

1 AN ACT in relation to taxes.

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
5 Section 3-5 as follows:

6 (35 ILCS 105/3-5) (from Ch. 120, par. 439.3-5)

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

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

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

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

21 (6) Until July 1, 2003, graphic arts machinery and
22 equipment, including repair and replacement parts, both new
23 and used, and including that manufactured on special order,
24 certified by the purchaser to be used primarily for graphic
25 arts production, and including machinery and equipment
26 purchased for lease. Equipment includes chemicals or
27 chemicals acting as catalysts but only if the chemicals or
28 chemicals acting as catalysts effect a direct and immediate
29 change upon a graphic arts product.

30 (7) Farm chemicals.

31 (8) Legal tender, currency, medallions, or gold or
32 silver coinage issued by the State of Illinois, the
33 government of the United States of America, or the government
34 of any foreign country, and bullion.

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

4 (10) A motor vehicle of the first division, a motor
5 vehicle of the second division that is a self-contained motor
6 vehicle designed or permanently converted to provide living
7 quarters for recreational, camping, or travel use, with
8 direct walk through to the living quarters from the driver's
9 seat, or a motor vehicle of the second division that is of
10 the van configuration designed for the transportation of not
11 less than 7 nor more than 16 passengers, as defined in
12 Section 1-146 of the Illinois Vehicle Code, that is used for
13 automobile renting, as defined in the Automobile Renting
14 Occupation and Use Tax Act.

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

34 Farm machinery and equipment shall include precision

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

8 Farm machinery and equipment also includes computers,
9 sensors, software, and related equipment used primarily in
10 the computer-assisted operation of production agriculture
11 facilities, equipment, and activities such as, but not
12 limited to, the collection, monitoring, and correlation of
13 animal and crop data for the purpose of formulating animal
14 diets and agricultural chemicals. This item (11) is exempt
15 from the provisions of Section 3-90.

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

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

31 (14) Until July 1, 2003, oil field exploration,
32 drilling, and production equipment, including (i) rigs and
33 parts of rigs, rotary rigs, cable tool rigs, and workover
34 rigs, (ii) pipe and tubular goods, including casing and drill

1 strings, (iii) pumps and pump-jack units, (iv) storage tanks
2 and flow lines, (v) any individual replacement part for oil
3 field exploration, drilling, and production equipment, and
4 (vi) machinery and equipment purchased for lease; but
5 excluding motor vehicles required to be registered under the
6 Illinois Vehicle Code.

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

13 (16) Until July 1, 2003, coal exploration, mining,
14 offhighway hauling, processing, maintenance, and reclamation
15 equipment, including replacement parts and equipment, and
16 including equipment purchased for lease, but excluding motor
17 vehicles required to be registered under the Illinois Vehicle
18 Code.

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

25 (18) Manufacturing and assembling machinery and
26 equipment used primarily in the process of manufacturing or
27 assembling tangible personal property for wholesale or retail
28 sale or lease, whether that sale or lease is made directly by
29 the manufacturer or by some other person, whether the
30 materials used in the process are owned by the manufacturer
31 or some other person, or whether that sale or lease is made
32 apart from or as an incident to the seller's engaging in the
33 service occupation of producing machines, tools, dies, jigs,
34 patterns, gauges, or other similar items of no commercial

1 value on special order for a particular purchaser.

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

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

9 (21) Horses, or interests in horses, registered with and
10 meeting the requirements of any of the Arabian Horse Club
11 Registry of America, Appaloosa Horse Club, American Quarter
12 Horse Association, United States Trotting Association, or
13 Jockey Club, as appropriate, used for purposes of breeding or
14 racing for prizes.

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

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

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

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

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

14 (26) Beginning July 1, 1999, game or game birds
15 purchased at a "game breeding and hunting preserve area" or
16 an "exotic game hunting area" as those terms are used in the
17 Wildlife Code or at a hunting enclosure approved through
18 rules adopted by the Department of Natural Resources. This
19 paragraph is exempt from the provisions of Section 3-90.

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

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

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

19 (29) Beginning January 1, 2000 and through December 31,
20 2001, new or used automatic vending machines that prepare and
21 serve hot food and beverages, including coffee, soup, and
22 other items, and replacement parts for these machines.
23 Beginning January 1, 2002 and through June 30, 2003, machines
24 and parts for machines used in commercial, coin-operated
25 amusement and vending business if a use or occupation tax is
26 paid on the gross receipts derived from the use of the
27 commercial, coin-operated amusement and vending machines.
28 This paragraph is exempt from the provisions of Section 3-90.

