



93RD GENERAL ASSEMBLY

State of Illinois

2003 and 2004

Introduced 02/09/04, by Ed Sullivan Jr. - James H. Meyer -
Sidney H. Mathias

SYNOPSIS AS INTRODUCED:

35 ILCS 105/2a	from Ch. 120, par. 439.2a
35 ILCS 105/3-5	from Ch. 120, par. 439.3-5
35 ILCS 105/3-7	
35 ILCS 105/3-85	
35 ILCS 110/2	from Ch. 120, par. 439.32
35 ILCS 110/2a	from Ch. 120, par. 439.32a
35 ILCS 110/3-5	from Ch. 120, par. 439.33-5
35 ILCS 110/3-7	
35 ILCS 110/3-70	
35 ILCS 115/2	from Ch. 120, par. 439.102
35 ILCS 115/2a	from Ch. 120, par. 439.102a
35 ILCS 115/3-5	from Ch. 120, par. 439.103-5
35 ILCS 115/3-7	
35 ILCS 115/9	from Ch. 120, par. 439.109
35 ILCS 120/1a	from Ch. 120, par. 440a
35 ILCS 120/2-5	from Ch. 120, par. 441-5
35 ILCS 120/2-7	
35 ILCS 120/3	from Ch. 120, par. 442
625 ILCS 5/3-2001	from Ch. 95 1/2, par. 3-2001

Amends the Use Tax Act, the Service Use Tax Act, the Service Occupation Tax Act, and the Retailers' Occupation Tax Act. Restores the tax exemptions eliminated by Public Act 93-24. Amends the Illinois Vehicle Code. Reinstates the replacement vehicle tax concerning a transaction for which the use and occupation tax exemption is restored under this amendatory Act. Effective July 1, 2004.

LRB093 18503 SJM 44220 b

FISCAL NOTE ACT
MAY APPLY

1 AN ACT concerning 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 Sections
5 2a, 3-5, 3-7, and 3-85 as follows:

6 (35 ILCS 105/2a) (from Ch. 120, par. 439.2a)

7 Sec. 2a. "Pollution control facilities" means any system,
8 method, construction, device or appliance appurtenant thereto
9 sold or used or intended for the primary purpose of
10 eliminating, preventing, or reducing air and water pollution as
11 the term "air pollution" or "water pollution" is defined in the
12 "Environmental Protection Act", enacted by the 76th General
13 Assembly, or for the primary purpose of treating, pretreating,
14 modifying or disposing of any potential solid, liquid or
15 gaseous pollutant which if released without such treatment,
16 pretreatment, modification or disposal might be harmful,
17 detrimental or offensive to human, plant or animal life, or to
18 property.

19 Until July 1, 2003 and beginning again on July 1, 2004, the
20 purchase, employment and transfer of such tangible personal
21 property as pollution control facilities is not a purchase, use
22 or sale of tangible personal property.

23 (Source: P.A. 93-24, eff. 6-20-03.)

24 (35 ILCS 105/3-5) (from Ch. 120, par. 439.3-5)

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

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

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

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

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

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

35 (5) Until July 1, 2003 and beginning again on July 1, 2004,
36 a passenger car that is a replacement vehicle to the extent

1 that the purchase price of the car is subject to the
2 Replacement Vehicle Tax.

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

12 (7) Farm chemicals.

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

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

20 (10) A motor vehicle of the first division, a motor vehicle
21 of the second division that is a self-contained motor vehicle
22 designed or permanently converted to provide living quarters
23 for recreational, camping, or travel use, with direct walk
24 through to the living quarters from the driver's seat, or a
25 motor vehicle of the second division that is of the van
26 configuration designed for the transportation of not less than
27 7 nor more than 16 passengers, as defined in Section 1-146 of
28 the Illinois Vehicle Code, that is used for automobile renting,
29 as defined in the Automobile Renting Occupation and Use Tax
30 Act.

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

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

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

22 Farm machinery and equipment also includes computers,
23 sensors, software, and related equipment used primarily in the
24 computer-assisted operation of production agriculture
25 facilities, equipment, and activities such as, but not limited
26 to, the collection, monitoring, and correlation of animal and
27 crop data for the purpose of formulating animal diets and
28 agricultural chemicals. This item (11) is exempt from the
29 provisions of Section 3-90.

30 (12) Fuel and petroleum products sold to or used by an air
31 common carrier, certified by the carrier to be used for
32 consumption, shipment, or storage in the conduct of its
33 business as an air common carrier, for a flight destined for or
34 returning from a location or locations outside the United
35 States without regard to previous or subsequent domestic
36 stopovers.

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

9 (14) Until July 1, 2003 and beginning again on July 1,
10 2004, oil field exploration, drilling, and production
11 equipment, including (i) rigs and parts of rigs, rotary rigs,
12 cable tool rigs, and workover rigs, (ii) pipe and tubular
13 goods, including casing and drill strings, (iii) pumps and
14 pump-jack units, (iv) storage tanks and flow lines, (v) any
15 individual replacement part for oil field exploration,
16 drilling, and production equipment, and (vi) machinery and
17 equipment purchased for lease; but excluding motor vehicles
18 required to be registered under the Illinois Vehicle Code.

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

24 (16) Until July 1, 2003 and beginning again on July 1,
25 2004, coal exploration, mining, offhighway hauling,
26 processing, maintenance, and reclamation equipment, including
27 replacement parts and equipment, and including equipment
28 purchased for lease, but excluding motor vehicles required to
29 be registered under the Illinois Vehicle Code.

30 (17) Until July 1, 2003 and beginning again on July 1,
31 2004, distillation machinery and equipment, sold as a unit or
32 kit, assembled or installed by the retailer, certified by the
33 user to be used only for the production of ethyl alcohol that
34 will be used for consumption as motor fuel or as a component of
35 motor fuel for the personal use of the user, and not subject to
36 sale or resale.

1 (18) Manufacturing and assembling machinery and equipment
2 used primarily in the process of manufacturing or assembling
3 tangible personal property for wholesale or retail sale or
4 lease, whether that sale or lease is made directly by the
5 manufacturer or by some other person, whether the materials
6 used in the process are owned by the manufacturer or some other
7 person, or whether that sale or lease is made apart from or as
8 an incident to the seller's engaging in the service occupation
9 of producing machines, tools, dies, jigs, patterns, gauges, or
10 other similar items of no commercial value on special order for
11 a particular purchaser.

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

17 (20) Semen used for artificial insemination of livestock
18 for direct agricultural production.

19 (21) Horses, or interests in horses, registered with and
20 meeting the requirements of any of the Arabian Horse Club
21 Registry of America, Appaloosa Horse Club, American Quarter
22 Horse Association, United States Trotting Association, or
23 Jockey Club, as appropriate, used for purposes of breeding or
24 racing for prizes.

25 (22) Computers and communications equipment utilized for
26 any hospital purpose and equipment used in the diagnosis,
27 analysis, or treatment of hospital patients purchased by a
28 lessor who leases the equipment, under a lease of one year or
29 longer executed or in effect at the time the lessor would
30 otherwise be subject to the tax imposed by this Act, to a
31 hospital that has been issued an active tax exemption
32 identification number by the Department under Section 1g of the
33 Retailers' Occupation Tax Act. If the equipment is leased in a
34 manner that does not qualify for this exemption or is used in
35 any other non-exempt manner, the lessor shall be liable for the
36 tax imposed under this Act or the Service Use Tax Act, as the

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

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

32 (24) 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 for
35 disaster relief to be used in a State or federally declared
36 disaster area in Illinois or bordering Illinois by a

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

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

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

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

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

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

20 (29) Beginning January 1, 2000 and through December 31,
21 2001, new or used automatic vending machines that prepare and
22 serve hot food and beverages, including coffee, soup, and other
23 items, and replacement parts for these machines. Beginning
24 January 1, 2002 and through June 30, 2003, and beginning again
25 on July 1, 2004, machines and parts for machines used in
26 commercial, coin-operated amusement and vending business if a
27 use or occupation tax is paid on the gross receipts derived
28 from the use of the commercial, coin-operated amusement and
29 vending machines. This paragraph is exempt from the provisions
30 of Section 3-90.

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

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

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

30 (32) Beginning on the effective date of this amendatory Act
31 of the 92nd General Assembly, personal property purchased by a
32 lessor who leases the property, under a lease of one year or
33 longer executed or in effect at the time the lessor would
34 otherwise be subject to the tax imposed by this Act, to a
35 governmental body that has been issued an active sales tax
36 exemption identification number by the Department under

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

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

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

29 (35 ILCS 105/3-7)

30 Sec. 3-7. Aggregate manufacturing exemption. Through June
31 30, 2003, and beginning again on July 1, 2004, the use of
32 aggregate exploration, mining, offhighway hauling, processing,
33 maintenance, and reclamation equipment, including replacement
34 parts and equipment, and including equipment purchased for
35 lease, but excluding motor vehicles required to be registered

1 under the Illinois Vehicle Code, is exempt from the tax imposed
2 by this Act.

3 (Source: P.A. 92-603, eff. 6-28-02; 93-24, eff. 6-20-03.)

4 (35 ILCS 105/3-85)

5 Sec. 3-85. Manufacturer's Purchase Credit. For purchases
6 of machinery and equipment made on and after January 1, 1995
7 and through June 30, 2003, or made on or after July 1, 2004, a
8 purchaser of manufacturing machinery and equipment that
9 qualifies for the exemption provided by paragraph (18) of
10 Section 3-5 of this Act earns a credit in an amount equal to a
11 fixed percentage of the tax which would have been incurred
12 under this Act on those purchases. For purchases of graphic
13 arts machinery and equipment made on or after July 1, 1996 and
14 through June 30, 2003, or made on or after July 1, 2004, a
15 purchaser of graphic arts machinery and equipment that
16 qualifies for the exemption provided by paragraph (6) of
17 Section 3-5 of this Act earns a credit in an amount equal to a
18 fixed percentage of the tax that would have been incurred under
19 this Act on those purchases. The credit earned for purchases of
20 manufacturing machinery and equipment or graphic arts
21 machinery and equipment shall be referred to as the
22 Manufacturer's Purchase Credit. A graphic arts producer is a
23 person engaged in graphic arts production as defined in Section
24 2-30 of the Retailers' Occupation Tax Act. Beginning July 1,
25 1996, all references in this Section to manufacturers or
26 manufacturing shall also be deemed to refer to graphic arts
27 producers or graphic arts production.

28 The amount of credit shall be a percentage of the tax that
29 would have been incurred on the purchase of manufacturing
30 machinery and equipment or graphic arts machinery and equipment
31 if the exemptions provided by paragraph (6) or paragraph (18)
32 of Section 3-5 of this Act had not been applicable. The
33 percentage shall be as follows:

34 (1) 15% for purchases made on or before June 30, 1995.

35 (2) 25% for purchases made after June 30, 1995, and on

1 or before June 30, 1996.

2 (3) 40% for purchases made after June 30, 1996, and on
3 or before June 30, 1997.

