



## 101ST GENERAL ASSEMBLY

### State of Illinois

2019 and 2020

SB1555

Introduced 2/15/2019, by Sen. Paul Schimpf

#### SYNOPSIS AS INTRODUCED:

35 ILCS 105/3-5  
35 ILCS 105/3-10  
35 ILCS 110/3-5  
35 ILCS 110/3-10 from Ch. 120, par. 439.33-10  
35 ILCS 115/3-5  
35 ILCS 115/3-10 from Ch. 120, par. 439.103-10  
35 ILCS 120/2-5  
35 ILCS 120/2-10

Amends the Use Tax Act, the Service Use Tax Act, the Service Occupation Tax Act, and the Retailers' Occupation Tax Act. Provides that, beginning on January 1, 2020, sales of motor fuel are exempt from taxation under the Acts. Effective immediately.

LRB101 09384 HLH 54482 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 Sections  
5 3-5 and 3-10 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) Beginning on January 1, 2020, sales of motor fuel, as  
20 defined in Section 1.1 of the Motor Fuel Tax Law. This  
21 paragraph is exempt from the provisions of Section 3-90.

22 (Source: P.A. 99-180, eff. 7-29-15; 99-855, eff. 8-19-16;  
23 100-22, eff. 7-6-17; 100-437, eff. 1-1-18; 100-594, eff.  
24 6-29-18; 100-863, eff. 8-14-18; 100-1171, eff. 1-4-19; revised  
25 1-8-19.)

1 (35 ILCS 105/3-10)

2 Sec. 3-10. Rate of tax. Unless otherwise provided in this  
3 Section, the tax imposed by this Act is at the rate of 6.25% of  
4 either the selling price or the fair market value, if any, of  
5 the tangible personal property. In all cases where property  
6 functionally used or consumed is the same as the property that  
7 was purchased at retail, then the tax is imposed on the selling  
8 price of the property. In all cases where property functionally  
9 used or consumed is a by-product or waste product that has been  
10 refined, manufactured, or produced from property purchased at  
11 retail, then the tax is imposed on the lower of the fair market  
12 value, if any, of the specific property so used in this State  
13 or on the selling price of the property purchased at retail.  
14 For purposes of this Section "fair market value" means the  
15 price at which property would change hands between a willing  
16 buyer and a willing seller, neither being under any compulsion  
17 to buy or sell and both having reasonable knowledge of the  
18 relevant facts. The fair market value shall be established by  
19 Illinois sales by the taxpayer of the same property as that  
20 functionally used or consumed, or if there are no such sales by  
21 the taxpayer, then comparable sales or purchases of property of  
22 like kind and character in Illinois.

23 Beginning on July 1, 2000 and through December 31, 2000,  
24 with respect to motor fuel, as defined in Section 1.1 of the  
25 Motor Fuel Tax Law, and gasohol, as defined in Section 3-40 of  
26 the Use Tax Act, the tax is imposed at the rate of 1.25%.

1           Beginning on August 6, 2010 through August 15, 2010, with  
2           respect to sales tax holiday items as defined in Section 3-6 of  
3           this Act, the tax is imposed at the rate of 1.25%.

4           With respect to gasohol, the tax imposed by this Act  
5           applies to (i) 70% of the proceeds of sales made on or after  
6           January 1, 1990, and before July 1, 2003, (ii) 80% of the  
7           proceeds of sales made on or after July 1, 2003 and on or  
8           before July 1, 2017, and (iii) 100% of the proceeds of sales  
9           made thereafter. If, at any time, however, the tax under this  
10          Act on sales of gasohol is imposed at the rate of 1.25%, then  
11          the tax imposed by this Act applies to 100% of the proceeds of  
12          sales of gasohol made during that time. Beginning on January 1,  
13          2020, sales of gasohol that qualify as sales of motor fuel  
14          under Section 1.1 of the Motor Fuel Tax Law are exempt.

15          With respect to majority blended ethanol fuel, the tax  
16          imposed by this Act does not apply to the proceeds of sales  
17          made on or after July 1, 2003 and on or before December 31,  
18          2023 but applies to 100% of the proceeds of sales made  
19          thereafter. Beginning on January 1, 2020, sales of majority  
20          blended ethanol fuel that qualify as sales of motor fuel under  
21          Section 1.1 of the Motor Fuel Tax Law are exempt.

22          With respect to biodiesel blends with no less than 1% and  
23          no more than 10% biodiesel, the tax imposed by this Act applies  
24          to (i) 80% of the proceeds of sales made on or after July 1,  
25          2003 and on or before December 31, 2018 and (ii) 100% of the  
26          proceeds of sales made thereafter. If, at any time, however,

1 the tax under this Act on sales of biodiesel blends with no  
2 less than 1% and no more than 10% biodiesel is imposed at the  
3 rate of 1.25%, then the tax imposed by this Act applies to 100%  
4 of the proceeds of sales of biodiesel blends with no less than  
5 1% and no more than 10% biodiesel made during that time.  
6 Beginning on January 1, 2020, sales of biodiesel blends that  
7 qualify as sales of motor fuel under Section 1.1 of the Motor  
8 Fuel Tax Law are exempt.

9 With respect to 100% biodiesel and biodiesel blends with  
10 more than 10% but no more than 99% biodiesel, the tax imposed  
11 by this Act does not apply to the proceeds of sales made on or  
12 after July 1, 2003 and on or before December 31, 2023 but  
13 applies to 100% of the proceeds of sales made thereafter.  
14 Beginning on January 1, 2020, sales of biodiesel and biodiesel  
15 blends that qualify as sales of motor fuel under Section 1.1 of  
16 the Motor Fuel Tax Law are exempt.

17 With respect to food for human consumption that is to be  
18 consumed off the premises where it is sold (other than  
19 alcoholic beverages, soft drinks, and food that has been  
20 prepared for immediate consumption) and prescription and  
21 nonprescription medicines, drugs, medical appliances, products  
22 classified as Class III medical devices by the United States  
23 Food and Drug Administration that are used for cancer treatment  
24 pursuant to a prescription, as well as any accessories and  
25 components related to those devices, modifications to a motor  
26 vehicle for the purpose of rendering it usable by a person with

1 a disability, and insulin, urine testing materials, syringes,  
2 and needles used by diabetics, for human use, the tax is  
3 imposed at the rate of 1%. For the purposes of this Section,  
4 until September 1, 2009: the term "soft drinks" means any  
5 complete, finished, ready-to-use, non-alcoholic drink, whether  
6 carbonated or not, including but not limited to soda water,  
7 cola, fruit juice, vegetable juice, carbonated water, and all  
8 other preparations commonly known as soft drinks of whatever  
9 kind or description that are contained in any closed or sealed  
10 bottle, can, carton, or container, regardless of size; but  
11 "soft drinks" does not include coffee, tea, non-carbonated  
12 water, infant formula, milk or milk products as defined in the  
13 Grade A Pasteurized Milk and Milk Products Act, or drinks  
14 containing 50% or more natural fruit or vegetable juice.