29 (30) Food for human consumption that is to be consumed
30 off the premises where it is sold (other than alcoholic
31 beverages, soft drinks, and food that has been prepared for
32 immediate consumption) and prescription and nonprescription
33 medicines, drugs, medical appliances, and insulin, urine
34 testing materials, syringes, and needles used by diabetics,

1 for human use, when purchased for use by a person receiving
2 medical assistance under Article 5 of the Illinois Public Aid
3 Code who resides in a licensed long-term care facility, as
4 defined in the Nursing Home Care Act.

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

31 (32) Beginning on the effective date of this amendatory
32 Act of the 92nd General Assembly, personal property purchased
33 by a lessor who leases the property, under a lease of one
34 year or longer executed or in effect at the time the lessor

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

20 (33) On and after July 1, 2003, the use in this State of
21 motor vehicles of the second division with a gross vehicle
22 weight in excess of 8,000 pounds and that are subject to the
23 commercial distribution fee imposed under Section 3-815.1 of
24 the Illinois Vehicle Code. This exemption applies to repair
25 and replacement parts added after the initial purchase of
26 such a motor vehicle if that motor vehicle is used in a
27 manner that would qualify for the rolling stock exemption
28 otherwise provided for in this Act.

29 (34) Beginning on January 1, 2005, tangible personal
30 property purchased by a not-for-profit corporation organized
31 under the General Not For Profit Corporation Act of 1986 for
32 the purpose of ownership and operation of water supply
33 facilities for drinking and general domestic use on a mutual
34 or cooperative basis as provided in subdivision (a)(23) of

1 Section 103.05 of the General Not For Profit Corporation Act
2 of 1986. This paragraph is exempt from the provisions of
3 Section 3-90.

4 (Source: P.A. 92-35, eff. 7-1-01; 92-227, eff. 8-2-01;
5 92-337, eff. 8-10-01; 92-484, eff. 8-23-01; 92-651, eff.
6 7-11-02; 93-23, eff. 6-20-03; 93-24, eff. 6-20-03; revised
7 9-11-03.)

8 Section 10. The Service Use Tax Act is amended by
9 changing Section 3-5 as follows:

10 (35 ILCS 110/3-5) (from Ch. 120, par. 439.33-5)

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

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

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

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

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

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

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

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

21 (7) 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 agriculture
24 or State or federal agricultural programs, including
25 individual replacement parts for the machinery and equipment,
26 including machinery and equipment purchased for lease, and
27 including implements of husbandry defined in Section 1-130 of
28 the Illinois Vehicle Code, farm machinery and agricultural
29 chemical and fertilizer spreaders, and nurse wagons required
30 to be registered under Section 3-809 of the Illinois Vehicle
31 Code, but excluding other motor vehicles required to be
32 registered under the Illinois Vehicle Code. Horticultural
33 polyhouses or hoop houses used for propagating, growing, or
34 overwintering plants shall be considered farm machinery and

1 equipment under this item (7). Agricultural chemical tender
2 tanks and dry boxes shall include units sold separately from
3 a motor vehicle required to be licensed and units sold
4 mounted on a motor vehicle required to be licensed if the
5 selling price of the tender is separately stated.

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

14 Farm machinery and equipment also includes computers,
15 sensors, software, and related equipment used primarily in
16 the computer-assisted operation of production agriculture
17 facilities, equipment, and activities such as, but not
18 limited to, the collection, monitoring, and correlation of
19 animal and crop data for the purpose of formulating animal
20 diets and agricultural chemicals. This item (7) is exempt
21 from the provisions of Section 3-75.

22 (8) Fuel and petroleum products sold to or used by an
23 air common carrier, certified by the carrier to be used for
24 consumption, shipment, or storage in the conduct of its
25 business as an air common carrier, for a flight destined for
26 or returning from a location or locations outside the United
27 States without regard to previous or subsequent domestic
28 stopovers.

29 (9) Proceeds of mandatory service charges separately
30 stated on customers' bills for the purchase and consumption
31 of food and beverages acquired as an incident to the purchase
32 of a service from a serviceman, to the extent that the
33 proceeds of the service charge are in fact turned over as
34 tips or as a substitute for tips to the employees who

1 participate directly in preparing, serving, hosting or
2 cleaning up the food or beverage function with respect to
3 which the service charge is imposed.