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

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

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

16 The Manufacturer's Purchase Credit may be used to satisfy
17 liability under the Use Tax Act or the Service Use Tax Act due
18 on the purchase of production related tangible personal
19 property (including purchases by a manufacturer, by a graphic
20 arts producer, or by a lessor who rents or leases the use of
21 the property to a manufacturer or graphic arts producer) that
22 does not otherwise qualify for the manufacturing machinery and
23 equipment exemption or the graphic arts machinery and equipment
24 exemption. "Production related tangible personal property"
25 means (i) all tangible personal property used or consumed by
26 the purchaser in a manufacturing facility in which a
27 manufacturing process described in Section 2-45 of the
28 Retailers' Occupation Tax Act takes place, including tangible
29 personal property purchased for incorporation into real estate
30 within a manufacturing facility and including, but not limited
31 to, tangible personal property used or consumed in activities
32 such as preproduction material handling, receiving, quality
33 control, inventory control, storage, staging, and packaging
34 for shipping and transportation purposes; (ii) all tangible
35 personal property used or consumed by the purchaser in a
36 graphic arts facility in which graphic arts production as

1 described in Section 2-30 of the Retailers' Occupation Tax Act
2 takes place, including tangible personal property purchased
3 for incorporation into real estate within a graphic arts
4 facility and including, but not limited to, all tangible
5 personal property used or consumed in activities such as
6 graphic arts preliminary or pre-press production,
7 pre-production material handling, receiving, quality control,
8 inventory control, storage, staging, sorting, labeling,
9 mailing, tying, wrapping, and packaging; and (iii) all tangible
10 personal property used or consumed by the purchaser for
11 research and development. "Production related tangible
12 personal property" does not include (i) tangible personal
13 property used, within or without a manufacturing facility, in
14 sales, purchasing, accounting, fiscal management, marketing,
15 personnel recruitment or selection, or landscaping or (ii)
16 tangible personal property required to be titled or registered
17 with a department, agency, or unit of federal, state, or local
18 government. The Manufacturer's Purchase Credit may be used,
19 ~~prior to October 1, 2003,~~ to satisfy the tax arising either
20 from the purchase of machinery and equipment on or after
21 January 1, 1995 for which the exemption provided by paragraph
22 (18) of Section 3-5 of this Act was erroneously claimed, or the
23 purchase of machinery and equipment on or after July 1, 1996
24 for which the exemption provided by paragraph (6) of Section
25 3-5 of this Act was erroneously claimed, but not in
26 satisfaction of penalty, if any, and interest for failure to
27 pay the tax when due. A purchaser of production related
28 tangible personal property who is required to pay Illinois Use
29 Tax or Service Use Tax on the purchase directly to the
30 Department may, ~~prior to October 1, 2003,~~ utilize the
31 Manufacturer's Purchase Credit in satisfaction of the tax
32 arising from that purchase, but not in satisfaction of penalty
33 and interest. A purchaser who uses the Manufacturer's Purchase
34 Credit to purchase property which is later determined not to be
35 production related tangible personal property may be liable for
36 tax, penalty, and interest on the purchase of that property as

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

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

33 A purchaser using Manufacturer's Purchase Credit shall
34 sign and file an annual Report of Manufacturer's Purchase
35 Credit Used for each calendar year no later than the last day
36 of the sixth month following the calendar year in which a

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

18 No annual report shall be filed before May 1, 1996 ~~or after~~
19 ~~June 30, 2004~~. A purchaser that fails to file an annual Report
20 of Manufacturer's Purchase Credit Earned or an annual Report of
21 Manufacturer's Purchase Credit Used by the last day of the
22 sixth month following the end of the calendar year shall
23 forfeit all Manufacturer's Purchase Credit for that calendar
24 year unless it establishes that its failure to file was due to
25 reasonable cause. Manufacturer's Purchase Credit reports may
26 be amended to report and claim credit on qualifying purchases
27 not previously reported at any time before the credit would
28 have expired, unless both the Department and the purchaser have
29 agreed to an extension of the statute of limitations for the
30 issuance of a notice of tax liability as provided in Section 4
31 of the Retailers' Occupation Tax Act. If the time for
32 assessment or refund has been extended, then amended reports
33 for a calendar year may be filed at any time prior to the date
34 to which the statute of limitations for the calendar year or
35 portion thereof has been extended. No Manufacturer's Purchase
36 Credit report filed with the Department for periods prior to

1 January 1, 1995 shall be approved. Manufacturer's Purchase
2 Credit claimed on an amended report may be used, ~~until October~~
3 ~~1, 2003,~~ to satisfy tax liability under the Use Tax Act or the
4 Service Use Tax Act (i) on qualifying purchases of production
5 related tangible personal property made after the date the
6 amended report is filed or (ii) assessed by the Department on
7 qualifying purchases of production related tangible personal
8 property made in the case of manufacturers on or after January
9 1, 1995, or in the case of graphic arts producers on or after
10 July 1, 1996.

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

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

27 (Source: P.A. 93-24, eff. 6-20-03.)

28 Section 10. The Service Use Tax Act is amended by changing
29 Sections 2, 2a, 3-5, 3-7, and 3-70 as follows:

30 (35 ILCS 110/2) (from Ch. 120, par. 439.32)

31 Sec. 2. "Use" means the exercise by any person of any right
32 or power over tangible personal property incident to the
33 ownership of that property, but does not include the sale or
34 use for demonstration by him of that property in any form as

1 tangible personal property in the regular course of business.
2 "Use" does not mean the interim use of tangible personal
3 property nor the physical incorporation of tangible personal
4 property, as an ingredient or constituent, into other tangible
5 personal property, (a) which is sold in the regular course of
6 business or (b) which the person incorporating such ingredient
7 or constituent therein has undertaken at the time of such
8 purchase to cause to be transported in interstate commerce to
9 destinations outside the State of Illinois.

10 "Purchased from a serviceman" means the acquisition of the
11 ownership of, or title to, tangible personal property through a
12 sale of service.

13 "Purchaser" means any person who, through a sale of
14 service, acquires the ownership of, or title to, any tangible
15 personal property.

16 "Cost price" means the consideration paid by the serviceman
17 for a purchase valued in money, whether paid in money or
18 otherwise, including cash, credits and services, and shall be
19 determined without any deduction on account of the supplier's
20 cost of the property sold or on account of any other expense
21 incurred by the supplier. When a serviceman contracts out part
22 or all of the services required in his sale of service, it
23 shall be presumed that the cost price to the serviceman of the
24 property transferred to him or her by his or her subcontractor
25 is equal to 50% of the subcontractor's charges to the
26 serviceman in the absence of proof of the consideration paid by
27 the subcontractor for the purchase of such property.

28 "Selling price" means the consideration for a sale valued
29 in money whether received in money or otherwise, including
30 cash, credits and service, and shall be determined without any
31 deduction on account of the serviceman's cost of the property
32 sold, the cost of materials used, labor or service cost or any
33 other expense whatsoever, but does not include interest or
34 finance charges which appear as separate items on the bill of
35 sale or sales contract nor charges that are added to prices by
36 sellers on account of the seller's duty to collect, from the

1 purchaser, the tax that is imposed by this Act.

2 "Department" means the Department of Revenue.

3 "Person" means any natural individual, firm, partnership,
4 association, joint stock company, joint venture, public or
5 private corporation, limited liability company, and any
6 receiver, executor, trustee, guardian or other representative
7 appointed by order of any court.

8 "Sale of service" means any transaction except:

9 (1) a retail sale of tangible personal property taxable
10 under the Retailers' Occupation Tax Act or under the Use
11 Tax Act.

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

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

29 (4) a sale or transfer of tangible personal property as
30 an incident to the rendering of service for interstate
31 carriers for hire for use as rolling stock moving in
32 interstate commerce or by lessors under a lease of one year
33 or longer, executed or in effect at the time of purchase of
34 personal property, to interstate carriers for hire for use
35 as rolling stock moving in interstate commerce so long as
36 so used by such interstate carriers for hire, and equipment

1 operated by a telecommunications provider, licensed as a
2 common carrier by the Federal Communications Commission,
3 which is permanently installed in or affixed to aircraft
4 moving in interstate commerce.

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

15 (4a-5) on and after July 1, 2003, a sale or transfer of
16 a motor vehicle of the second division with a gross vehicle
17 weight in excess of 8,000 pounds as an incident to the
18 rendering of service if that motor vehicle is subject to
19 the commercial distribution fee imposed under Section
20 3-815.1 of the Illinois Vehicle Code. This exemption
21 applies to repair and replacement parts added after the
22 initial purchase of such a motor vehicle if that motor
23 vehicle is used in a manner that would qualify for the
24 rolling stock exemption otherwise provided for in this Act.

25 (5) a sale or transfer of machinery and equipment used
26 primarily in the process of the manufacturing or
27 assembling, either in an existing, an expanded or a new
28 manufacturing facility, of tangible personal property for
29 wholesale or retail sale or lease, whether such sale or
30 lease is made directly by the manufacturer or by some other
31 person, whether the materials used in the process are owned
32 by the manufacturer or some other person, or whether such
33 sale or lease is made apart from or as an incident to the
34 seller's engaging in a service occupation and the
35 applicable tax is a Service Use Tax or Service Occupation
36 Tax, rather than Use Tax or Retailers' Occupation Tax.

1 (5a) the repairing, reconditioning or remodeling, for
2 a common carrier by rail, of tangible personal property
3 which belongs to such carrier for hire, and as to which
4 such carrier receives the physical possession of the
5 repaired, reconditioned or remodeled item of tangible
6 personal property in Illinois, and which such carrier
7 transports, or shares with another common carrier in the
8 transportation of such property, out of Illinois on a
9 standard uniform bill of lading showing the person who
10 repaired, reconditioned or remodeled the property to a
11 destination outside Illinois, for use outside Illinois.

12 (5b) a sale or transfer of tangible personal property
13 which is produced by the seller thereof on special order in
14 such a way as to have made the applicable tax the Service
15 Occupation Tax or the Service Use Tax, rather than the
16 Retailers' Occupation Tax or the Use Tax, for an interstate
17 carrier by rail which receives the physical possession of
18 such property in Illinois, and which transports such
19 property, or shares with another common carrier in the
20 transportation of such property, out of Illinois on a
21 standard uniform bill of lading showing the seller of the
22 property as the shipper or consignor of such property to a
23 destination outside Illinois, for use outside Illinois.

24 (6) until July 1, 2003 and beginning again on July 1,
25 2004, a sale or transfer of distillation machinery and
26 equipment, sold as a unit or kit and assembled or installed
27 by the retailer, which machinery and equipment is certified
28 by the user to be used only for the production of ethyl
29 alcohol that will be used for consumption as motor fuel or
30 as a component of motor fuel for the personal use of such
31 user and not subject to sale or resale.

32 (7) at the election of any serviceman not required to
33 be otherwise registered as a retailer under Section 2a of
34 the Retailers' Occupation Tax Act, made for each fiscal
35 year sales of service in which the aggregate annual cost
36 price of tangible personal property transferred as an

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

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

20 Exemption (5) also includes machinery and equipment used in
21 the general maintenance or repair of such exempt machinery and
22 equipment or for in-house manufacture of exempt machinery and
23 equipment. For the purposes of exemption (5), each of these
24 terms shall have the following meanings: (1) "manufacturing
25 process" shall mean the production of any article of tangible
26 personal property, whether such article is a finished product
27 or an article for use in the process of manufacturing or
28 assembling a different article of tangible personal property,
29 by procedures commonly regarded as manufacturing, processing,
30 fabricating, or refining which changes some existing material
31 or materials into a material with a different form, use or
32 name. In relation to a recognized integrated business composed
33 of a series of operations which collectively constitute
34 manufacturing, or individually constitute manufacturing
35 operations, the manufacturing process shall be deemed to
36 commence with the first operation or stage of production in the

1 series, and shall not be deemed to end until the completion of
2 the final product in the last operation or stage of production
3 in the series; and further, for purposes of exemption (5),
4 photoprocessing is deemed to be a manufacturing process of
5 tangible personal property for wholesale or retail sale; (2)
6 "assembling process" shall mean the production of any article
7 of tangible personal property, whether such article is a
8 finished product or an article for use in the process of
9 manufacturing or assembling a different article of tangible
10 personal property, by the combination of existing materials in
11 a manner commonly regarded as assembling which results in a
12 material of a different form, use or name; (3) "machinery"
13 shall mean major mechanical machines or major components of
14 such machines contributing to a manufacturing or assembling
15 process; and (4) "equipment" shall include any independent
16 device or tool separate from any machinery but essential to an
17 integrated manufacturing or assembly process; including
18 computers used primarily in a manufacturer's computer assisted
19 design, computer assisted manufacturing (CAD/CAM) system; or
20 any subunit or assembly comprising a component of any machinery
21 or auxiliary, adjunct or attachment parts of machinery, such as
22 tools, dies, jigs, fixtures, patterns and molds; or any parts
23 which require periodic replacement in the course of normal
24 operation; but shall not include hand tools. Equipment includes
25 chemicals or chemicals acting as catalysts but only if the
26 chemicals or chemicals acting as catalysts effect a direct and
27 immediate change upon a product being manufactured or assembled
28 for wholesale or retail sale or lease. The purchaser of such
29 machinery and equipment who has an active resale registration
30 number shall furnish such number to the seller at the time of
31 purchase. The user of such machinery and equipment and tools
32 without an active resale registration number shall prepare a
33 certificate of exemption for each transaction stating facts
34 establishing the exemption for that transaction, which
35 certificate shall be available to the Department for inspection
36 or audit. The Department shall prescribe the form of the

1 certificate.