15 Notwithstanding any other provisions of this Act,  
16 beginning September 1, 2009, "soft drinks" means non-alcoholic  
17 beverages that contain natural or artificial sweeteners. "Soft  
18 drinks" do not include beverages that contain milk or milk  
19 products, soy, rice or similar milk substitutes, or greater  
20 than 50% of vegetable or fruit juice by volume.

21 Until August 1, 2009, and notwithstanding any other  
22 provisions of this Act, "food for human consumption that is to  
23 be consumed off the premises where it is sold" includes all  
24 food sold through a vending machine, except soft drinks and  
25 food products that are dispensed hot from a vending machine,  
26 regardless of the location of the vending machine. Beginning

1 August 1, 2009, and notwithstanding any other provisions of  
2 this Act, "food for human consumption that is to be consumed  
3 off the premises where it is sold" includes all food sold  
4 through a vending machine, except soft drinks, candy, and food  
5 products that are dispensed hot from a vending machine,  
6 regardless of the location of the vending machine.

7 Notwithstanding any other provisions of this Act,  
8 beginning September 1, 2009, "food for human consumption that  
9 is to be consumed off the premises where it is sold" does not  
10 include candy. For purposes of this Section, "candy" means a  
11 preparation of sugar, honey, or other natural or artificial  
12 sweeteners in combination with chocolate, fruits, nuts or other  
13 ingredients or flavorings in the form of bars, drops, or  
14 pieces. "Candy" does not include any preparation that contains  
15 flour or requires refrigeration.

16 Notwithstanding any other provisions of this Act,  
17 beginning September 1, 2009, "nonprescription medicines and  
18 drugs" does not include grooming and hygiene products. For  
19 purposes of this Section, "grooming and hygiene products"  
20 includes, but is not limited to, soaps and cleaning solutions,  
21 shampoo, toothpaste, mouthwash, antiperspirants, and sun tan  
22 lotions and screens, unless those products are available by  
23 prescription only, regardless of whether the products meet the  
24 definition of "over-the-counter-drugs". For the purposes of  
25 this paragraph, "over-the-counter-drug" means a drug for human  
26 use that contains a label that identifies the product as a drug



1 as required by 21 C.F.R. § 201.66. The "over-the-counter-drug"  
2 label includes:

3 (A) A "Drug Facts" panel; or

4 (B) A statement of the "active ingredient(s)" with a  
5 list of those ingredients contained in the compound,  
6 substance or preparation.

7 Beginning on the effective date of this amendatory Act of  
8 the 98th General Assembly, "prescription and nonprescription  
9 medicines and drugs" includes medical cannabis purchased from a  
10 registered dispensing organization under the Compassionate Use  
11 of Medical Cannabis Pilot Program Act.

12 If the property that is purchased at retail from a retailer  
13 is acquired outside Illinois and used outside Illinois before  
14 being brought to Illinois for use here and is taxable under  
15 this Act, the "selling price" on which the tax is computed  
16 shall be reduced by an amount that represents a reasonable  
17 allowance for depreciation for the period of prior out-of-state  
18 use.

19 (Source: P.A. 99-143, eff. 7-27-15; 99-858, eff. 8-19-16;  
20 100-22, eff. 7-6-17.)

21 Section 10. The Service Use Tax Act is amended by changing  
22 Sections 3-5 and 3-10 as follows:

23 (35 ILCS 110/3-5)

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

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

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

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

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

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

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

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

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

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

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

21 Farm machinery and equipment also includes computers,  
22 sensors, software, and related equipment used primarily in the  
23 computer-assisted operation of production agriculture  
24 facilities, equipment, and activities such as, but not limited  
25 to, the collection, monitoring, and correlation of animal and  
26 crop data for the purpose of formulating animal diets and

1 agricultural chemicals. This item (7) is exempt from the  
2 provisions of Section 3-75.

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

19 (18) 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 used in the  
22 performance of infrastructure repairs in this State, including  
23 but not limited to municipal roads and streets, access roads,  
24 bridges, sidewalks, waste disposal systems, water and sewer  
25 line extensions, water distribution and purification  
26 facilities, storm water drainage and retention facilities, and

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

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

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

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

15           (22) Beginning January 1, 2000 and through December 31,  
16 2001, new or used automatic vending machines that prepare and  
17 serve hot food and beverages, including coffee, soup, and other  
18 items, and replacement parts for these machines. Beginning  
19 January 1, 2002 and through June 30, 2003, machines and parts  
20 for machines used in commercial, coin-operated amusement and  
21 vending business if a use or occupation tax is paid on the  
22 gross receipts derived from the use of the commercial,  
23 coin-operated amusement and vending machines. This paragraph  
24 is exempt from the provisions of Section 3-75.

25           (23) Beginning August 23, 2001 and through June 30, 2016,  
26 food for human consumption that is to be consumed off the

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

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

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

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

1 the case may be, if the tax has not been paid by the lessor. If  
2 a lessor improperly collects any such amount from the lessee,  
3 the lessee shall have a legal right to claim a refund of that  
4 amount from the lessor. If, however, that amount is not  
5 refunded to the lessee for any reason, the lessor is liable to  
6 pay that amount to the Department. This paragraph is exempt  
7 from the provisions of Section 3-75.

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

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

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

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

1 the development of the municipal convention hall. This  
2 exemption includes existing public-facilities corporations as  
3 provided in Section 11-65-25 of the Illinois Municipal Code.  
4 This paragraph is exempt from the provisions of Section 3-75.

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

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

11 (31) Beginning on January 1, 2020, sales of motor fuel, as  
12 defined in Section 1.1 of the Motor Fuel Tax Law. This  
13 paragraph is exempt from the provisions of Section 3-75.