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

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

20 (12) Until July 1, 2003, coal exploration, mining,
21 offhighway hauling, processing, maintenance, and reclamation
22 equipment, including replacement parts and equipment, and
23 including equipment purchased for lease, but excluding motor
24 vehicles required to be registered under the Illinois Vehicle
25 Code.

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

28 (14) Horses, or interests in horses, registered with and
29 meeting the requirements of any of the Arabian Horse Club
30 Registry of America, Appaloosa Horse Club, American Quarter
31 Horse Association, United States Trotting Association, or
32 Jockey Club, as appropriate, used for purposes of breeding or
33 racing for prizes.

34 (15) Computers and communications equipment utilized for

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

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

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

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

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

33 (19) Beginning July 1, 1999, game or game birds
34 purchased at a "game breeding and hunting preserve area" or

1 an "exotic game hunting area" as those terms are used in the
2 Wildlife Code or at a hunting enclosure approved through
3 rules adopted by the Department of Natural Resources. This
4 paragraph is exempt from the provisions of Section 3-75.

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

24 (21) Beginning January 1, 2000, personal property,
25 including food, purchased through fundraising events for the
26 benefit of a public or private elementary or secondary
27 school, a group of those schools, or one or more school
28 districts if the events are sponsored by an entity recognized
29 by the school district that consists primarily of volunteers
30 and includes parents and teachers of the school children.
31 This paragraph does not apply to fundraising events (i) for
32 the benefit of private home instruction or (ii) for which the
33 fundraising entity purchases the personal property sold at
34 the events from another individual or entity that sold the

1 property for the purpose of resale by the fundraising entity
2 and that profits from the sale to the fundraising entity.
3 This paragraph is exempt from the provisions of Section 3-75.

4 (22) Beginning January 1, 2000 and through December 31,
5 2001, new or used automatic vending machines that prepare and
6 serve hot food and beverages, including coffee, soup, and
7 other items, and replacement parts for these machines.
8 Beginning January 1, 2002 and through June 30, 2003, machines
9 and parts for machines used in commercial, coin-operated
10 amusement and vending business if a use or occupation tax is
11 paid on the gross receipts derived from the use of the
12 commercial, coin-operated amusement and vending machines.
13 This paragraph is exempt from the provisions of Section 3-75.

14 (23) Food for human consumption that is to be consumed
15 off the premises where it is sold (other than alcoholic
16 beverages, soft drinks, and food that has been prepared for
17 immediate consumption) and prescription and nonprescription
18 medicines, drugs, medical appliances, and insulin, urine
19 testing materials, syringes, and needles used by diabetics,
20 for human use, when purchased for use by a person receiving
21 medical assistance under Article 5 of the Illinois Public Aid
22 Code who resides in a licensed long-term care facility, as
23 defined in the Nursing Home Care Act.

24 (24) Beginning on the effective date of this
25 amendatory Act of the 92nd General Assembly, computers and
26 communications equipment utilized for any hospital purpose
27 and equipment used in the diagnosis, analysis, or treatment
28 of hospital patients purchased by a lessor who leases the
29 equipment, under a lease of one year or longer executed or in
30 effect at the time the lessor would otherwise be subject to
31 the tax imposed by this Act, to a hospital that has been
32 issued an active tax exemption identification number by the
33 Department under Section 1g of the Retailers' Occupation Tax
34 Act. If the equipment is leased in a manner that does not

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

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

1 of that amount from the lessor. If, however, that amount is
2 not refunded to the lessee for any reason, the lessor is
3 liable to pay that amount to the Department. This paragraph
4 is exempt from the provisions of Section 3-75.

5 (26) Beginning on January 1, 2005, tangible personal
6 property purchased by a not-for-profit corporation organized
7 under the General Not For Profit Corporation Act of 1986 for
8 the purpose of ownership and operation of water supply
9 facilities for drinking and general domestic use on a mutual
10 or cooperative basis as provided in subdivision (a)(23) of
11 Section 103.05 of the General Not For Profit Corporation Act
12 of 1986. This paragraph is exempt from the provisions of
13 Section 3-75.