2 Any informal rulings, opinions or letters issued by the
3 Department in response to an inquiry or request for any opinion
4 from any person regarding the coverage and applicability of
5 exemption (5) to specific devices shall be published,
6 maintained as a public record, and made available for public
7 inspection and copying. If the informal ruling, opinion or
8 letter contains trade secrets or other confidential
9 information, where possible the Department shall delete such
10 information prior to publication. Whenever such informal
11 rulings, opinions, or letters contain any policy of general
12 applicability, the Department shall formulate and adopt such
13 policy as a rule in accordance with the provisions of the
14 Illinois Administrative Procedure Act.

15 On and after July 1, 1987, no entity otherwise eligible
16 under exemption (3) of this Section shall make tax free
17 purchases unless it has an active exemption identification
18 number issued by the Department.

19 The purchase, employment and transfer of such tangible
20 personal property as newsprint and ink for the primary purpose
21 of conveying news (with or without other information) is not a
22 purchase, use or sale of service or of tangible personal
23 property within the meaning of this Act.

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

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

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

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

33 1. having or maintaining within this State, directly or
34 by a subsidiary, an office, distribution house, sales
35 house, warehouse or other place of business, or any agent
36 or other representative operating within this State under

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

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

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

16 4. soliciting orders for tangible personal property by
17 mail if the solicitations are substantial and recurring and
18 if the retailer benefits from any banking, financing, debt
19 collection, telecommunication, or marketing activities
20 occurring in this State or benefits from the location in
21 this State of authorized installation, servicing, or
22 repair facilities;

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

26 6. having a franchisee or licensee operating under its
27 trade name if the franchisee or licensee is required to
28 collect the tax under this Section;

29 7. pursuant to a contract with a cable television
30 operator located in this State, soliciting orders for
31 tangible personal property by means of advertising which is
32 transmitted or distributed over a cable television system
33 in this State; or

34 8. engaging in activities in Illinois, which
35 activities in the state in which the supply business
36 engaging in such activities is located would constitute

1 maintaining a place of business in that state.

2 (Source: P.A. 92-484, eff. 8-23-01; 93-23, eff. 6-20-03; 93-24,
3 eff. 6-20-03; revised 8-21-03.)

4 (35 ILCS 110/2a) (from Ch. 120, par. 439.32a)

5 Sec. 2a. "Pollution control facilities" means any system,
6 method, construction, device or appliance appurtenant thereto
7 used in this State acquired as an incident to the purchase of a
8 service from a serviceman for the primary purpose of
9 eliminating, preventing, or reducing air and water pollution as
10 the term "air pollution" or "water pollution" is defined in the
11 "Environmental Protection Act", enacted by the 76th General
12 Assembly, or for the primary purpose of treating, pretreating,
13 modifying or disposing of any potential solid, liquid or
14 gaseous pollutant which if released without such treatment,
15 pretreatment, modification or disposal might be harmful,
16 detrimental or offensive to human, plant or animal life, or to
17 property.

18 Until July 1, 2003 and beginning again on July 1, 2004, the
19 purchase, employment or transfer of such tangible personal
20 property as pollution control facilities is not a purchase, use
21 or sale of service or of tangible personal property within the
22 meaning of this Act.

23 (Source: P.A. 93-24, eff. 6-20-03.)

24 (35 ILCS 110/3-5) (from Ch. 120, par. 439.33-5)

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

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

34 (2) Personal property purchased by a non-profit Illinois

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

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

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

22 (5) Until July 1, 2003 and beginning again on July 1, 2004,
23 graphic arts machinery and equipment, including repair and
24 replacement parts, both new and used, and including that
25 manufactured on special order or purchased for lease, certified
26 by the purchaser to be used primarily for graphic arts
27 production. Equipment includes chemicals or chemicals acting
28 as catalysts but only if the chemicals or chemicals acting as
29 catalysts effect a direct and immediate change upon a graphic
30 arts product.

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

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

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

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

25 Farm machinery and equipment also includes computers,
26 sensors, software, and related equipment used primarily in the
27 computer-assisted operation of production agriculture
28 facilities, equipment, and activities such as, but not limited
29 to, the collection, monitoring, and correlation of animal and
30 crop data for the purpose of formulating animal diets and
31 agricultural chemicals. This item (7) is exempt from the
32 provisions of Section 3-75.

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

1 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 of
6 food and beverages acquired as an incident to the purchase of a
7 service from a serviceman, to the extent that the proceeds of
8 the service charge are in fact turned over as tips or as a
9 substitute for tips to the employees who participate directly
10 in preparing, serving, hosting or cleaning up the food or
11 beverage function with respect to which the service charge is
12 imposed.

13 (10) Until July 1, 2003 and beginning again on July 1,
14 2004, oil field exploration, drilling, and production
15 equipment, including (i) rigs and parts of rigs, rotary rigs,
16 cable tool rigs, and workover rigs, (ii) pipe and tubular
17 goods, including casing and drill strings, (iii) pumps and
18 pump-jack units, (iv) storage tanks and flow lines, (v) any
19 individual replacement part for oil field exploration,
20 drilling, and production equipment, and (vi) machinery and
21 equipment purchased for lease; but excluding motor vehicles
22 required to be registered under the Illinois Vehicle Code.

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

29 (12) Until July 1, 2003 and beginning again on July 1,
30 2004, coal exploration, mining, offhighway hauling,
31 processing, maintenance, and reclamation equipment, including
32 replacement parts and equipment, and including equipment
33 purchased for lease, but excluding motor vehicles required to
34 be registered under the Illinois Vehicle Code.

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

1 (14) Horses, or interests in horses, registered with and
2 meeting the requirements of any of the Arabian Horse Club
3 Registry of America, Appaloosa Horse Club, American Quarter
4 Horse Association, United States Trotting Association, or
5 Jockey Club, as appropriate, used for purposes of breeding or
6 racing for prizes.

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

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

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

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

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

35 (19) Beginning July 1, 1999, game or game birds purchased
36 at a "game breeding and hunting preserve area" or an "exotic

1 game hunting area" as those terms are used in the Wildlife Code
2 or at a hunting enclosure approved through rules adopted by the
3 Department of Natural Resources. This paragraph is exempt from
4 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 Department
9 to be organized and operated exclusively for educational
10 purposes. For purposes of this exemption, "a corporation,
11 limited liability company, society, association, foundation,
12 or institution organized and operated exclusively for
13 educational purposes" means all tax-supported public schools,
14 private schools that offer systematic instruction in useful
15 branches of learning by methods common to public schools and
16 that compare favorably in their scope and intensity with the
17 course of study presented in tax-supported schools, and
18 vocational or technical schools or institutes organized and
19 operated exclusively to provide a course of study of not less
20 than 6 weeks duration and designed to prepare individuals to
21 follow a trade or to pursue a manual, technical, mechanical,
22 industrial, business, or commercial occupation.

23 (21) Beginning January 1, 2000, personal property,
24 including food, purchased through fundraising events for the
25 benefit of a public or private elementary or secondary school,
26 a group of those schools, or one or more school districts if
27 the events are sponsored by an entity recognized by the school
28 district that consists primarily of volunteers and includes
29 parents and teachers of the school children. This paragraph
30 does not apply to fundraising events (i) for the benefit of
31 private home instruction or (ii) for which the fundraising
32 entity purchases the personal property sold at the events from
33 another individual or entity that sold the property for the
34 purpose of resale by the fundraising entity and that profits
35 from the sale to the fundraising entity. This paragraph is
36 exempt from the provisions of Section 3-75.

1 (22) Beginning January 1, 2000 and through December 31,
2 2001, new or used automatic vending machines that prepare and
3 serve hot food and beverages, including coffee, soup, and other
4 items, and replacement parts for these machines. Beginning
5 January 1, 2002 and through June 30, 2003, and beginning again
6 on July 1, 2004, machines and parts for machines used in
7 commercial, coin-operated amusement and vending business if a
8 use or occupation tax is paid on the gross receipts derived
9 from the use of the commercial, coin-operated amusement and
10 vending machines. This paragraph is exempt from the provisions
11 of Section 3-75.

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

22 (24) Beginning on the effective date of this amendatory Act
23 of the 92nd General Assembly, computers and communications
24 equipment utilized for any hospital purpose and equipment used
25 in the diagnosis, analysis, or treatment of hospital patients
26 purchased by a lessor who leases the equipment, under a lease
27 of one year or longer executed or in effect at the time the
28 lessor would otherwise be subject to the tax imposed by this
29 Act, to a hospital that has been issued an active tax exemption
30 identification number by the Department under Section 1g of the
31 Retailers' Occupation Tax Act. If the equipment is leased in a
32 manner that does not qualify for this exemption or is used in
33 any other nonexempt manner, the lessor shall be liable for the
34 tax imposed under this Act or the Use Tax Act, as the case may
35 be, based on the fair market value of the property at the time
36 the nonqualifying use occurs. No lessor shall collect or

1 attempt to collect an amount (however designated) that purports
2 to 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. This paragraph is
9 exempt from the provisions of Section 3-75.

10 (25) Beginning on the effective date of this amendatory Act
11 of the 92nd General Assembly, personal property purchased by a
12 lessor who leases the property, under a lease of one year or
13 longer executed or in effect at the time the lessor would
14 otherwise be subject to the tax imposed by this Act, to a
15 governmental body that has been issued an active tax exemption
16 identification number by the Department under Section 1g of the
17 Retailers' Occupation Tax Act. If the property is leased in a
18 manner that does not qualify for this exemption or is used in
19 any other nonexempt manner, the lessor shall be liable for the
20 tax imposed under this Act or the Use Tax Act, as the case may
21 be, based on the fair market value of the property at the time
22 the nonqualifying use occurs. No lessor shall collect or
23 attempt to collect an amount (however designated) that purports
24 to reimburse that lessor for the tax imposed by this Act or the
25 Use Tax Act, as the case may be, if the tax has not been paid by
26 the lessor. If a lessor improperly collects any such amount
27 from the lessee, the lessee shall have a legal right to claim a
28 refund of that amount from the lessor. If, however, that amount
29 is not refunded to the lessee for any reason, the lessor is
30 liable to pay that amount to the Department. This paragraph is
31 exempt from the provisions of Section 3-75.

32 (Source: P.A. 92-16, eff. 6-28-01; 92-35, eff. 7-1-01; 92-227,
33 eff. 8-2-01; 92-337, eff. 8-10-01; 92-484, eff. 8-23-01;
34 92-651, eff. 7-11-02; 93-24, eff. 6-20-03.)

1 Sec. 3-7. Aggregate manufacturing exemption. Through June
2 30, 2003 and beginning again on July 1, 2004, the use of
3 aggregate exploration, mining, offhighway hauling, processing,
4 maintenance, and reclamation equipment, including replacement
5 parts and equipment, and including equipment purchased for
6 lease, but excluding motor vehicles required to be registered
7 under the Illinois Vehicle Code, is exempt from the tax imposed
8 by this Act.

9 (Source: P.A. 92-603, eff. 6-28-02; 93-24, eff. 6-20-03.)

10 (35 ILCS 110/3-70)

11 Sec. 3-70. Manufacturer's Purchase Credit. For purchases
12 of machinery and equipment made on and after January 1, 1995
13 and through June 30, 2003, or made on or after July 1, 2004, a
14 purchaser of manufacturing machinery and equipment that
15 qualifies for the exemption provided by Section 2 of this Act
16 earns a credit in an amount equal to a fixed percentage of the
17 tax which would have been incurred under this Act on those
18 purchases. For purchases of graphic arts machinery and
19 equipment made on or after July 1, 1996 and through June 30,
20 2003, or made on or after July 1, 2004, a purchase of graphic
21 arts machinery and equipment that qualifies for the exemption
22 provided by paragraph (5) of Section 3-5 of this Act earns a
23 credit in an amount equal to a fixed percentage of the tax that
24 would have been incurred under this Act on those purchases. The
25 credit earned for the purchase of manufacturing machinery and
26 equipment and graphic arts machinery and equipment shall be
27 referred to as the Manufacturer's Purchase Credit. A graphic
28 arts producer is a person engaged in graphic arts production as
29 defined in Section 3-30 of the Service Occupation Tax Act.
30 Beginning July 1, 1996, all references in this Section to
31 manufacturers or manufacturing shall also refer to graphic arts
32 producers or graphic arts production.