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

17 (35 ILCS 110/3-10) (from Ch. 120, par. 439.33-10)

18 Sec. 3-10. Rate of tax. Unless otherwise provided in this  
19 Section, the tax imposed by this Act is at the rate of 6.25% of  
20 the selling price of tangible personal property transferred as  
21 an incident to the sale of service, but, for the purpose of  
22 computing this tax, in no event shall the selling price be less  
23 than the cost price of the property to the serviceman.

24 Beginning on July 1, 2000 and through December 31, 2000,  
25 with respect to motor fuel, as defined in Section 1.1 of the



1 Motor Fuel Tax Law, and gasohol, as defined in Section 3-40 of  
2 the Use Tax Act, the tax is imposed at the rate of 1.25%.

3 With respect to gasohol, as defined in the Use Tax Act, the  
4 tax imposed by this Act applies to (i) 70% of the selling price  
5 of property transferred as an incident to the sale of service  
6 on or after January 1, 1990, and before July 1, 2003, (ii) 80%  
7 of the selling price of property transferred as an incident to  
8 the sale of service on or after July 1, 2003 and on or before  
9 July 1, 2017, and (iii) 100% of the selling price thereafter.  
10 If, at any time, however, the tax under this Act on sales of  
11 gasohol, as defined in the Use Tax Act, is imposed at the rate  
12 of 1.25%, then the tax imposed by this Act applies to 100% of  
13 the proceeds of sales of gasohol made during that time.  
14 Beginning on January 1, 2020, sales of gasohol that qualify as  
15 sales of motor fuel under Section 1.1 of the Motor Fuel Tax Law  
16 are exempt.

17 With respect to majority blended ethanol fuel, as defined  
18 in the Use Tax Act, the tax imposed by this Act does not apply  
19 to the selling price of property transferred as an incident to  
20 the sale of service on or after July 1, 2003 and on or before  
21 December 31, 2023 but applies to 100% of the selling price  
22 thereafter. Beginning on January 1, 2020, sales of majority  
23 blended ethanol fuel that qualify as sales of motor fuel under  
24 Section 1.1 of the Motor Fuel Tax Law are exempt.

25 With respect to biodiesel blends, as defined in the Use Tax  
26 Act, with no less than 1% and no more than 10% biodiesel, the

1 tax imposed by this Act applies to (i) 80% of the selling price  
2 of property transferred as an incident to the sale of service  
3 on or after July 1, 2003 and on or before December 31, 2018 and  
4 (ii) 100% of the proceeds of the selling price thereafter. If,  
5 at any time, however, the tax under this Act on sales of  
6 biodiesel blends, as defined in the Use Tax Act, with no less  
7 than 1% and no more than 10% biodiesel is imposed at the rate  
8 of 1.25%, then the tax imposed by this Act applies to 100% of  
9 the proceeds of sales of biodiesel blends with no less than 1%  
10 and no more than 10% biodiesel made during that time. Beginning  
11 on January 1, 2020, sales of biodiesel blends that qualify as  
12 sales of motor fuel under Section 1.1 of the Motor Fuel Tax Law  
13 are exempt.

14 With respect to 100% biodiesel, as defined in the Use Tax  
15 Act, and biodiesel blends, as defined in the Use Tax Act, with  
16 more than 10% but no more than 99% biodiesel, the tax imposed  
17 by this Act does not apply to the proceeds of the selling price  
18 of property transferred as an incident to the sale of service  
19 on or after July 1, 2003 and on or before December 31, 2023 but  
20 applies to 100% of the selling price thereafter. Beginning on  
21 January 1, 2020, sales of biodiesel and biodiesel blends that  
22 qualify as sales of motor fuel under Section 1.1 of the Motor  
23 Fuel Tax Law are exempt.

24 At the election of any registered serviceman made for each  
25 fiscal year, sales of service in which the aggregate annual  
26 cost price of tangible personal property transferred as an

1 incident to the sales of service is less than 35%, or 75% in  
2 the case of servicemen transferring prescription drugs or  
3 servicemen engaged in graphic arts production, of the aggregate  
4 annual total gross receipts from all sales of service, the tax  
5 imposed by this Act shall be based on the serviceman's cost  
6 price of the tangible personal property transferred as an  
7 incident to the sale of those services.

8 The tax shall be imposed at the rate of 1% on food prepared  
9 for immediate consumption and transferred incident to a sale of  
10 service subject to this Act or the Service Occupation Tax Act  
11 by an entity licensed under the Hospital Licensing Act, the  
12 Nursing Home Care Act, the ID/DD Community Care Act, the MC/DD  
13 Act, the Specialized Mental Health Rehabilitation Act of 2013,  
14 or the Child Care Act of 1969. The tax shall also be imposed at  
15 the rate of 1% on food for human consumption that is to be  
16 consumed off the premises where it is sold (other than  
17 alcoholic beverages, soft drinks, and food that has been  
18 prepared for immediate consumption and is not otherwise  
19 included in this paragraph) and prescription and  
20 nonprescription medicines, drugs, medical appliances, products  
21 classified as Class III medical devices by the United States  
22 Food and Drug Administration that are used for cancer treatment  
23 pursuant to a prescription, as well as any accessories and  
24 components related to those devices, modifications to a motor  
25 vehicle for the purpose of rendering it usable by a person with  
26 a disability, and insulin, urine testing materials, syringes,

1 and needles used by diabetics, for human use. For the purposes  
2 of this Section, until September 1, 2009: the term "soft  
3 drinks" means any complete, finished, ready-to-use,  
4 non-alcoholic drink, whether carbonated or not, including but  
5 not limited to soda water, cola, fruit juice, vegetable juice,  
6 carbonated water, and all other preparations commonly known as  
7 soft drinks of whatever kind or description that are contained  
8 in any closed or sealed bottle, can, carton, or container,  
9 regardless of size; but "soft drinks" does not include coffee,  
10 tea, non-carbonated water, infant formula, milk or milk  
11 products as defined in the Grade A Pasteurized Milk and Milk  
12 Products Act, or drinks containing 50% or more natural fruit or  
13 vegetable juice.

14 Notwithstanding any other provisions of this Act,  
15 beginning September 1, 2009, "soft drinks" means non-alcoholic  
16 beverages that contain natural or artificial sweeteners. "Soft  
17 drinks" do not include beverages that contain milk or milk  
18 products, soy, rice or similar milk substitutes, or greater  
19 than 50% of vegetable or fruit juice by volume.