14 (Source: P.A. 92-16, eff. 6-28-01; 92-35, eff. e-1-01;
15 92-227, eff. 8-2-01; 92-337, eff. 8-10-01; 92-484, eff.
16 8-23-01; 92-651, eff. 7-11-02; 93-24, eff. 6-20-03.)

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

19 (35 ILCS 115/3-5) (from Ch. 120, par. 439.103-5)
20 Sec. 3-5. Exemptions. The following tangible personal
21 property is exempt from the tax imposed by this Act:

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

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

32 (3) Personal property purchased by any not-for-profit

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

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

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

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

30 (7) Farm machinery and equipment, both new and used,
31 including that manufactured on special order, certified by
32 the purchaser to be used primarily for production agriculture
33 or State or federal agricultural programs, including
34 individual replacement parts for the machinery and equipment,

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

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

23 Farm machinery and equipment also includes computers,
24 sensors, software, and related equipment used primarily in
25 the computer-assisted operation of production agriculture
26 facilities, equipment, and activities such as, but not
27 limited to, the collection, monitoring, and correlation of
28 animal and crop data for the purpose of formulating animal
29 diets and agricultural chemicals. This item (7) is exempt
30 from the provisions of Section 3-55.

31 (8) Fuel and petroleum products sold to or used by an
32 air common carrier, certified by the carrier to be used for
33 consumption, shipment, or storage in the conduct of its
34 business as an air common carrier, for a flight destined for

1 or returning from a location or locations outside the United
2 States without regard to previous or subsequent domestic
3 stopovers.

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

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

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

28 (12) Until July 1, 2003, coal exploration, mining,
29 offhighway hauling, processing, maintenance, and reclamation
30 equipment, including replacement parts and equipment, and
31 including equipment purchased for lease, but excluding motor
32 vehicles required to be registered under the Illinois Vehicle
33 Code.

34 (13) Food for human consumption that is to be consumed

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

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

12 (15) Horses, or interests in horses, registered with and
13 meeting the requirements of any of the Arabian Horse Club
14 Registry of America, Appaloosa Horse Club, American Quarter
15 Horse Association, United States Trotting Association, or
16 Jockey Club, as appropriate, used for purposes of breeding or
17 racing for prizes.

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

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

32 (18) Beginning with taxable years ending on or after
33 December 31, 1995 and ending with taxable years ending on or
34 before December 31, 2004, personal property that is donated

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

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

21 (20) Beginning July 1, 1999, game or game birds sold at
22 a "game breeding and hunting preserve area" or an "exotic
23 game hunting area" as those terms are used in the Wildlife
24 Code or at a hunting enclosure approved through rules adopted
25 by the Department of Natural Resources. This paragraph is
26 exempt from the provisions of Section 3-55.

27 (21) A motor vehicle, as that term is defined in Section
28 1-146 of the Illinois Vehicle Code, that is donated to a
29 corporation, limited liability company, society, association,
30 foundation, or institution that is determined by the
31 Department to be organized and operated exclusively for
32 educational purposes. For purposes of this exemption, "a
33 corporation, limited liability company, society, association,
34 foundation, or institution organized and operated exclusively

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

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

26 (23) Beginning January 1, 2000 and through December 31,
27 2001, new or used automatic vending machines that prepare and
28 serve hot food and beverages, including coffee, soup, and
29 other items, and replacement parts for these machines.
30 Beginning January 1, 2002 and through June 30, 2003, machines
31 and parts for machines used in commercial, coin-operated
32 amusement and vending business if a use or occupation tax is
33 paid on the gross receipts derived from the use of the
34 commercial, coin-operated amusement and vending machines.

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

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

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

21 (26) Beginning on January 1, 2002, tangible personal
22 property purchased from an Illinois retailer by a taxpayer
23 engaged in centralized purchasing activities in Illinois who
24 will, upon receipt of the property in Illinois, temporarily
25 store the property in Illinois (i) for the purpose of
26 subsequently transporting it outside this State for use or
27 consumption thereafter solely outside this State or (ii) for
28 the purpose of being processed, fabricated, or manufactured
29 into, attached to, or incorporated into other tangible
30 personal property to be transported outside this State and
31 thereafter used or consumed solely outside this State. The
32 Director of Revenue shall, pursuant to rules adopted in
33 accordance with the Illinois Administrative Procedure Act,
34 issue a permit to any taxpayer in good standing with the

1 Department who is eligible for the exemption under this
 2 paragraph (26). The permit issued under this paragraph (26)
 3 shall authorize the holder, to the extent and in the manner
 4 specified in the rules adopted under this Act, to purchase
 5 tangible personal property from a retailer exempt from the
 6 taxes imposed by this Act. Taxpayers shall maintain all
 7 necessary books and records to substantiate the use and
 8 consumption of all such tangible personal property outside of
 9 the State of Illinois.