33 The amount of credit shall be a percentage of the tax that
34 would have been incurred on the purchase of the manufacturing
35 machinery and equipment or graphic arts machinery and equipment

1 if the exemptions provided by Section 2 or paragraph (5) of
2 Section 3-5 of this Act had not been applicable.

3 All purchases ~~prior to October 1, 2003~~ of manufacturing
4 machinery and equipment and graphic arts machinery and
5 equipment that qualify for the exemptions provided by paragraph
6 (5) of Section 2 or paragraph (5) of Section 3-5 of this Act
7 qualify for the credit without regard to whether the serviceman
8 elected, or could have elected, under paragraph (7) of Section
9 2 of this Act to exclude the transaction from this Act. If the
10 serviceman's billing to the service customer separately states
11 a selling price for the exempt manufacturing machinery or
12 equipment or the exempt graphic arts machinery and equipment,
13 the credit shall be calculated, as otherwise provided herein,
14 based on that selling price. If the serviceman's billing does
15 not separately state a selling price for the exempt
16 manufacturing machinery and equipment or the exempt graphic
17 arts machinery and equipment, the credit shall be calculated,
18 as otherwise provided herein, based on 50% of the entire
19 billing. If the serviceman contracts to design, develop, and
20 produce special order manufacturing machinery and equipment or
21 special order graphic arts machinery and equipment, and the
22 billing does not separately state a selling price for such
23 special order machinery and equipment, the credit shall be
24 calculated, as otherwise provided herein, based on 50% of the
25 entire billing. The provisions of this paragraph are effective
26 for purchases made on or after January 1, 1995.

27 The percentage shall be as follows:

28 (1) 15% for purchases made on or before June 30, 1995.

29 (2) 25% for purchases made after June 30, 1995, and on
30 or before June 30, 1996.

31 (3) 40% for purchases made after June 30, 1996, and on
32 or before June 30, 1997.

33 (4) 50% for purchases made on or after July 1, 1997.

34 A purchaser of production related tangible personal
35 property desiring to use the Manufacturer's Purchase Credit
36 shall certify to the seller ~~prior to October 1, 2003~~ that the

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

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

9 The Manufacturer's Purchase Credit may be used to satisfy
10 liability under the Use Tax Act or the Service Use Tax Act due
11 on the purchase of production related tangible personal
12 property (including purchases by a manufacturer, by a graphic
13 arts producer, or a lessor who rents or leases the use of the
14 property to a manufacturer or graphic arts producer) that does
15 not otherwise qualify for the manufacturing machinery and
16 equipment exemption or the graphic arts machinery and equipment
17 exemption. "Production related tangible personal property"
18 means (i) all tangible personal property used or consumed by
19 the purchaser in a manufacturing facility in which a
20 manufacturing process described in Section 2-45 of the
21 Retailers' Occupation Tax Act takes place, including tangible
22 personal property purchased for incorporation into real estate
23 within a manufacturing facility and including, but not limited
24 to, tangible personal property used or consumed in activities
25 such as pre-production material handling, receiving, quality
26 control, inventory control, storage, staging, and packaging
27 for shipping and transportation purposes; (ii) all tangible
28 personal property used or consumed by the purchaser in a
29 graphic arts facility in which graphic arts production as
30 described in Section 2-30 of the Retailers' Occupation Tax Act
31 takes place, including tangible personal property purchased
32 for incorporation into real estate within a graphic arts
33 facility and including, but not limited to, all tangible
34 personal property used or consumed in activities such as
35 graphic arts preliminary or pre-press production,
36 pre-production material handling, receiving, quality control,

1 inventory control, storage, staging, sorting, labeling,
2 mailing, tying, wrapping, and packaging; and (iii) all tangible
3 personal property used or consumed by the purchaser for
4 research and development. "Production related tangible
5 personal property" does not include (i) tangible personal
6 property used, within or without a manufacturing or graphic
7 arts facility, in sales, purchasing, accounting, fiscal
8 management, marketing, personnel recruitment or selection, or
9 landscaping or (ii) tangible personal property required to be
10 titled or registered with a department, agency, or unit of
11 federal, state, or local government. The Manufacturer's
12 Purchase Credit may be used, ~~prior to October 1, 2003,~~ to
13 satisfy the tax arising either from the purchase of machinery
14 and equipment on or after January 1, 1995 for which the
15 manufacturing machinery and equipment exemption provided by
16 Section 2 of this Act was erroneously claimed, or the purchase
17 of machinery and equipment on or after July 1, 1996 for which
18 the exemption provided by paragraph (5) of Section 3-5 of this
19 Act was erroneously claimed, but not in satisfaction of
20 penalty, if any, and interest for failure to pay the tax when
21 due. A purchaser of production related tangible personal
22 property who is required to pay Illinois Use Tax or Service Use
23 Tax on the purchase directly to the Department may, ~~prior to~~
24 ~~October 1, 2003,~~ utilize the Manufacturer's Purchase Credit in
25 satisfaction of the tax arising from that purchase, but not in
26 satisfaction of penalty and interest. A purchaser who uses the
27 Manufacturer's Purchase Credit to purchase property which is
28 later determined not to be production related tangible personal
29 property may be liable for tax, penalty, and interest on the
30 purchase of that property as of the date of purchase but shall
31 be entitled to use the disallowed Manufacturer's Purchase
32 Credit, so long as it has not expired ~~and is used prior to~~
33 ~~October 1, 2003,~~ on qualifying purchases of production related
34 tangible personal property not previously subject to credit
35 usage. The Manufacturer's Purchase Credit earned by a
36 manufacturer or graphic arts producer expires the last day of

1 the second calendar year following the calendar year in which
2 the credit arose. ~~No Manufacturer's Purchase Credit may be used~~
3 ~~after September 30, 2003 regardless of when that credit was~~
4 ~~earned.~~

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

27 A purchaser using Manufacturer's Purchase Credit shall
28 sign and file an annual Report of Manufacturer's Purchase
29 Credit Used for each calendar year no later than the last day
30 of the sixth month following the calendar year in which a
31 Manufacturer's Purchase Credit is used. A Report of
32 Manufacturer's Purchase Credit Used shall be filed on forms as
33 prescribed or approved by the Department and shall state, for
34 each month of the calendar year: (i) the total purchase price
35 of production related tangible personal property purchased
36 from Illinois suppliers; (ii) the total purchase price of

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

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

1 Department on qualifying purchases of production related
2 tangible personal property made in the case of manufacturers on
3 or after January 1, 1995, or in the case of graphic arts
4 producers on or after July 1, 1996.

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

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

21 (Source: P.A. 93-24, eff. 6-20-03.)

22 Section 15. The Service Occupation Tax Act is amended by
23 changing Sections 2, 2a, 3-5, 3-7, and 9 as follows:

24 (35 ILCS 115/2) (from Ch. 120, par. 439.102)

25 Sec. 2. "Transfer" means any transfer of the title to
26 property or of the ownership of property whether or not the
27 transferor retains title as security for the payment of amounts
28 due him from the transferee.

29 "Cost Price" means the consideration paid by the serviceman
30 for a purchase valued in money, whether paid in money or
31 otherwise, including cash, credits and services, and shall be
32 determined without any deduction on account of the supplier's
33 cost of the property sold or on account of any other expense
34 incurred by the supplier. When a serviceman contracts out part

1 or all of the services required in his sale of service, it
2 shall be presumed that the cost price to the serviceman of the
3 property transferred to him by his or her subcontractor is
4 equal to 50% of the subcontractor's charges to the serviceman
5 in the absence of proof of the consideration paid by the
6 subcontractor for the purchase of such property.

7 "Department" means the Department of Revenue.

8 "Person" means any natural individual, firm, partnership,
9 association, joint stock company, joint venture, public or
10 private corporation, limited liability company, and any
11 receiver, executor, trustee, guardian or other representative
12 appointed by order of any court.

13 "Sale of Service" means any transaction except:

14 (a) A retail sale of tangible personal property taxable
15 under the Retailers' Occupation Tax Act or under the Use Tax
16 Act.

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

20 (c) Except as hereinafter provided, a sale or transfer of
21 tangible personal property as an incident to the rendering of
22 service for or by any governmental body or for or by any
23 corporation, society, association, foundation or institution
24 organized and operated exclusively for charitable, religious
25 or educational purposes or any not-for-profit corporation,
26 society, association, foundation, institution or organization
27 which has no compensated officers or employees and which is
28 organized and operated primarily for the recreation of persons
29 55 years of age or older. A limited liability company may
30 qualify for the exemption under this paragraph only if the
31 limited liability company is organized and operated
32 exclusively for educational purposes.

33 (d) A sale or transfer of tangible personal property as an
34 incident to the rendering of service for interstate carriers
35 for hire for use as rolling stock moving in interstate commerce
36 or lessors under leases of one year or longer, executed or in

1 effect at the time of purchase, to interstate carriers for hire
2 for use as rolling stock moving in interstate commerce, and
3 equipment operated by a telecommunications provider, licensed
4 as a common carrier by the Federal Communications Commission,
5 which is permanently installed in or affixed to aircraft moving
6 in interstate commerce.

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

16 (d-1.1) On and after July 1, 2003, a sale or transfer of a
17 motor vehicle of the second division with a gross vehicle
18 weight in excess of 8,000 pounds as an incident to the
19 rendering of service if that motor vehicle is subject to the
20 commercial distribution fee imposed under Section 3-815.1 of
21 the Illinois Vehicle Code. This exemption applies to repair and
22 replacement parts added after the initial purchase of such a
23 motor vehicle if that motor vehicle is used in a manner that
24 would qualify for the rolling stock exemption otherwise
25 provided for in this Act.

26 (d-2) The repairing, reconditioning or remodeling, for a
27 common carrier by rail, of tangible personal property which
28 belongs to such carrier for hire, and as to which such carrier
29 receives the physical possession of the repaired,
30 reconditioned or remodeled item of tangible personal property
31 in Illinois, and which such carrier transports, or shares with
32 another common carrier in the transportation of such property,
33 out of Illinois on a standard uniform bill of lading showing
34 the person who repaired, reconditioned or remodeled the
35 property as the shipper or consignor of such property to a
36 destination outside Illinois, for use outside Illinois.

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

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

20 (e) A sale or transfer of machinery and equipment used
21 primarily in the process of the manufacturing or assembling,
22 either in an existing, an expanded or a new manufacturing
23 facility, of tangible personal property for wholesale or retail
24 sale or lease, whether such sale or lease is made directly by
25 the manufacturer or by some other person, whether the materials
26 used in the process are owned by the manufacturer or some other
27 person, or whether such sale or lease is made apart from or as
28 an incident to the seller's engaging in a service occupation
29 and the applicable tax is a Service Occupation Tax or Service
30 Use Tax, rather than Retailers' Occupation Tax or Use Tax.

31 (f) Until July 1, 2003 and beginning again on July 1, 2004,
32 the sale or transfer of distillation machinery and equipment,
33 sold as a unit or kit and assembled or installed by the
34 retailer, which machinery and equipment is certified by the
35 user to be used only for the production of ethyl alcohol that
36 will be used for consumption as motor fuel or as a component of

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

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

22 Tangible personal property transferred incident to the
23 completion of a maintenance agreement is exempt from the tax
24 imposed pursuant to this Act.