20 Until August 1, 2009, and notwithstanding any other  
21 provisions of this Act, "food for human consumption that is to  
22 be consumed off the premises where it is sold" includes all  
23 food sold through a vending machine, except soft drinks and  
24 food products that are dispensed hot from a vending machine,  
25 regardless of the location of the vending machine. Beginning  
26 August 1, 2009, and notwithstanding any other provisions of

1 this Act, "food for human consumption that is to be consumed  
2 off the premises where it is sold" includes all food sold  
3 through a vending machine, except soft drinks, candy, and food  
4 products that are dispensed hot from a vending machine,  
5 regardless of the location of the vending machine.

6 Notwithstanding any other provisions of this Act,  
7 beginning September 1, 2009, "food for human consumption that  
8 is to be consumed off the premises where it is sold" does not  
9 include candy. For purposes of this Section, "candy" means a  
10 preparation of sugar, honey, or other natural or artificial  
11 sweeteners in combination with chocolate, fruits, nuts or other  
12 ingredients or flavorings in the form of bars, drops, or  
13 pieces. "Candy" does not include any preparation that contains  
14 flour or requires refrigeration.

15 Notwithstanding any other provisions of this Act,  
16 beginning September 1, 2009, "nonprescription medicines and  
17 drugs" does not include grooming and hygiene products. For  
18 purposes of this Section, "grooming and hygiene products"  
19 includes, but is not limited to, soaps and cleaning solutions,  
20 shampoo, toothpaste, mouthwash, antiperspirants, and sun tan  
21 lotions and screens, unless those products are available by  
22 prescription only, regardless of whether the products meet the  
23 definition of "over-the-counter-drugs". For the purposes of  
24 this paragraph, "over-the-counter-drug" means a drug for human  
25 use that contains a label that identifies the product as a drug  
26 as required by 21 C.F.R. § 201.66. The "over-the-counter-drug"

1 label includes:

2 (A) A "Drug Facts" panel; or

3 (B) A statement of the "active ingredient(s)" with a  
4 list of those ingredients contained in the compound,  
5 substance or preparation.

6 Beginning on January 1, 2014 (the effective date of Public  
7 Act 98-122), "prescription and nonprescription medicines and  
8 drugs" includes medical cannabis purchased from a registered  
9 dispensing organization under the Compassionate Use of Medical  
10 Cannabis Pilot Program Act.

11 If the property that is acquired from a serviceman is  
12 acquired outside Illinois and used outside Illinois before  
13 being brought to Illinois for use here and is taxable under  
14 this Act, the "selling price" on which the tax is computed  
15 shall be reduced by an amount that represents a reasonable  
16 allowance for depreciation for the period of prior out-of-state  
17 use.

18 (Source: P.A. 99-143, eff. 7-27-15; 99-180, eff. 7-29-15;  
19 99-642, eff. 7-28-16; 99-858, eff. 8-19-16; 100-22, eff.  
20 7-6-17.)

21 Section 15. The Service Occupation Tax Act is amended by  
22 changing Sections 3-5 and 3-10 as follows:

23 (35 ILCS 115/3-5)

24 Sec. 3-5. Exemptions. The following tangible personal

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

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

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

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

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

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

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

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



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

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

21 Farm machinery and equipment also includes computers,  
22 sensors, software, and related equipment used primarily in the  
23 computer-assisted operation of production agriculture  
24 facilities, equipment, and activities such as, but not limited  
25 to, the collection, monitoring, and correlation of animal and  
26 crop data for the purpose of formulating animal diets and

1 agricultural chemicals. This item (7) is exempt from the  
2 provisions of Section 3-55.

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

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

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

1 imposed.

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

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

16 (12) Until July 1, 2023, coal and aggregate exploration,  
17 mining, off-highway hauling, processing, maintenance, and  
18 reclamation equipment, including replacement parts and  
19 equipment, and including equipment purchased for lease, but  
20 excluding motor vehicles required to be registered under the  
21 Illinois Vehicle Code. The changes made to this Section by  
22 Public Act 97-767 apply on and after July 1, 2003, but no claim  
23 for credit or refund is allowed on or after August 16, 2013  
24 (the effective date of Public Act 98-456) for such taxes paid  
25 during the period beginning July 1, 2003 and ending on August  
26 16, 2013 (the effective date of Public Act 98-456).

1           (13) Beginning January 1, 1992 and through June 30, 2016,  
2 food for human consumption that is to be consumed off the  
3 premises where it is sold (other than alcoholic beverages, soft  
4 drinks and food that has been prepared for immediate  
5 consumption) and prescription and non-prescription medicines,  
6 drugs, medical appliances, and insulin, urine testing  
7 materials, syringes, and needles used by diabetics, for human  
8 use, when purchased for use by a person receiving medical  
9 assistance under Article V of the Illinois Public Aid Code who  
10 resides in a licensed long-term care facility, as defined in  
11 the Nursing Home Care Act, or in a licensed facility as defined  
12 in the ID/DD Community Care Act, the MC/DD Act, or the  
13 Specialized Mental Health Rehabilitation Act of 2013.

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

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

1 January 1, 2008 (the effective date of Public Act 95-88).

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

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

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

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

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

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

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

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

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

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

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

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

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

26 (26) Beginning on January 1, 2002 and through June 30,



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

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

1 corporation that holds a valid water supply permit issued under  
2 Title IV of the Environmental Protection Act. This paragraph is  
3 exempt from the provisions of Section 3-55.

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

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

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

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

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

25 (32) Beginning on January 1, 2020, sales of motor fuel, as  
26 defined in Section 1.1 of the Motor Fuel Tax Law. This

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

2 (Source: P.A. 99-180, eff. 7-29-15; 99-855, eff. 8-19-16;  
3 100-22, eff. 7-6-17; 100-594, eff. 6-29-18; 100-1171, eff.  
4 1-4-19; revised 1-8-19.)