10 (27) Beginning on January 1, 2005, tangible personal
 11 property purchased by a not-for-profit corporation organized
 12 under the General Not For Profit Corporation Act of 1986 for
 13 the purpose of ownership and operation of water supply
 14 facilities for drinking and general domestic use on a mutual
 15 or cooperative basis as provided in subdivision (a)(23) of
 16 Section 103.05 of the General Not For Profit Corporation Act
 17 of 1986. This paragraph is exempt from the provisions of
 18 Section 3-55.

19 (Source: P.A. 92-16, eff. 6-28-01; 92-35, eff. 7-1-01;
 20 92-227, eff. 8-2-01; 92-337, eff. 8-10-01; 92-484, eff.
 21 8-23-01; 92-488, eff. 8-23-01; 92-651, eff. 7-11-02; 93-24,
 22 eff. 6-20-03.)

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

25 (35 ILCS 120/2-5) (from Ch. 120, par. 441-5)

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

- 29 (1) Farm chemicals.
- 30 (2) Farm machinery and equipment, both new and used,
 31 including that manufactured on special order, certified by
 32 the purchaser to be used primarily for production agriculture

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

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

25 Farm machinery and equipment also includes computers,
26 sensors, software, and related equipment used primarily in
27 the computer-assisted operation of production agriculture
28 facilities, equipment, and activities such as, but not
29 limited to, the collection, monitoring, and correlation of
30 animal and crop data for the purpose of formulating animal
31 diets and agricultural chemicals. This item (7) is exempt
32 from the provisions of Section 2-70.

33 (3) Until July 1, 2003, distillation machinery and
34 equipment, sold as a unit or kit, assembled or installed by

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

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

13 (5) A motor vehicle of the first division, a motor
14 vehicle of the second division that is a self-contained motor
15 vehicle designed or permanently converted to provide living
16 quarters for recreational, camping, or travel use, with
17 direct walk through access to the living quarters from the
18 driver's seat, or a motor vehicle of the second division that
19 is of the van configuration designed for the transportation
20 of not less than 7 nor more than 16 passengers, as defined in
21 Section 1-146 of the Illinois Vehicle Code, that is used for
22 automobile renting, as defined in the Automobile Renting
23 Occupation and Use Tax Act.

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

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

30 (8) Personal property sold to an Illinois county fair
31 association for use in conducting, operating, or promoting
32 the county fair.

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

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

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

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

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

11 (12-5) On and after July 1, 2003, motor vehicles of the
12 second division with a gross vehicle weight in excess of
13 8,000 pounds that are subject to the commercial distribution
14 fee imposed under Section 3-815.1 of the Illinois Vehicle
15 Code. This exemption applies to repair and replacement parts
16 added after the initial purchase of such a motor vehicle if
17 that motor vehicle is used in a manner that would qualify for
18 the rolling stock exemption otherwise provided for in this
19 Act.

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

28 (14) Machinery and equipment that will be used by the
29 purchaser, or a lessee of the purchaser, primarily in the
30 process of manufacturing or assembling tangible personal
31 property for wholesale or retail sale or lease, whether the
32 sale or lease is made directly by the manufacturer or by some
33 other person, whether the materials used in the process are
34 owned by the manufacturer or some other person, or whether

1 the sale or lease is made apart from or as an incident to the
2 seller's engaging in the service occupation of producing
3 machines, tools, dies, jigs, patterns, gauges, or other
4 similar items of no commercial value on special order for a
5 particular purchaser.

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

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

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

25 (18) Legal tender, currency, medallions, or gold or
26 silver coinage issued by the State of Illinois, the
27 government of the United States of America, or the government
28 of any foreign country, and bullion.