25 Exemption (e) also includes machinery and equipment used in
26 the general maintenance or repair of such exempt machinery and
27 equipment or for in-house manufacture of exempt machinery and
28 equipment. For the purposes of exemption (e), each of these
29 terms shall have the following meanings: (1) "manufacturing
30 process" shall mean the production of any article of tangible
31 personal property, whether such article is a finished product
32 or an article for use in the process of manufacturing or
33 assembling a different article of tangible personal property,
34 by procedures commonly regarded as manufacturing, processing,
35 fabricating, or refining which changes some existing material
36 or materials into a material with a different form, use or

1 name. In relation to a recognized integrated business composed
2 of a series of operations which collectively constitute
3 manufacturing, or individually constitute manufacturing
4 operations, the manufacturing process shall be deemed to
5 commence with the first operation or stage of production in the
6 series, and shall not be deemed to end until the completion of
7 the final product in the last operation or stage of production
8 in the series; and further for purposes of exemption (e),
9 photoprocessing is deemed to be a manufacturing process of
10 tangible personal property for wholesale or retail sale; (2)
11 "assembling process" shall mean the production of any article
12 of tangible personal property, whether such article is a
13 finished product or an article for use in the process of
14 manufacturing or assembling a different article of tangible
15 personal property, by the combination of existing materials in
16 a manner commonly regarded as assembling which results in a
17 material of a different form, use or name; (3) "machinery"
18 shall mean major mechanical machines or major components of
19 such machines contributing to a manufacturing or assembling
20 process; and (4) "equipment" shall include any independent
21 device or tool separate from any machinery but essential to an
22 integrated manufacturing or assembly process; including
23 computers used primarily in a manufacturer's computer assisted
24 design, computer assisted manufacturing (CAD/CAM) system; or
25 any subunit or assembly comprising a component of any machinery
26 or auxiliary, adjunct or attachment parts of machinery, such as
27 tools, dies, jigs, fixtures, patterns and molds; or any parts
28 which require periodic replacement in the course of normal
29 operation; but shall not include hand tools. Equipment includes
30 chemicals or chemicals acting as catalysts but only if the
31 chemicals or chemicals acting as catalysts effect a direct and
32 immediate change upon a product being manufactured or assembled
33 for wholesale or retail sale or lease. The purchaser of such
34 machinery and equipment who has an active resale registration
35 number shall furnish such number to the seller at the time of
36 purchase. The purchaser of such machinery and equipment and

1 tools without an active resale registration number shall
2 furnish to the seller a certificate of exemption for each
3 transaction stating facts establishing the exemption for that
4 transaction, which certificate shall be available to the
5 Department for inspection or audit.

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

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

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

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

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

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

36 (Source: P.A. 92-484, eff. 8-23-01; 93-23, eff. 6-20-03; 93-24,

1 eff. 6-20-03; revised 8-21-03.)

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

3 Sec. 2a. "Pollution control facilities" means any system,
4 method, construction, device or appliance appurtenant thereto
5 transferred by a serviceman for the primary purpose of
6 eliminating, preventing, or reducing air and water pollution as
7 the term "air pollution" or "water pollution" is defined in the
8 "Environmental Protection Act", enacted by the 76th General
9 Assembly, or for the primary purpose of treating, pretreating,
10 modifying or disposing of any potential solid, liquid or
11 gaseous pollutant which if released without such treatment,
12 pretreatment, modification or disposal might be harmful,
13 detrimental or offensive to human, plant or animal life, or to
14 property.

15 Until July 1, 2003 and beginning again on July 1, 2004, the
16 purchase, employment and transfer of such tangible personal
17 property as pollution control facilities shall not be deemed to
18 be a purchase, use or sale of service or of tangible personal
19 property, but shall be deemed to be intangible personal
20 property.

21 (Source: P.A. 93-24, eff. 6-20-03.)

22 (35 ILCS 115/3-5) (from Ch. 120, par. 439.103-5)

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

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

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

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

16 (4) 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 (5) Until July 1, 2003 and beginning again on July 1, 2004,
21 graphic arts machinery and equipment, including repair and
22 replacement parts, both new and used, and including that
23 manufactured on special order or purchased for lease, certified
24 by the purchaser to be used primarily for graphic arts
25 production. Equipment includes chemicals or chemicals acting
26 as catalysts but only if the chemicals or chemicals acting as
27 catalysts effect a direct and immediate change upon a graphic
28 arts product.

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

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

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

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

31 (8) Fuel and petroleum products sold to or used by an air
32 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 or
35 returning from a location or locations outside the United
36 States without regard to previous or subsequent domestic

1 stopovers.

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

10 (10) Until July 1, 2003 and beginning again on July 1,
11 2004, oil field exploration, drilling, and production
12 equipment, including (i) rigs and parts of rigs, rotary rigs,
13 cable tool rigs, and workover rigs, (ii) pipe and tubular
14 goods, including casing and drill strings, (iii) pumps and
15 pump-jack units, (iv) storage tanks and flow lines, (v) any
16 individual replacement part for oil field exploration,
17 drilling, and production equipment, and (vi) machinery and
18 equipment purchased for lease; but excluding motor vehicles
19 required to be registered under the Illinois Vehicle Code.

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

25 (12) Until July 1, 2003 and beginning again on July 1,
26 2004, coal exploration, mining, offhighway hauling,
27 processing, maintenance, and reclamation equipment, including
28 replacement parts and equipment, and including equipment
29 purchased for lease, but excluding motor vehicles required to
30 be registered under the Illinois Vehicle Code.

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

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

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

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

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

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

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

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

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

19 (21) 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
27 educational purposes" means all tax-supported public schools,
28 private schools that offer systematic instruction in useful
29 branches of learning by methods common to public schools and
30 that compare favorably in their scope and intensity with the
31 course of study presented in tax-supported schools, and
32 vocational or technical schools or institutes organized and
33 operated exclusively to provide a course of study of not less
34 than 6 weeks duration and designed to prepare individuals to
35 follow a trade or to pursue a manual, technical, mechanical,
36 industrial, business, or commercial occupation.

1 (22) 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 3-55.

15 (23) 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, and beginning again
20 on July 1, 2004, machines and parts for machines used in
21 commercial, coin-operated amusement and vending business if a
22 use or occupation tax is paid on the gross receipts derived
23 from the use of the commercial, coin-operated amusement and
24 vending machines. This paragraph is exempt from the provisions
25 of Section 3-55.

26 (24) Beginning on the effective date of this amendatory Act
27 of the 92nd General Assembly, computers and communications
28 equipment utilized for any hospital purpose and equipment used
29 in the diagnosis, analysis, or treatment of hospital patients
30 sold to a lessor who leases the equipment, under a lease of one
31 year or longer executed or in effect at the time of the
32 purchase, to a hospital that has been issued an active tax
33 exemption identification number by the Department under
34 Section 1g of the Retailers' Occupation Tax Act. This paragraph
35 is exempt from the provisions of Section 3-55.

36 (25) Beginning on the effective date of this amendatory Act

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

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

30 (Source: P.A. 92-16, eff. 6-28-01; 92-35, eff. 7-1-01; 92-227,
31 eff. 8-2-01; 92-337, eff. 8-10-01; 92-484, eff. 8-23-01;
32 92-488, eff. 8-23-01; 92-651, eff. 7-11-02; 93-24, eff.
33 6-20-03.)

34 (35 ILCS 115/3-7)

35 Sec. 3-7. Aggregate manufacturing exemption. Through June

1 30, 2003 and beginning again on July 1, 2004, aggregate
2 exploration, mining, offhighway hauling, processing,
3 maintenance, and reclamation equipment, including replacement
4 parts and equipment, and including equipment purchased for
5 lease, but excluding motor vehicles required to be registered
6 under the Illinois Vehicle Code, is exempt from the tax imposed
7 by this Act.

8 (Source: P.A. 92-603, eff. 6-28-02; 93-24, eff. 6-20-03.)

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

10 Sec. 9. Each serviceman required or authorized to collect
11 the tax herein imposed shall pay to the Department the amount
12 of such tax at the time when he is required to file his return
13 for the period during which such tax was collectible, less a
14 discount of 2.1% prior to January 1, 1990, and 1.75% on and
15 after January 1, 1990, or \$5 per calendar year, whichever is
16 greater, which is allowed to reimburse the serviceman for
17 expenses incurred in collecting the tax, keeping records,
18 preparing and filing returns, remitting the tax and supplying
19 data to the Department on request.

20 Where such tangible personal property is sold under a
21 conditional sales contract, or under any other form of sale
22 wherein the payment of the principal sum, or a part thereof, is
23 extended beyond the close of the period for which the return is
24 filed, the serviceman, in collecting the tax may collect, for
25 each tax return period, only the tax applicable to the part of
26 the selling price actually received during such tax return
27 period.

28 Except as provided hereinafter in this Section, on or
29 before the twentieth day of each calendar month, such
30 serviceman shall file a return for the preceding calendar month
31 in accordance with reasonable rules and regulations to be
32 promulgated by the Department of Revenue. Such return shall be
33 filed on a form prescribed by the Department and shall contain
34 such information as the Department may reasonably require.

35 The Department may require returns to be filed on a

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

7 1. The name of the seller;

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

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

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

16 5. The amount of tax due;

17 5-5. The signature of the taxpayer; and

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

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

24 ~~A Prior to October 1, 2003,~~ a serviceman may accept a
25 Manufacturer's Purchase Credit certification from a purchaser
26 in satisfaction of Service Use Tax as provided in Section 3-70
27 of the Service Use Tax Act if the purchaser provides the
28 appropriate documentation as required by Section 3-70 of the
29 Service Use Tax Act. A Manufacturer's Purchase Credit
30 certification, accepted ~~prior to October 1, 2003~~ by a
31 serviceman as provided in Section 3-70 of the Service Use Tax
32 Act, may be used by that serviceman to satisfy Service
33 Occupation Tax liability in the amount claimed in the
34 certification, not to exceed 6.25% of the receipts subject to
35 tax from a qualifying purchase. ~~A Manufacturer's Purchase
36 Credit reported on any original or amended return filed under~~

1 ~~this Act after October 20, 2003 shall be disallowed. No~~
2 ~~Manufacturer's Purchase Credit may be used after September 30,~~
3 ~~2003 to satisfy any tax liability imposed under this Act,~~
4 ~~including any audit liability.~~

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

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

19 Such quarter annual and annual returns, as to form and
20 substance, shall be subject to the same requirements as monthly
21 returns.

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

29 Beginning October 1, 1993, a taxpayer who has an average
30 monthly tax liability of \$150,000 or more shall make all
31 payments required by rules of the Department by electronic
32 funds transfer. Beginning October 1, 1994, a taxpayer who has
33 an average monthly tax liability of \$100,000 or more shall make
34 all payments required by rules of the Department by electronic
35 funds transfer. Beginning October 1, 1995, a taxpayer who has
36 an average monthly tax liability of \$50,000 or more shall make

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

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

23 Any taxpayer not required to make payments by electronic
24 funds transfer may make payments by electronic funds transfer
25 with the permission of the Department.

26 All taxpayers required to make payment by electronic funds
27 transfer and any taxpayers authorized to voluntarily make
28 payments by electronic funds transfer shall make those payments
29 in the manner authorized by the Department.

30 The Department shall adopt such rules as are necessary to
31 effectuate a program of electronic funds transfer and the
32 requirements of this Section.

33 Where a serviceman collects the tax with respect to the
34 selling price of tangible personal property which he sells and
35 the purchaser thereafter returns such tangible personal
36 property and the serviceman refunds the selling price thereof

1 to the purchaser, such serviceman shall also refund, to the
2 purchaser, the tax so collected from the purchaser. When filing
3 his return for the period in which he refunds such tax to the
4 purchaser, the serviceman may deduct the amount of the tax so
5 refunded by him to the purchaser from any other Service
6 Occupation Tax, Service Use Tax, Retailers' Occupation Tax or
7 Use Tax which such serviceman may be required to pay or remit
8 to the Department, as shown by such return, provided that the
9 amount of the tax to be deducted shall previously have been
10 remitted to the Department by such serviceman. If the
11 serviceman shall not previously have remitted the amount of
12 such tax to the Department, he shall be entitled to no
13 deduction hereunder upon refunding such tax to the purchaser.