5 (35 ILCS 115/3-10) (from Ch. 120, par. 439.103-10)

6 Sec. 3-10. Rate of tax. Unless otherwise provided in this  
7 Section, the tax imposed by this Act is at the rate of 6.25% of  
8 the "selling price", as defined in Section 2 of the Service Use  
9 Tax Act, of the tangible personal property. For the purpose of  
10 computing this tax, in no event shall the "selling price" be  
11 less than the cost price to the serviceman of the tangible  
12 personal property transferred. The selling price of each item  
13 of tangible personal property transferred as an incident of a  
14 sale of service may be shown as a distinct and separate item on  
15 the serviceman's billing to the service customer. If the  
16 selling price is not so shown, the selling price of the  
17 tangible personal property is deemed to be 50% of the  
18 serviceman's entire billing to the service customer. When,  
19 however, a serviceman contracts to design, develop, and produce  
20 special order machinery or equipment, the tax imposed by this  
21 Act shall be based on the serviceman's cost price of the  
22 tangible personal property transferred incident to the  
23 completion of the contract.

24 Beginning on July 1, 2000 and through December 31, 2000,  
25 with respect to motor fuel, as defined in Section 1.1 of the

1 Motor Fuel Tax Law, and gasohol, as defined in Section 3-40 of  
2 the Use Tax Act, the tax is imposed at the rate of 1.25%.

3 With respect to gasohol, as defined in the Use Tax Act, the  
4 tax imposed by this Act shall apply to (i) 70% of the cost  
5 price of property transferred as an incident to the sale of  
6 service on or after January 1, 1990, and before July 1, 2003,  
7 (ii) 80% of the selling price of property transferred as an  
8 incident to the sale of service on or after July 1, 2003 and on  
9 or before July 1, 2017, and (iii) 100% of the cost price  
10 thereafter. If, at any time, however, the tax under this Act on  
11 sales of gasohol, as defined in the Use Tax Act, is imposed at  
12 the rate of 1.25%, then the tax imposed by this Act applies to  
13 100% of the proceeds of sales of gasohol made during that time.  
14 Beginning on January 1, 2020, sales of gasohol that qualify as  
15 sales of motor fuel under Section 1.1 of the Motor Fuel Tax Law  
16 are exempt.

17 With respect to majority blended ethanol fuel, as defined  
18 in the Use Tax Act, the tax imposed by this Act does not apply  
19 to the selling price of property transferred as an incident to  
20 the sale of service on or after July 1, 2003 and on or before  
21 December 31, 2023 but applies to 100% of the selling price  
22 thereafter. Beginning on January 1, 2020, sales of majority  
23 blended ethanol fuel that qualify as sales of motor fuel under  
24 Section 1.1 of the Motor Fuel Tax Law are exempt.

25 With respect to biodiesel blends, as defined in the Use Tax  
26 Act, with no less than 1% and no more than 10% biodiesel, the

1 tax imposed by this Act applies to (i) 80% of the selling price  
2 of property transferred as an incident to the sale of service  
3 on or after July 1, 2003 and on or before December 31, 2018 and  
4 (ii) 100% of the proceeds of the selling price thereafter. If,  
5 at any time, however, the tax under this Act on sales of  
6 biodiesel blends, as defined in the Use Tax Act, with no less  
7 than 1% and no more than 10% biodiesel is imposed at the rate  
8 of 1.25%, then the tax imposed by this Act applies to 100% of  
9 the proceeds of sales of biodiesel blends with no less than 1%  
10 and no more than 10% biodiesel made during that time. Beginning  
11 on January 1, 2020, sales of biodiesel blends that qualify as  
12 sales of motor fuel under Section 1.1 of the Motor Fuel Tax Law  
13 are exempt.

14 With respect to 100% biodiesel, as defined in the Use Tax  
15 Act, and biodiesel blends, as defined in the Use Tax Act, with  
16 more than 10% but no more than 99% biodiesel material, the tax  
17 imposed by this Act does not apply to the proceeds of the  
18 selling price of property transferred as an incident to the  
19 sale of service on or after July 1, 2003 and on or before  
20 December 31, 2023 but applies to 100% of the selling price  
21 thereafter. Beginning on January 1, 2020, sales of biodiesel  
22 that qualify as sales of motor fuel under Section 1.1 of the  
23 Motor Fuel Tax Law are exempt.

24 At the election of any registered serviceman made for each  
25 fiscal year, sales of service in which the aggregate annual  
26 cost price of tangible personal property transferred as an

1 incident to the sales of service is less than 35%, or 75% in  
2 the case of servicemen transferring prescription drugs or  
3 servicemen engaged in graphic arts production, of the aggregate  
4 annual total gross receipts from all sales of service, the tax  
5 imposed by this Act shall be based on the serviceman's cost  
6 price of the tangible personal property transferred incident to  
7 the sale of those services.

8 The tax shall be imposed at the rate of 1% on food prepared  
9 for immediate consumption and transferred incident to a sale of  
10 service subject to this Act or the Service Occupation Tax Act  
11 by an entity licensed under the Hospital Licensing Act, the  
12 Nursing Home Care Act, the ID/DD Community Care Act, the MC/DD  
13 Act, the Specialized Mental Health Rehabilitation Act of 2013,  
14 or the Child Care Act of 1969. The tax shall also be imposed at  
15 the rate of 1% on food for human consumption that is to be  
16 consumed off the premises where it is sold (other than  
17 alcoholic beverages, soft drinks, and food that has been  
18 prepared for immediate consumption and is not otherwise  
19 included in this paragraph) and prescription and  
20 nonprescription medicines, drugs, medical appliances, products  
21 classified as Class III medical devices by the United States  
22 Food and Drug Administration that are used for cancer treatment  
23 pursuant to a prescription, as well as any accessories and  
24 components related to those devices, modifications to a motor  
25 vehicle for the purpose of rendering it usable by a person with  
26 a disability, and insulin, urine testing materials, syringes,

1 and needles used by diabetics, for human use. For the purposes  
2 of this Section, until September 1, 2009: the term "soft  
3 drinks" means any complete, finished, ready-to-use,  
4 non-alcoholic drink, whether carbonated or not, including but  
5 not limited to soda water, cola, fruit juice, vegetable juice,  
6 carbonated water, and all other preparations commonly known as  
7 soft drinks of whatever kind or description that are contained  
8 in any closed or sealed can, carton, or container, regardless  
9 of size; but "soft drinks" does not include coffee, tea,  
10 non-carbonated water, infant formula, milk or milk products as  
11 defined in the Grade A Pasteurized Milk and Milk Products Act,  
12 or drinks containing 50% or more natural fruit or vegetable  
13 juice.