29 (19) Until July 1 2003, oil field exploration, drilling,
30 and production equipment, including (i) rigs and parts of
31 rigs, rotary rigs, cable tool rigs, and workover rigs, (ii)
32 pipe and tubular goods, including casing and drill strings,
33 (iii) pumps and pump-jack units, (iv) storage tanks and flow
34 lines, (v) any individual replacement part for oil field

1 exploration, drilling, and production equipment, and (vi)
2 machinery and equipment purchased for lease; but excluding
3 motor vehicles required to be registered under the Illinois
4 Vehicle Code.

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

11 (21) Until July 1, 2003, coal exploration, mining,
12 offhighway hauling, processing, maintenance, and reclamation
13 equipment, including replacement parts and equipment, and
14 including equipment purchased for lease, but excluding motor
15 vehicles required to be registered under the Illinois Vehicle
16 Code.

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

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

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

34 (25) A motor vehicle sold in this State to a nonresident

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

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

13 (27) Horses, or interests in horses, registered with and
14 meeting the requirements of any of the Arabian Horse Club
15 Registry of America, Appaloosa Horse Club, American Quarter
16 Horse Association, United States Trotting Association, or
17 Jockey Club, as appropriate, used for purposes of breeding or
18 racing for prizes.

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

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

32 (30) Beginning with taxable years ending on or after
33 December 31, 1995 and ending with taxable years ending on or
34 before December 31, 2004, personal property that is donated

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

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

21 (32) Beginning July 1, 1999, game or game birds sold at
22 a "game breeding and hunting preserve area" or an "exotic
23 game hunting area" as those terms are used in the Wildlife
24 Code or at a hunting enclosure approved through rules adopted
25 by the Department of Natural Resources. This paragraph is
26 exempt from the provisions of Section 2-70.

27 (33) A motor vehicle, as that term is defined in Section
28 1-146 of the Illinois Vehicle Code, that is donated to a
29 corporation, limited liability company, society, association,
30 foundation, or institution that is determined by the
31 Department to be organized and operated exclusively for
32 educational purposes. For purposes of this exemption, "a
33 corporation, limited liability company, society, association,
34 foundation, or institution organized and operated exclusively

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

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

26 (35) Beginning January 1, 2000 and through December 31,
27 2001, new or used automatic vending machines that prepare and
28 serve hot food and beverages, including coffee, soup, and
29 other items, and replacement parts for these machines.
30 Beginning January 1, 2002 and through June 30, 2003, machines
31 and parts for machines used in commercial, coin-operated
32 amusement and vending business if a use or occupation tax is
33 paid on the gross receipts derived from the use of the
34 commercial, coin-operated amusement and vending machines.

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

2 (35-5) Food for human consumption that is to be consumed
3 off the premises where it is sold (other than alcoholic
4 beverages, soft drinks, and food that has been prepared for
5 immediate consumption) and prescription and nonprescription
6 medicines, drugs, medical appliances, and insulin, urine
7 testing materials, syringes, and needles used by diabetics,
8 for human use, when purchased for use by a person receiving
9 medical assistance under Article 5 of the Illinois Public Aid
10 Code who resides in a licensed long-term care facility, as
11 defined in the Nursing Home Care Act.

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

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

28 (38) Beginning on January 1, 2002, tangible personal
29 property purchased from an Illinois retailer by a taxpayer
30 engaged in centralized purchasing activities in Illinois who
31 will, upon receipt of the property in Illinois, temporarily
32 store the property in Illinois (i) for the purpose of
33 subsequently transporting it outside this State for use or
34 consumption thereafter solely outside this State or (ii) for

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

17 (39) Beginning on January 1, 2005, tangible personal
18 property purchased by a not-for-profit corporation organized
19 under the General Not For Profit Corporation Act of 1986 for
20 the purpose of ownership and operation of water supply
21 facilities for drinking and general domestic use on a mutual
22 or cooperative basis as provided in subdivision (a)(23) of
23 Section 103.05 of the General Not For Profit Corporation Act
24 of 1986. This paragraph is exempt from the provisions of
25 Section 2-70.

26 (Source: P.A. 92-16, eff. 6-28-01; 92-35, eff. 7-1-01;
27 92-227, eff. 8-2-01; 92-337, eff. 8-10-01; 92-484, eff.
28 8-23-01; 92-488, eff. 8-23-01; 92-651, eff. 7-11-02; 92-680,
29 eff. 7-16-02; 93-23, eff. 6-20-03; 93-24, eff. 6-20-03;
30 revised 9-11-03.)

31 Section 99. Effective date. This Act takes effect upon
32 becoming law.