14 If experience indicates such action to be practicable, the
15 Department may prescribe and furnish a combination or joint
16 return which will enable servicemen, who are required to file
17 returns hereunder and also under the Retailers' Occupation Tax
18 Act, the Use Tax Act or the Service Use Tax Act, to furnish all
19 the return information required by all said Acts on the one
20 form.

21 Where the serviceman has more than one business registered
22 with the Department under separate registrations hereunder,
23 such serviceman shall file separate returns for each registered
24 business.

25 Beginning January 1, 1990, each month the Department shall
26 pay into the Local Government Tax Fund the revenue realized for
27 the preceding month from the 1% tax on sales of food for human
28 consumption which is to be consumed off the premises where it
29 is sold (other than alcoholic beverages, soft drinks and food
30 which has been prepared for immediate consumption) and
31 prescription and nonprescription medicines, drugs, medical
32 appliances and insulin, urine testing materials, syringes and
33 needles used by diabetics.

34 Beginning January 1, 1990, each month the Department shall
35 pay into the County and Mass Transit District Fund 4% of the
36 revenue realized for the preceding month from the 6.25% general

1 rate.

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

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

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

14 Of the remainder of the moneys received by the Department
15 pursuant to this Act, (a) 1.75% thereof shall be paid into the
16 Build Illinois Fund and (b) prior to July 1, 1989, 2.2% and on
17 and after July 1, 1989, 3.8% thereof shall be paid into the
18 Build Illinois Fund; provided, however, that if in any fiscal
19 year the sum of (1) the aggregate of 2.2% or 3.8%, as the case
20 may be, of the moneys received by the Department and required
21 to be paid into the Build Illinois Fund pursuant to Section 3
22 of the Retailers' Occupation Tax Act, Section 9 of the Use Tax
23 Act, Section 9 of the Service Use Tax Act, and Section 9 of the
24 Service Occupation Tax Act, such Acts being hereinafter called
25 the "Tax Acts" and such aggregate of 2.2% or 3.8%, as the case
26 may be, of moneys being hereinafter called the "Tax Act
27 Amount", and (2) the amount transferred to the Build Illinois
28 Fund from the State and Local Sales Tax Reform Fund shall be
29 less than the Annual Specified Amount (as defined in Section 3
30 of the Retailers' Occupation Tax Act), an amount equal to the
31 difference shall be immediately paid into the Build Illinois
32 Fund from other moneys received by the Department pursuant to
33 the Tax Acts; and further provided, that if on the last
34 business day of any month the sum of (1) the Tax Act Amount
35 required to be deposited into the Build Illinois Account in the
36 Build Illinois Fund during such month and (2) the amount

1 transferred during such month to the Build Illinois Fund from
2 the State and Local Sales Tax Reform Fund shall have been less
3 than 1/12 of the Annual Specified Amount, an amount equal to
4 the difference shall be immediately paid into the Build
5 Illinois Fund from other moneys received by the Department
6 pursuant to the Tax Acts; and, further provided, that in no
7 event shall the payments required under the preceding proviso
8 result in aggregate payments into the Build Illinois Fund
9 pursuant to this clause (b) for any fiscal year in excess of
10 the greater of (i) the Tax Act Amount or (ii) the Annual
11 Specified Amount for such fiscal year; and, further provided,
12 that the amounts payable into the Build Illinois Fund under
13 this clause (b) shall be payable only until such time as the
14 aggregate amount on deposit under each trust indenture securing
15 Bonds issued and outstanding pursuant to the Build Illinois
16 Bond Act is sufficient, taking into account any future
17 investment income, to fully provide, in accordance with such
18 indenture, for the defeasance of or the payment of the
19 principal of, premium, if any, and interest on the Bonds
20 secured by such indenture and on any Bonds expected to be
21 issued thereafter and all fees and costs payable with respect
22 thereto, all as certified by the Director of the Bureau of the
23 Budget (now Governor's Office of Management and Budget). If on
24 the last business day of any month in which Bonds are
25 outstanding pursuant to the Build Illinois Bond Act, the
26 aggregate of the moneys deposited in the Build Illinois Bond
27 Account in the Build Illinois Fund in such month shall be less
28 than the amount required to be transferred in such month from
29 the Build Illinois Bond Account to the Build Illinois Bond
30 Retirement and Interest Fund pursuant to Section 13 of the
31 Build Illinois Bond Act, an amount equal to such deficiency
32 shall be immediately paid from other moneys received by the
33 Department pursuant to the Tax Acts to the Build Illinois Fund;
34 provided, however, that any amounts paid to the Build Illinois
35 Fund in any fiscal year pursuant to this sentence shall be
36 deemed to constitute payments pursuant to clause (b) of the

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

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

	Fiscal Year	Total Deposit
19		
20	1993	\$0
21	1994	53,000,000
22	1995	58,000,000
23	1996	61,000,000
24	1997	64,000,000
25	1998	68,000,000
26	1999	71,000,000
27	2000	75,000,000
28	2001	80,000,000
29	2002	93,000,000
30	2003	99,000,000
31	2004	103,000,000
32	2005	108,000,000
33	2006	113,000,000
34	2007	119,000,000
35	2008	126,000,000

1	2009	132,000,000
2	2010	139,000,000
3	2011	146,000,000
4	2012	153,000,000
5	2013	161,000,000
6	2014	170,000,000
7	2015	179,000,000
8	2016	189,000,000
9	2017	199,000,000
10	2018	210,000,000
11	2019	221,000,000
12	2020	233,000,000
13	2021	246,000,000
14	2022	260,000,000
15	2023 and	275,000,000

16 each fiscal year
 17 thereafter that bonds
 18 are outstanding under
 19 Section 13.2 of the
 20 Metropolitan Pier and
 21 Exposition Authority Act,
 22 but not after fiscal year 2042.

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

36 Subject to payment of amounts into the Build Illinois Fund

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

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

21 Remaining moneys received by the Department pursuant to
22 this Act shall be paid into the General Revenue Fund of the
23 State Treasury.

24 The Department may, upon separate written notice to a
25 taxpayer, require the taxpayer to prepare and file with the
26 Department on a form prescribed by the Department within not
27 less than 60 days after receipt of the notice an annual
28 information return for the tax year specified in the notice.
29 Such annual return to the Department shall include a statement
30 of gross receipts as shown by the taxpayer's last Federal
31 income tax return. If the total receipts of the business as
32 reported in the Federal income tax return do not agree with the
33 gross receipts reported to the Department of Revenue for the
34 same period, the taxpayer shall attach to his annual return a
35 schedule showing a reconciliation of the 2 amounts and the
36 reasons for the difference. The taxpayer's annual return to the

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

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

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

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

24 The chief executive officer, proprietor, owner or highest
25 ranking manager shall sign the annual return to certify the
26 accuracy of the information contained therein. Any person who
27 willfully signs the annual return containing false or
28 inaccurate information shall be guilty of perjury and punished
29 accordingly. The annual return form prescribed by the
30 Department shall include a warning that the person signing the
31 return may be liable for perjury.

32 The foregoing portion of this Section concerning the filing
33 of an annual information return shall not apply to a serviceman
34 who is not required to file an income tax return with the
35 United States Government.

36 As soon as possible after the first day of each month, upon

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

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

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

19 (Source: P.A. 92-12, eff. 7-1-01; 92-208, eff. 8-2-01; 92-492,
20 eff. 1-1-02; 92-600, eff. 6-28-02; 92-651, eff. 7-11-02; 93-24,
21 eff. 6-20-03; revised 10-15-03.)

22 Section 20. The Retailers' Occupation Tax Act is amended by
23 changing Sections 1a, 2-5, 2-7, and 3 as follows:

24 (35 ILCS 120/1a) (from Ch. 120, par. 440a)

25 Sec. 1a. "Pollution control facilities" means any system,
26 method, construction, device or appliance appurtenant thereto
27 sold or used or intended for the primary purpose of
28 eliminating, preventing, or reducing air and water pollution as
29 the term "air pollution" or "water pollution" is defined in the
30 "Environmental Protection Act", enacted by the 76th General
31 Assembly, or for the primary purpose of treating, pretreating,
32 modifying or disposing of any potential solid, liquid or
33 gaseous pollutant which if released without such treatment,
34 pretreatment, modification or disposal might be harmful,

1 detrimental or offensive to human, plant or animal life, or to
2 property.

3 Until July 1, 2003 and beginning again on July 1, 2004, the
4 purchase, employment and transfer of such tangible personal
5 property as pollution control facilities is not a purchase, use
6 or sale of tangible personal property.

7 (Source: P.A. 93-24, eff. 6-20-03.)

8 (35 ILCS 120/2-5) (from Ch. 120, par. 441-5)

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

12 (1) Farm chemicals.

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

32 Farm machinery and equipment shall include precision
33 farming equipment that is installed or purchased to be
34 installed on farm machinery and equipment including, but not
35 limited to, tractors, harvesters, sprayers, planters, seeders,

1 or spreaders. Precision farming equipment includes, but is not
2 limited to, soil testing sensors, computers, monitors,
3 software, global positioning and mapping systems, and other
4 such equipment.

5 Farm machinery and equipment also includes computers,
6 sensors, software, and related equipment used primarily in the
7 computer-assisted operation of production agriculture
8 facilities, equipment, and activities such as, but not limited
9 to, the collection, monitoring, and correlation of animal and
10 crop data for the purpose of formulating animal diets and
11 agricultural chemicals. This item (7) is exempt from the
12 provisions of Section 2-70.

13 (3) Until July 1, 2003 and beginning again on July 1, 2004,
14 distillation machinery and equipment, sold as a unit or kit,
15 assembled or installed by the retailer, certified by the user
16 to be used only for the production of ethyl alcohol that will
17 be used for consumption as motor fuel or as a component of
18 motor fuel for the personal use of the user, and not subject to
19 sale or resale.

20 (4) Until July 1, 2003 and beginning again on July 1, 2004,
21 graphic arts machinery and equipment, including repair and
22 replacement parts, both new and used, and including that
23 manufactured on special order or purchased for lease, certified
24 by the purchaser to be used primarily for graphic arts
25 production. Equipment includes chemicals or chemicals acting
26 as catalysts but only if the chemicals or chemicals acting as
27 catalysts effect a direct and immediate change upon a graphic
28 arts product.

29 (5) A motor vehicle of the first division, a motor vehicle
30 of the second division that is a self-contained motor vehicle
31 designed or permanently converted to provide living quarters
32 for recreational, camping, or travel use, with direct walk
33 through access to the living quarters from the driver's seat,
34 or a motor vehicle of the second division that is of the van
35 configuration designed for the transportation of not less than
36 7 nor more than 16 passengers, as defined in Section 1-146 of

1 the Illinois Vehicle Code, that is used for automobile renting,
2 as defined in the Automobile Renting Occupation and Use Tax
3 Act.

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

7 (7) Until July 1, 2003 and beginning again on July 1, 2004,
8 proceeds of that portion of the selling price of a passenger
9 car the sale of which is subject to the Replacement Vehicle
10 Tax.

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

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

29 (10) Personal property sold by a corporation, society,
30 association, foundation, institution, or organization, other
31 than a limited liability company, that is organized and
32 operated as a not-for-profit service enterprise for the benefit
33 of persons 65 years of age or older if the personal property
34 was not purchased by the enterprise for the purpose of resale
35 by the enterprise.

36 (11) Personal property sold to a governmental body, to a

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

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

23 (12-5) On and after July 1, 2003, motor vehicles of the
24 second division with a gross vehicle weight in excess of 8,000
25 pounds that are subject to the commercial distribution fee
26 imposed under Section 3-815.1 of the Illinois Vehicle Code.
27 This exemption applies to repair and replacement parts added
28 after the initial purchase of such a motor vehicle if that
29 motor vehicle is used in a manner that would qualify for the
30 rolling stock exemption otherwise provided for in this Act.

31 (13) Proceeds from sales to owners, lessors, or shippers of
32 tangible personal property that is utilized by interstate
33 carriers for hire for use as rolling stock moving in interstate
34 commerce and equipment operated by a telecommunications
35 provider, licensed as a common carrier by the Federal
36 Communications Commission, which is permanently installed in

1 or affixed to aircraft moving in 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 some
7 other person, whether the materials used in the process are
8 owned by the manufacturer or some other person, or whether the
9 sale or lease is made apart from or as an incident to the
10 seller's engaging in the service occupation of producing
11 machines, tools, dies, jigs, patterns, gauges, or other similar
12 items of no commercial value on special order for a particular
13 purchaser.