14 Notwithstanding any other provisions of this Act,  
15 beginning September 1, 2009, "soft drinks" means non-alcoholic  
16 beverages that contain natural or artificial sweeteners. "Soft  
17 drinks" do not include beverages that contain milk or milk  
18 products, soy, rice or similar milk substitutes, or greater  
19 than 50% of vegetable or fruit juice by volume.

20 Until August 1, 2009, and notwithstanding any other  
21 provisions of this Act, "food for human consumption that is to  
22 be consumed off the premises where it is sold" includes all  
23 food sold through a vending machine, except soft drinks and  
24 food products that are dispensed hot from a vending machine,  
25 regardless of the location of the vending machine. Beginning  
26 August 1, 2009, and notwithstanding any other provisions of



1 this Act, "food for human consumption that is to be consumed  
2 off the premises where it is sold" includes all food sold  
3 through a vending machine, except soft drinks, candy, and food  
4 products that are dispensed hot from a vending machine,  
5 regardless of the location of the vending machine.

6 Notwithstanding any other provisions of this Act,  
7 beginning September 1, 2009, "food for human consumption that  
8 is to be consumed off the premises where it is sold" does not  
9 include candy. For purposes of this Section, "candy" means a  
10 preparation of sugar, honey, or other natural or artificial  
11 sweeteners in combination with chocolate, fruits, nuts or other  
12 ingredients or flavorings in the form of bars, drops, or  
13 pieces. "Candy" does not include any preparation that contains  
14 flour or requires refrigeration.

15 Notwithstanding any other provisions of this Act,  
16 beginning September 1, 2009, "nonprescription medicines and  
17 drugs" does not include grooming and hygiene products. For  
18 purposes of this Section, "grooming and hygiene products"  
19 includes, but is not limited to, soaps and cleaning solutions,  
20 shampoo, toothpaste, mouthwash, antiperspirants, and sun tan  
21 lotions and screens, unless those products are available by  
22 prescription only, regardless of whether the products meet the  
23 definition of "over-the-counter-drugs". For the purposes of  
24 this paragraph, "over-the-counter-drug" means a drug for human  
25 use that contains a label that identifies the product as a drug  
26 as required by 21 C.F.R. § 201.66. The "over-the-counter-drug"

1 label includes:

2 (A) A "Drug Facts" panel; or

3 (B) A statement of the "active ingredient(s)" with a  
4 list of those ingredients contained in the compound,  
5 substance or preparation.

6 Beginning on January 1, 2014 (the effective date of Public  
7 Act 98-122), "prescription and nonprescription medicines and  
8 drugs" includes medical cannabis purchased from a registered  
9 dispensing organization under the Compassionate Use of Medical  
10 Cannabis Pilot Program Act.

11 (Source: P.A. 99-143, eff. 7-27-15; 99-180, eff. 7-29-15;  
12 99-642, eff. 7-28-16; 99-858, eff. 8-19-16; 100-22, eff.  
13 7-6-17.)

14 Section 20. The Retailers' Occupation Tax Act is amended by  
15 changing Sections 2-5 and 2-10 as follows:

16 (35 ILCS 120/2-5)

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

20 (1) Farm chemicals.

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

1 including individual replacement parts for the machinery  
2 and equipment, including machinery and equipment purchased  
3 for lease, and including implements of husbandry defined in  
4 Section 1-130 of the Illinois Vehicle Code, farm machinery  
5 and agricultural chemical and fertilizer spreaders, and  
6 nurse wagons required to be registered under Section 3-809  
7 of the Illinois Vehicle Code, but excluding other motor  
8 vehicles required to be registered under the Illinois  
9 Vehicle Code. Horticultural polyhouses or hoop houses used  
10 for propagating, growing, or overwintering plants shall be  
11 considered farm machinery and equipment under this item  
12 (2). Agricultural chemical tender tanks and dry boxes shall  
13 include units sold separately from a motor vehicle required  
14 to be licensed and units sold mounted on a motor vehicle  
15 required to be licensed, if the selling price of the tender  
16 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  
20 not limited to, tractors, harvesters, sprayers, planters,  
21 seeders, or spreaders. Precision farming equipment  
22 includes, but is not limited to, soil testing sensors,  
23 computers, monitors, software, global positioning and  
24 mapping systems, and other such equipment.

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

1 the computer-assisted operation of production agriculture  
2 facilities, equipment, and activities such as, but not  
3 limited to, the collection, monitoring, and correlation of  
4 animal and crop data for the purpose of formulating animal  
5 diets and agricultural chemicals. This item (2) is exempt  
6 from the provisions of Section 2-70.

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

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

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

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

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

11          (8) Personal property sold to an Illinois county fair  
12          association for use in conducting, operating, or promoting  
13          the county fair.

14          (9) Personal property sold to a not-for-profit arts or  
15          cultural organization that establishes, by proof required  
16          by the Department by rule, that it has received an  
17          exemption under Section 501(c)(3) of the Internal Revenue  
18          Code and that is organized and operated primarily for the  
19          presentation or support of arts or cultural programming,  
20          activities, or services. These organizations include, but  
21          are not limited to, music and dramatic arts organizations  
22          such as symphony orchestras and theatrical groups, arts and  
23          cultural service organizations, local arts councils,  
24          visual arts organizations, and media arts organizations.  
25          On and after July 1, 2001 (the effective date of Public Act  
26          92-35), however, an entity otherwise eligible for this

1 exemption shall not make tax-free purchases unless it has  
2 an active identification number issued by the Department.

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

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

25 (12) (Blank).

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

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

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

1 interstate commerce.

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



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

9           (16) Tangible personal property sold to a purchaser if  
10          the purchaser is exempt from use tax by operation of  
11          federal law. This paragraph is exempt from the provisions  
12          of Section 2-70.

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

21          (18) Legal tender, currency, medallions, or gold or  
22          silver coinage issued by the State of Illinois, the  
23          government of the United States of America, or the  
24          government of any foreign country, and bullion.

25          (19) Until July 1, 2003, oil field exploration,  
26          drilling, and production equipment, including (i) rigs and

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

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

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

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

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

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

22           (24) Fuel consumed or used in the operation of ships,  
23 barges, or vessels that are used primarily in or for the  
24 transportation of property or the conveyance of persons for  
25 hire on rivers bordering on this State if the fuel is  
26 delivered by the seller to the purchaser's barge, ship, or

1 vessel while it is afloat upon that bordering river.

