

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

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

26 (8) Personal property sold to an Illinois county fair

1 association for use in conducting, operating, or promoting  
2 the county fair.

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

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

25 (11) Personal property sold to a governmental body, to  
26 a corporation, society, association, foundation, or

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

14 (12) (Blank).

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

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

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

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

1 gauges, or other similar items of no commercial value on  
2 special order for a particular purchaser. The exemption  
3 provided by this paragraph (14) does not include machinery  
4 and equipment used in (i) the generation of electricity for  
5 wholesale or retail sale; (ii) the generation or treatment  
6 of natural or artificial gas for wholesale or retail sale  
7 that is delivered to customers through pipes, pipelines, or  
8 mains; or (iii) the treatment of water for wholesale or  
9 retail sale that is delivered to customers through pipes,  
10 pipelines, or mains. The provisions of Public Act 98-583  
11 are declaratory of existing law as to the meaning and scope  
12 of this exemption. Beginning on July 1, 2017, the exemption  
13 provided by this paragraph (14) includes, but is not  
14 limited to, graphic arts machinery and equipment, as  
15 defined in paragraph (4) of this Section.

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

24 (16) Tangible personal property sold to a purchaser if  
25 the purchaser is exempt from use tax by operation of  
26 federal law. This paragraph is exempt from the provisions

1 of Section 2-70.

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

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

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

24 (20) Photoprocessing machinery and equipment,  
25 including repair and replacement parts, both new and used,  
26 including that manufactured on special order, certified by

1 the purchaser to be used primarily for photoprocessing, and  
2 including photoprocessing machinery and equipment  
3 purchased for lease.

4 (21) Until July 1, 2023, coal and aggregate  
5 exploration, mining, off-highway hauling, processing,  
6 maintenance, and reclamation equipment, including  
7 replacement parts and equipment, and including equipment  
8 purchased for lease, but excluding motor vehicles required  
9 to be registered under the Illinois Vehicle Code. The  
10 changes made to this Section by Public Act 97-767 apply on  
11 and after July 1, 2003, but no claim for credit or refund  
12 is allowed on or after August 16, 2013 (the effective date  
13 of Public Act 98-456) for such taxes paid during the period  
14 beginning July 1, 2003 and ending on August 16, 2013 (the  
15 effective date of Public Act 98-456).

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

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



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

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

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

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

1 plates to be transferred is prima facie evidence that the  
2 motor vehicle will not be titled in this State.

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

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

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

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

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

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

1 aircraft is to be titled or registered, the address of  
2 the primary physical location of the aircraft, and  
3 other information that the Department may reasonably  
4 require.

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

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

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

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

18 (26) Semen used for artificial insemination of  
19 livestock for direct agricultural production.

20 (27) Horses, or interests in horses, registered with  
21 and meeting the requirements of any of the Arabian Horse  
22 Club Registry of America, Appaloosa Horse Club, American  
23 Quarter Horse Association, United States Trotting  
24 Association, or Jockey Club, as appropriate, used for  
25 purposes of breeding or racing for prizes. This item (27)  
26 is exempt from the provisions of Section 2-70, and the

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

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

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

21 (30) Beginning with taxable years ending on or after  
22 December 31, 1995 and ending with taxable years ending on  
23 or before December 31, 2004, personal property that is  
24 donated for disaster relief to be used in a State or  
25 federally declared disaster area in Illinois or bordering  
26 Illinois by a manufacturer or retailer that is registered

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

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

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

23 (33) A motor vehicle, as that term is defined in  
24 Section 1-146 of the Illinois Vehicle Code, that is donated  
25 to a corporation, limited liability company, society,  
26 association, foundation, or institution that is determined

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

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

1 purchases the personal property sold at the events from  
2 another individual or entity that sold the property for the  
3 purpose of resale by the fundraising entity and that  
4 profits from the sale to the fundraising entity. This  
5 paragraph is exempt from the provisions of Section 2-70.

6 (35) Beginning January 1, 2000 and through December 31,  
7 2001, new or used automatic vending machines that prepare  
8 and serve hot food and beverages, including coffee, soup,  
9 and other items, and replacement parts for these machines.  
10 Beginning January 1, 2002 and through June 30, 2003,  
11 machines and parts for machines used in commercial,  
12 coin-operated amusement and vending business if a use or  
13 occupation tax is paid on the gross receipts derived from  
14 the use of the commercial, coin-operated amusement and  
15 vending machines. This paragraph is exempt from the  
16 provisions of Section 2-70.

17 (35-5) Beginning August 23, 2001 and through June 30,  
18 2016, food for human consumption that is to be consumed off  
19 the premises where it is sold (other than alcoholic  
20 beverages, soft drinks, and food that has been prepared for  
21 immediate consumption) and prescription and  
22 nonprescription medicines, drugs, medical appliances, and  
23 insulin, urine testing materials, syringes, and needles  
24 used by diabetics, for human use, when purchased for use by  
25 a person receiving medical assistance under Article V of  
26 the Illinois Public Aid Code who resides in a licensed



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

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

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

21 (38) Beginning on January 1, 2002 and through June 30,  
22 2016, tangible personal property purchased from an  
23 Illinois retailer by a taxpayer engaged in centralized  
24 purchasing activities in Illinois who will, upon receipt of  
25 the property in Illinois, temporarily store the property in  
26 Illinois (i) for the purpose of subsequently transporting

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

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

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

1 Federal Aviation Regulations. The changes made to this  
2 paragraph (40) by Public Act 98-534 are declarative of  
3 existing law.

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

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

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

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

3 (44) Agricultural goods purchased at a farmer's  
4 market. This paragraph is exempt from the provisions of  
5 Section 2-70.

6 (Source: P.A. 99-180, eff. 7-29-15; 99-855, eff. 8-19-16;  
7 100-22, eff. 7-6-17; 100-321, eff. 8-24-17; 100-437, eff.  
8 1-1-18; 100-594, eff. 6-29-18; 100-863, eff. 8-14-18;  
9 100-1171, eff. 1-4-19; revised 1-8-19.)