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

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

24 (17) Tangible personal property sold to a common carrier by
25 rail or motor that receives the physical possession of the
26 property in Illinois and that transports the property, or
27 shares with another common carrier in the transportation of the
28 property, out of Illinois on a standard uniform bill of lading
29 showing the seller of the property as the shipper or consignor
30 of the property to a destination outside Illinois, for use
31 outside Illinois.

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

36 (19) Until July 1 2003 and beginning again on July 1, 2004,

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

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

15 (21) Until July 1, 2003 and beginning again on July 1,
16 2004, coal exploration, mining, offhighway hauling,
17 processing, maintenance, and reclamation equipment, including
18 replacement parts and equipment, and including equipment
19 purchased for lease, but excluding motor vehicles required to
20 be registered under the Illinois Vehicle Code.

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

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

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

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

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

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

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

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

33 (30) Beginning with taxable years ending on or after
34 December 31, 1995 and ending with taxable years ending on or
35 before December 31, 2004, personal property that is donated for
36 disaster relief to be used in a State or federally declared

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

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

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

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

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

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

21 (35) Beginning January 1, 2000 and through December 31,
22 2001, new or used automatic vending machines that prepare and
23 serve hot food and beverages, including coffee, soup, and other
24 items, and replacement parts for these machines. Beginning
25 January 1, 2002 and through June 30, 2003, and beginning again
26 on July 1, 2004, machines and parts for machines used in
27 commercial, coin-operated amusement and vending business if a
28 use or occupation tax is paid on the gross receipts derived
29 from the use of the commercial, coin-operated amusement and
30 vending machines. This paragraph is exempt from the provisions
31 of Section 2-70.

32 (35-5) Food for human consumption that is to be consumed
33 off the premises where it is sold (other than alcoholic
34 beverages, soft drinks, and food that has been prepared for
35 immediate consumption) and prescription and nonprescription
36 medicines, drugs, medical appliances, and insulin, urine

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

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

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

22 (38) Beginning on January 1, 2002, tangible personal
23 property purchased from an Illinois retailer by a taxpayer
24 engaged in centralized purchasing activities in Illinois who
25 will, upon receipt of the property in Illinois, temporarily
26 store the property in Illinois (i) for the purpose of
27 subsequently transporting it outside this State for use or
28 consumption thereafter solely outside this State or (ii) for
29 the purpose of being processed, fabricated, or manufactured
30 into, attached to, or incorporated into other tangible personal
31 property to be transported outside this State and thereafter
32 used or consumed solely outside this State. The Director of
33 Revenue shall, pursuant to rules adopted in accordance with the
34 Illinois Administrative Procedure Act, issue a permit to any
35 taxpayer in good standing with the Department who is eligible
36 for the exemption under this paragraph (38). The permit issued

1 under this paragraph (38) shall authorize the holder, to the
2 extent and in the manner specified in the rules adopted under
3 this Act, to purchase tangible personal property from a
4 retailer exempt from the taxes imposed by this Act. Taxpayers
5 shall maintain all necessary books and records to substantiate
6 the use and consumption of all such tangible personal property
7 outside of the State of Illinois.

8 (Source: P.A. 92-16, eff. 6-28-01; 92-35, eff. 7-1-01; 92-227,
9 eff. 8-2-01; 92-337, eff. 8-10-01; 92-484, eff. 8-23-01;
10 92-488, eff. 8-23-01; 92-651, eff. 7-11-02; 92-680, eff.
11 7-16-02; 93-23, eff. 6-20-03; 93-24, eff. 6-20-03; revised
12 9-11-03.)

13 (35 ILCS 120/2-7)

14 Sec. 2-7. Aggregate manufacturing exemption. Through June
15 30, 2003 and beginning again on July 1, 2004, gross receipts
16 from proceeds from the sale of aggregate exploration, mining,
17 offhighway hauling, processing, maintenance, and reclamation
18 equipment, including replacement parts and equipment, and
19 including equipment purchased for lease, but excluding motor
20 vehicles required to be registered under the Illinois Vehicle
21 Code, are exempt from the tax imposed by this Act.

22 (Source: P.A. 92-603, eff. 6-28-02; 93-24, eff. 6-20-03.)

23 (35 ILCS 120/3) (from Ch. 120, par. 442)

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

29 1. The name of the seller;

30 2. His residence address and the address of his
31 principal place of business and the address of the
32 principal place of business (if that is a different
33 address) from which he engages in the business of selling
34 tangible personal property at retail in this State;

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

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

11 5. Deductions allowed by law;

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

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

17 8. The amount of tax due;

18 9. The signature of the taxpayer; and

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

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

25 Each return shall be accompanied by the statement of
26 prepaid tax issued pursuant to Section 2e for which credit is
27 claimed.

28 ~~A Prior to October 1, 2003,~~ a retailer may accept a
29 Manufacturer's Purchase Credit certification from a purchaser
30 in satisfaction of Use Tax as provided in Section 3-85 of the
31 Use Tax Act if the purchaser provides the appropriate
32 documentation as required by Section 3-85 of the Use Tax Act. A
33 Manufacturer's Purchase Credit certification, accepted by a
34 retailer ~~prior to October 1, 2003~~ as provided in Section 3-85
35 of the Use Tax Act, may be used by that retailer to satisfy
36 Retailers' Occupation Tax liability in the amount claimed in

1 the certification, not to exceed 6.25% of the receipts subject
2 to tax from a qualifying purchase. ~~A Manufacturer's Purchase
3 Credit reported on any original or amended return filed under
4 this Act after October 20, 2003 shall be disallowed. No
5 Manufacturer's Purchase Credit may be used after September 30,
6 2003 to satisfy any tax liability imposed under this Act,
7 including any audit liability.~~

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

15 1. The name of the seller;

16 2. The address of the principal place of business from
17 which he engages in the business of selling tangible
18 personal property at retail in this State;

19 3. The total amount of taxable receipts received by him
20 during the preceding calendar month from sales of tangible
21 personal property by him during such preceding calendar
22 month, including receipts from charge and time sales, but
23 less all deductions allowed by law;

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

26 5. The amount of tax due; and

27 6. Such other reasonable information as the Department
28 may require.

29 Beginning on October 1, 2003, any person who is not a
30 licensed distributor, importing distributor, or manufacturer,
31 as defined in the Liquor Control Act of 1934, but is engaged in
32 the business of selling, at retail, alcoholic liquor shall file
33 a statement with the Department of Revenue, in a format and at
34 a time prescribed by the Department, showing the total amount
35 paid for alcoholic liquor purchased during the preceding month
36 and such other information as is reasonably required by the

1 Department. The Department may adopt rules to require that this
2 statement be filed in an electronic or telephonic format. Such
3 rules may provide for exceptions from the filing requirements
4 of this paragraph. For the purposes of this paragraph, the term
5 "alcoholic liquor" shall have the meaning prescribed in the
6 Liquor Control Act of 1934.

7 Beginning on October 1, 2003, every distributor, importing
8 distributor, and manufacturer of alcoholic liquor as defined in
9 the Liquor Control Act of 1934, shall file a statement with the
10 Department of Revenue, no later than the 10th day of the month
11 for the preceding month during which transactions occurred, by
12 electronic means, showing the total amount of gross receipts
13 from the sale of alcoholic liquor sold or distributed during
14 the preceding month to purchasers; identifying the purchaser to
15 whom it was sold or distributed; the purchaser's tax
16 registration number; and such other information reasonably
17 required by the Department. A copy of the monthly statement
18 shall be sent to the retailer no later than the 10th day of the
19 month for the preceding month during which transactions
20 occurred.

21 If a total amount of less than \$1 is payable, refundable or
22 creditable, such amount shall be disregarded if it is less than
23 50 cents and shall be increased to \$1 if it is 50 cents or more.

24 Beginning October 1, 1993, a taxpayer who has an average
25 monthly tax liability of \$150,000 or more shall make all
26 payments required by rules of the Department by electronic
27 funds transfer. Beginning October 1, 1994, a taxpayer who has
28 an average monthly tax liability of \$100,000 or more shall make
29 all payments required by rules of the Department by electronic
30 funds transfer. Beginning October 1, 1995, a taxpayer who has
31 an average monthly tax liability of \$50,000 or more shall make
32 all payments required by rules of the Department by electronic
33 funds transfer. Beginning October 1, 2000, a taxpayer who has
34 an annual tax liability of \$200,000 or more shall make all
35 payments required by rules of the Department by electronic
36 funds transfer. The term "annual tax liability" shall be the

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

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

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

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

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

28 Any amount which is required to be shown or reported on any
29 return or other document under this Act shall, if such amount
30 is not a whole-dollar amount, be increased to the nearest
31 whole-dollar amount in any case where the fractional part of a
32 dollar is 50 cents or more, and decreased to the nearest
33 whole-dollar amount where the fractional part of a dollar is
34 less than 50 cents.

35 If the retailer is otherwise required to file a monthly
36 return and if the retailer's average monthly tax liability to

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

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

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

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

26 Where the same person has more than one business registered
27 with the Department under separate registrations under this
28 Act, such person may not file each return that is due as a
29 single return covering all such registered businesses, but
30 shall file separate returns for each such registered business.

31 In addition, with respect to motor vehicles, watercraft,
32 aircraft, and trailers that are required to be registered with
33 an agency of this State, every retailer selling this kind of
34 tangible personal property shall file, with the Department,
35 upon a form to be prescribed and supplied by the Department, a
36 separate return for each such item of tangible personal

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

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

26 The transaction reporting return, in the case of motor
27 vehicles or trailers that are required to be registered with an
28 agency of this State, shall be the same document as the Uniform
29 Invoice referred to in Section 5-402 of The Illinois Vehicle
30 Code and must show the name and address of the seller; the name
31 and address of the purchaser; the amount of the selling price
32 including the amount allowed by the retailer for traded-in
33 property, if any; the amount allowed by the retailer for the
34 traded-in tangible personal property, if any, to the extent to
35 which Section 1 of this Act allows an exemption for the value
36 of traded-in property; the balance payable after deducting such

1 trade-in allowance from the total selling price; the amount of
2 tax due from the retailer with respect to such transaction; the
3 amount of tax collected from the purchaser by the retailer on
4 such transaction (or satisfactory evidence that such tax is not
5 due in that particular instance, if that is claimed to be the
6 fact); the place and date of the sale; a sufficient
7 identification of the property sold; such other information as
8 is required in Section 5-402 of The Illinois Vehicle Code, and
9 such other information as the Department may reasonably
10 require.

11 The transaction reporting return in the case of watercraft
12 or aircraft must show the name and address of the seller; the
13 name and address of the purchaser; the amount of the selling
14 price including the amount allowed by the retailer for
15 traded-in property, if any; the amount allowed by the retailer
16 for the traded-in tangible personal property, if any, to the
17 extent to which Section 1 of this Act allows an exemption for
18 the value of traded-in property; the balance payable after
19 deducting such trade-in allowance from the total selling price;
20 the amount of tax due from the retailer with respect to such
21 transaction; the amount of tax collected from the purchaser by
22 the retailer on such transaction (or satisfactory evidence that
23 such tax is not due in that particular instance, if that is
24 claimed to be the fact); the place and date of the sale, a
25 sufficient identification of the property sold, and such other
26 information as the Department may reasonably require.

27 Such transaction reporting return shall be filed not later
28 than 20 days after the day of delivery of the item that is
29 being sold, but may be filed by the retailer at any time sooner
30 than that if he chooses to do so. The transaction reporting
31 return and tax remittance or proof of exemption from the
32 Illinois use tax may be transmitted to the Department by way of
33 the State agency with which, or State officer with whom the
34 tangible personal property must be titled or registered (if
35 titling or registration is required) if the Department and such
36 agency or State officer determine that this procedure will

1 expedite the processing of applications for title or
2 registration.