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

14 (25-5) The exemption under item (25) does not apply if  
15 the state in which the motor vehicle will be titled does  
16 not allow a reciprocal exemption for a motor vehicle sold  
17 and delivered in that state to an Illinois resident but  
18 titled in Illinois. The tax collected under this Act on the  
19 sale of a motor vehicle in this State to a resident of  
20 another state that does not allow a reciprocal exemption  
21 shall be imposed at a rate equal to the state's rate of tax  
22 on taxable property in the state in which the purchaser is  
23 a resident, except that the tax shall not exceed the tax  
24 that would otherwise be imposed under this Act. At the time  
25 of the sale, the purchaser shall execute a statement,  
26 signed under penalty of perjury, of his or her intent to

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

18 (25-7) Beginning on July 1, 2007, no tax is imposed  
19 under this Act on the sale of an aircraft, as defined in  
20 Section 3 of the Illinois Aeronautics Act, if all of the  
21 following conditions are met:

22 (1) the aircraft leaves this State within 15 days  
23 after the later of either the issuance of the final  
24 billing for the sale of the aircraft, or the authorized  
25 approval for return to service, completion of the  
26 maintenance record entry, and completion of the test

1 flight and ground test for inspection, as required by  
2 14 C.F.R. 91.407;

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

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

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

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

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

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

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

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

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

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

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

6 (30) 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  
9 donated for disaster relief to be used in a State or  
10 federally declared disaster area in Illinois or bordering  
11 Illinois by a manufacturer or retailer that is registered  
12 in this State to a corporation, society, association,  
13 foundation, or institution that has been issued a sales tax  
14 exemption identification number by the Department that  
15 assists victims of the disaster who reside within the  
16 declared disaster area.

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



1 Illinois or bordering Illinois when such repairs are  
2 initiated on facilities located in the declared disaster  
3 area within 6 months after the disaster.

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

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

1 occupation.

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

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

1 provisions of Section 2-70.

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

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

25 (37) Beginning August 2, 2001, personal property sold  
26 to a lessor who leases the property, under a lease of one

1 year or longer executed or in effect at the time of the  
2 purchase, to a governmental body that has been issued an  
3 active tax exemption identification number by the  
4 Department under Section 1g of this Act. This paragraph is  
5 exempt from the provisions of Section 2-70.

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

1 records to substantiate the use and consumption of all such  
2 tangible personal property outside of the State of  
3 Illinois.

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

12 (40) Beginning January 1, 2010, materials, parts,  
13 equipment, components, and furnishings incorporated into  
14 or upon an aircraft as part of the modification,  
15 refurbishment, completion, replacement, repair, or  
16 maintenance of the aircraft. This exemption includes  
17 consumable supplies used in the modification,  
18 refurbishment, completion, replacement, repair, and  
19 maintenance of aircraft, but excludes any materials,  
20 parts, equipment, components, and consumable supplies used  
21 in the modification, replacement, repair, and maintenance  
22 of aircraft engines or power plants, whether such engines  
23 or power plants are installed or uninstalled upon any such  
24 aircraft. "Consumable supplies" include, but are not  
25 limited to, adhesive, tape, sandpaper, general purpose  
26 lubricants, cleaning solution, latex gloves, and

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

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

1 existing public-facilities corporations as provided in  
2 Section 11-65-25 of the Illinois Municipal Code. This  
3 paragraph is exempt from the provisions of Section 2-70.

4 (42) Beginning January 1, 2017, menstrual pads,  
5 tampons, and menstrual cups.

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

14 (42) Beginning on January 1, 2020, sales of motor fuel,  
15 as defined in Section 1.1 of the Motor Fuel Tax Law. This  
16 paragraph is exempt from the provisions of Section 2-70.

17 (Source: P.A. 99-180, eff. 7-29-15; 99-855, eff. 8-19-16;  
18 100-22, eff. 7-6-17; 100-321, eff. 8-24-17; 100-437, eff.  
19 1-1-18; 100-594, eff. 6-29-18; 100-863, eff. 8-14-18;  
20 100-1171, eff. 1-4-19; revised 1-8-19.)

21 (35 ILCS 120/2-10)

22 Sec. 2-10. Rate of tax. Unless otherwise provided in this  
23 Section, the tax imposed by this Act is at the rate of 6.25% of  
24 gross receipts from sales of tangible personal property made in  
25 the course of business.

1           Beginning on July 1, 2000 and through December 31, 2000,  
2 with respect to motor fuel, as defined in Section 1.1 of the  
3 Motor Fuel Tax Law, and gasohol, as defined in Section 3-40 of  
4 the Use Tax Act, the tax is imposed at the rate of 1.25%.

5           Beginning on August 6, 2010 through August 15, 2010, with  
6 respect to sales tax holiday items as defined in Section 2-8 of  
7 this Act, the tax is imposed at the rate of 1.25%.

8           Within 14 days after the effective date of this amendatory  
9 Act of the 91st General Assembly, each retailer of motor fuel  
10 and gasohol shall cause the following notice to be posted in a  
11 prominently visible place on each retail dispensing device that  
12 is used to dispense motor fuel or gasohol in the State of  
13 Illinois: "As of July 1, 2000, the State of Illinois has  
14 eliminated the State's share of sales tax on motor fuel and  
15 gasohol through December 31, 2000. The price on this pump  
16 should reflect the elimination of the tax." The notice shall be  
17 printed in bold print on a sign that is no smaller than 4  
18 inches by 8 inches. The sign shall be clearly visible to  
19 customers. Any retailer who fails to post or maintain a  
20 required sign through December 31, 2000 is guilty of a petty  
21 offense for which the fine shall be \$500 per day per each  
22 retail premises where a violation occurs.

23           With respect to gasohol, as defined in the Use Tax Act, the  
24 tax imposed by this Act applies to (i) 70% of the proceeds of  
25 sales made on or after January 1, 1990, and before July 1,  
26 2003, (ii) 80% of the proceeds of sales made on or after July



1 1, 2003 and on or before July 1, 2017, and (iii) 100% of the  
2 proceeds of sales made thereafter. If, at any time, however,  
3 the tax under this Act on sales of gasohol, as defined in the  
4 Use Tax Act, is imposed at the rate of 1.25%, then the tax  
5 imposed by this Act applies to 100% of the proceeds of sales of  
6 gasohol made during that time. Beginning on January 1, 2020,  
7 sales of gasohol that qualify as sales of motor fuel under  
8 Section 1.1 of the Motor Fuel Tax Law are exempt.

9 With respect to majority blended ethanol fuel, as defined  
10 in the Use Tax Act, the tax imposed by this Act does not apply  
11 to the proceeds of sales made on or after July 1, 2003 and on or  
12 before December 31, 2023 but applies to 100% of the proceeds of  
13 sales made thereafter. Beginning on January 1, 2020, sales of  
14 majority blended ethanol fuel that qualify as sales of motor  
15 fuel under Section 1.1 of the Motor Fuel Tax Law are exempt.

16 With respect to biodiesel blends, as defined in the Use Tax  
17 Act, with no less than 1% and no more than 10% biodiesel, the  
18 tax imposed by this Act applies to (i) 80% of the proceeds of  
19 sales made on or after July 1, 2003 and on or before December  
20 31, 2018 and (ii) 100% of the proceeds of sales made  
21 thereafter. If, at any time, however, the tax under this Act on  
22 sales of biodiesel blends, as defined in the Use Tax Act, with  
23 no less than 1% and no more than 10% biodiesel is imposed at  
24 the rate of 1.25%, then the tax imposed by this Act applies to  
25 100% of the proceeds of sales of biodiesel blends with no less  
26 than 1% and no more than 10% biodiesel made during that time.

1 Beginning on January 1, 2020, sales of biodiesel blends that  
2 qualify as sales of motor fuel under Section 1.1 of the Motor  
3 Fuel Tax Law are exempt.

4 With respect to 100% biodiesel, as defined in the Use Tax  
5 Act, and biodiesel blends, as defined in the Use Tax Act, with  
6 more than 10% but no more than 99% biodiesel, the tax imposed  
7 by this Act does not apply to the proceeds of sales made on or  
8 after July 1, 2003 and on or before December 31, 2023 but  
9 applies to 100% of the proceeds of sales made thereafter.

10 Beginning on January 1, 2020, sales of biodiesel that qualify  
11 as sales of motor fuel under Section 1.1 of the Motor Fuel Tax  
12 Law are exempt.

13 With respect to food for human consumption that is to be  
14 consumed off the premises where it is sold (other than  
15 alcoholic beverages, soft drinks, and food that has been  
16 prepared for immediate consumption) and prescription and  
17 nonprescription medicines, drugs, medical appliances, products  
18 classified as Class III medical devices by the United States  
19 Food and Drug Administration that are used for cancer treatment  
20 pursuant to a prescription, as well as any accessories and  
21 components related to those devices, modifications to a motor  
22 vehicle for the purpose of rendering it usable by a person with  
23 a disability, and insulin, urine testing materials, syringes,  
24 and needles used by diabetics, for human use, the tax is  
25 imposed at the rate of 1%. For the purposes of this Section,  
26 until September 1, 2009: the term "soft drinks" means any

1 complete, finished, ready-to-use, non-alcoholic drink, whether  
2 carbonated or not, including but not limited to soda water,  
3 cola, fruit juice, vegetable juice, carbonated water, and all  
4 other preparations commonly known as soft drinks of whatever  
5 kind or description that are contained in any closed or sealed  
6 bottle, can, carton, or container, regardless of size; but  
7 "soft drinks" does not include coffee, tea, non-carbonated  
8 water, infant formula, milk or milk products as defined in the  
9 Grade A Pasteurized Milk and Milk Products Act, or drinks  
10 containing 50% or more natural fruit or vegetable juice.

11 Notwithstanding any other provisions of this Act,  
12 beginning September 1, 2009, "soft drinks" means non-alcoholic  
13 beverages that contain natural or artificial sweeteners. "Soft  
14 drinks" do not include beverages that contain milk or milk  
15 products, soy, rice or similar milk substitutes, or greater  
16 than 50% of vegetable or fruit juice by volume.

17 Until August 1, 2009, and notwithstanding any other  
18 provisions of this Act, "food for human consumption that is to  
19 be consumed off the premises where it is sold" includes all  
20 food sold through a vending machine, except soft drinks and  
21 food products that are dispensed hot from a vending machine,  
22 regardless of the location of the vending machine. Beginning  
23 August 1, 2009, and notwithstanding any other provisions of  
24 this Act, "food for human consumption that is to be consumed  
25 off the premises where it is sold" includes all food sold  
26 through a vending machine, except soft drinks, candy, and food

1 products that are dispensed hot from a vending machine,  
2 regardless of the location of the vending machine.

3 Notwithstanding any other provisions of this Act,  
4 beginning September 1, 2009, "food for human consumption that  
5 is to be consumed off the premises where it is sold" does not  
6 include candy. For purposes of this Section, "candy" means a  
7 preparation of sugar, honey, or other natural or artificial  
8 sweeteners in combination with chocolate, fruits, nuts or other  
9 ingredients or flavorings in the form of bars, drops, or  
10 pieces. "Candy" does not include any preparation that contains  
11 flour or requires refrigeration.

12 Notwithstanding any other provisions of this Act,  
13 beginning September 1, 2009, "nonprescription medicines and  
14 drugs" does not include grooming and hygiene products. For  
15 purposes of this Section, "grooming and hygiene products"  
16 includes, but is not limited to, soaps and cleaning solutions,  
17 shampoo, toothpaste, mouthwash, antiperspirants, and sun tan  
18 lotions and screens, unless those products are available by  
19 prescription only, regardless of whether the products meet the  
20 definition of "over-the-counter-drugs". For the purposes of  
21 this paragraph, "over-the-counter-drug" means a drug for human  
22 use that contains a label that identifies the product as a drug  
23 as required by 21 C.F.R. § 201.66. The "over-the-counter-drug"  
24 label includes:

25 (A) A "Drug Facts" panel; or

26 (B) A statement of the "active ingredient(s)" with a

1 list of those ingredients contained in the compound,  
2 substance or preparation.

3 Beginning on the effective date of this amendatory Act of  
4 the 98th General Assembly, "prescription and nonprescription  
5 medicines and drugs" includes medical cannabis purchased from a  
6 registered dispensing organization under the Compassionate Use  
7 of Medical Cannabis Pilot Program Act.

8 (Source: P.A. 99-143, eff. 7-27-15; 99-858, eff. 8-19-16;  
9 100-22, eff. 7-6-17.)

10 Section 99. Effective date. This Act takes effect upon  
11 becoming law.