3 With each such transaction reporting return, the retailer
4 shall remit the proper amount of tax due (or shall submit
5 satisfactory evidence that the sale is not taxable if that is
6 the case), to the Department or its agents, whereupon the
7 Department shall issue, in the purchaser's name, a use tax
8 receipt (or a certificate of exemption if the Department is
9 satisfied that the particular sale is tax exempt) which such
10 purchaser may submit to the agency with which, or State officer
11 with whom, he must title or register the tangible personal
12 property that is involved (if titling or registration is
13 required) in support of such purchaser's application for an
14 Illinois certificate or other evidence of title or registration
15 to such tangible personal property.

16 No retailer's failure or refusal to remit tax under this
17 Act precludes a user, who has paid the proper tax to the
18 retailer, from obtaining his certificate of title or other
19 evidence of title or registration (if titling or registration
20 is required) upon satisfying the Department that such user has
21 paid the proper tax (if tax is due) to the retailer. The
22 Department shall adopt appropriate rules to carry out the
23 mandate of this paragraph.

24 If the user who would otherwise pay tax to the retailer
25 wants the transaction reporting return filed and the payment of
26 the tax or proof of exemption made to the Department before the
27 retailer is willing to take these actions and such user has not
28 paid the tax to the retailer, such user may certify to the fact
29 of such delay by the retailer and may (upon the Department
30 being satisfied of the truth of such certification) transmit
31 the information required by the transaction reporting return
32 and the remittance for tax or proof of exemption directly to
33 the Department and obtain his tax receipt or exemption
34 determination, in which event the transaction reporting return
35 and tax remittance (if a tax payment was required) shall be
36 credited by the Department to the proper retailer's account

1 with the Department, but without the 2.1% or 1.75% discount
2 provided for in this Section being allowed. When the user pays
3 the tax directly to the Department, he shall pay the tax in the
4 same amount and in the same form in which it would be remitted
5 if the tax had been remitted to the Department by the retailer.

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

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

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

22 Except as provided in this Section, the retailer filing the
23 return under this Section shall, at the time of filing such
24 return, pay to the Department the amount of tax imposed by this
25 Act less a discount of 2.1% prior to January 1, 1990 and 1.75%
26 on and after January 1, 1990, or \$5 per calendar year,
27 whichever is greater, which is allowed to reimburse the
28 retailer for the expenses incurred in keeping records,
29 preparing and filing returns, remitting the tax and supplying
30 data to the Department on request. Any prepayment made pursuant
31 to Section 2d of this Act shall be included in the amount on
32 which such 2.1% or 1.75% discount is computed. In the case of
33 retailers who report and pay the tax on a transaction by
34 transaction basis, as provided in this Section, such discount
35 shall be taken with each such tax remittance instead of when
36 such retailer files his periodic return.

1 Before October 1, 2000, if the taxpayer's average monthly
2 tax liability to the Department under this Act, the Use Tax
3 Act, the Service Occupation Tax Act, and the Service Use Tax
4 Act, excluding any liability for prepaid sales tax to be
5 remitted in accordance with Section 2d of this Act, was \$10,000
6 or more during the preceding 4 complete calendar quarters, he
7 shall file a return with the Department each month by the 20th
8 day of the month next following the month during which such tax
9 liability is incurred and shall make payments to the Department
10 on or before the 7th, 15th, 22nd and last day of the month
11 during which such liability is incurred. On and after October
12 1, 2000, if the taxpayer's average monthly tax liability to the
13 Department under this Act, the Use Tax Act, the Service
14 Occupation Tax Act, and the Service Use Tax Act, excluding any
15 liability for prepaid sales tax to be remitted in accordance
16 with Section 2d of this Act, was \$20,000 or more during the
17 preceding 4 complete calendar quarters, he shall file a return
18 with the Department each month by the 20th day of the month
19 next following the month during which such tax liability is
20 incurred and shall make payment to the Department on or before
21 the 7th, 15th, 22nd and last day of the month during which such
22 liability is incurred. If the month during which such tax
23 liability is incurred began prior to January 1, 1985, each
24 payment shall be in an amount equal to 1/4 of the taxpayer's
25 actual liability for the month or an amount set by the
26 Department not to exceed 1/4 of the average monthly liability
27 of the taxpayer to the Department for the preceding 4 complete
28 calendar quarters (excluding the month of highest liability and
29 the month of lowest liability in such 4 quarter period). If the
30 month during which such tax liability is incurred begins on or
31 after January 1, 1985 and prior to January 1, 1987, each
32 payment shall be in an amount equal to 22.5% of the taxpayer's
33 actual liability for the month or 27.5% of the taxpayer's
34 liability for the same calendar month of the preceding year. If
35 the month during which such tax liability is incurred begins on
36 or after January 1, 1987 and prior to January 1, 1988, each

1 payment shall be in an amount equal to 22.5% of the taxpayer's
2 actual liability for the month or 26.25% of the taxpayer's
3 liability for the same calendar month of the preceding year. If
4 the month during which such tax liability is incurred begins on
5 or after January 1, 1988, and prior to January 1, 1989, or
6 begins on or after January 1, 1996, each payment shall be in an
7 amount equal to 22.5% of the taxpayer's actual liability for
8 the month or 25% of the taxpayer's liability for the same
9 calendar month of the preceding year. If the month during which
10 such tax liability is incurred begins on or after January 1,
11 1989, and prior to January 1, 1996, each payment shall be in an
12 amount equal to 22.5% of the taxpayer's actual liability for
13 the month or 25% of the taxpayer's liability for the same
14 calendar month of the preceding year or 100% of the taxpayer's
15 actual liability for the quarter monthly reporting period. The
16 amount of such quarter monthly payments shall be credited
17 against the final tax liability of the taxpayer's return for
18 that month. Before October 1, 2000, once applicable, the
19 requirement of the making of quarter monthly payments to the
20 Department by taxpayers having an average monthly tax liability
21 of \$10,000 or more as determined in the manner provided above
22 shall continue until such taxpayer's average monthly liability
23 to the Department during the preceding 4 complete calendar
24 quarters (excluding the month of highest liability and the
25 month of lowest liability) is less than \$9,000, or until such
26 taxpayer's average monthly liability to the Department as
27 computed for each calendar quarter of the 4 preceding complete
28 calendar quarter period is less than \$10,000. However, if a
29 taxpayer can show the Department that a substantial change in
30 the taxpayer's business has occurred which causes the taxpayer
31 to anticipate that his average monthly tax liability for the
32 reasonably foreseeable future will fall below the \$10,000
33 threshold stated above, then such taxpayer may petition the
34 Department for a change in such taxpayer's reporting status. On
35 and after October 1, 2000, once applicable, the requirement of
36 the making of quarter monthly payments to the Department by

1 taxpayers having an average monthly tax liability of \$20,000 or
2 more as determined in the manner provided above shall continue
3 until such taxpayer's average monthly liability to the
4 Department during the preceding 4 complete calendar quarters
5 (excluding the month of highest liability and the month of
6 lowest liability) is less than \$19,000 or until such taxpayer's
7 average monthly liability to the Department as computed for
8 each calendar quarter of the 4 preceding complete calendar
9 quarter period is less than \$20,000. However, if a taxpayer can
10 show the Department that a substantial change in the taxpayer's
11 business has occurred which causes the taxpayer to anticipate
12 that his average monthly tax liability for the reasonably
13 foreseeable future will fall below the \$20,000 threshold stated
14 above, then such taxpayer may petition the Department for a
15 change in such taxpayer's reporting status. The Department
16 shall change such taxpayer's reporting status unless it finds
17 that such change is seasonal in nature and not likely to be
18 long term. If any such quarter monthly payment is not paid at
19 the time or in the amount required by this Section, then the
20 taxpayer shall be liable for penalties and interest on the
21 difference between the minimum amount due as a payment and the
22 amount of such quarter monthly payment actually and timely
23 paid, except insofar as the taxpayer has previously made
24 payments for that month to the Department in excess of the
25 minimum payments previously due as provided in this Section.
26 The Department shall make reasonable rules and regulations to
27 govern the quarter monthly payment amount and quarter monthly
28 payment dates for taxpayers who file on other than a calendar
29 monthly basis.

30 The provisions of this paragraph apply before October 1,
31 2001. Without regard to whether a taxpayer is required to make
32 quarter monthly payments as specified above, any taxpayer who
33 is required by Section 2d of this Act to collect and remit
34 prepaid taxes and has collected prepaid taxes which average in
35 excess of \$25,000 per month during the preceding 2 complete
36 calendar quarters, shall file a return with the Department as

1 required by Section 2f and shall make payments to the
2 Department on or before the 7th, 15th, 22nd and last day of the
3 month during which such liability is incurred. If the month
4 during which such tax liability is incurred began prior to the
5 effective date of this amendatory Act of 1985, each payment
6 shall be in an amount not less than 22.5% of the taxpayer's
7 actual liability under Section 2d. If the month during which
8 such tax liability is incurred begins on or after January 1,
9 1986, each payment shall be in an amount equal to 22.5% of the
10 taxpayer's actual liability for the month or 27.5% of the
11 taxpayer's liability for the same calendar month of the
12 preceding calendar year. If the month during which such tax
13 liability is incurred begins on or after January 1, 1987, each
14 payment shall be in an amount equal to 22.5% of the taxpayer's
15 actual liability for the month or 26.25% of the taxpayer's
16 liability for the same calendar month of the preceding year.
17 The amount of such quarter monthly payments shall be credited
18 against the final tax liability of the taxpayer's return for
19 that month filed under this Section or Section 2f, as the case
20 may be. Once applicable, the requirement of the making of
21 quarter monthly payments to the Department pursuant to this
22 paragraph shall continue until such taxpayer's average monthly
23 prepaid tax collections during the preceding 2 complete
24 calendar quarters is \$25,000 or less. If any such quarter
25 monthly payment is not paid at the time or in the amount
26 required, the taxpayer shall be liable for penalties and
27 interest on such difference, except insofar as the taxpayer has
28 previously made payments for that month in excess of the
29 minimum payments previously due.

30 The provisions of this paragraph apply on and after October
31 1, 2001. Without regard to whether a taxpayer is required to
32 make quarter monthly payments as specified above, any taxpayer
33 who is required by Section 2d of this Act to collect and remit
34 prepaid taxes and has collected prepaid taxes that average in
35 excess of \$20,000 per month during the preceding 4 complete
36 calendar quarters shall file a return with the Department as

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

24 If any payment provided for in this Section exceeds the
25 taxpayer's liabilities under this Act, the Use Tax Act, the
26 Service Occupation Tax Act and the Service Use Tax Act, as
27 shown on an original monthly return, the Department shall, if
28 requested by the taxpayer, issue to the taxpayer a credit
29 memorandum no later than 30 days after the date of payment. The
30 credit evidenced by such credit memorandum may be assigned by
31 the taxpayer to a similar taxpayer under this Act, the Use Tax
32 Act, the Service Occupation Tax Act or the Service Use Tax Act,
33 in accordance with reasonable rules and regulations to be
34 prescribed by the Department. If no such request is made, the
35 taxpayer may credit such excess payment against tax liability
36 subsequently to be remitted to the Department under this Act,

1 the Use Tax Act, the Service Occupation Tax Act or the Service
2 Use Tax Act, in accordance with reasonable rules and
3 regulations prescribed by the Department. If the Department
4 subsequently determined that all or any part of the credit
5 taken was not actually due to the taxpayer, the taxpayer's 2.1%
6 and 1.75% vendor's discount shall be reduced by 2.1% or 1.75%
7 of the difference between the credit taken and that actually
8 due, and that taxpayer shall be liable for penalties and
9 interest on such difference.

10 If a retailer of motor fuel is entitled to a credit under
11 Section 2d of this Act which exceeds the taxpayer's liability
12 to the Department under this Act for the month which the
13 taxpayer is filing a return, the Department shall issue the
14 taxpayer a credit memorandum for the excess.

15 Beginning January 1, 1990, each month the Department shall
16 pay into the Local Government Tax Fund, a special fund in the
17 State treasury which is hereby created, the net revenue
18 realized for the preceding month from the 1% tax on sales of
19 food for human consumption which is to be consumed off the
20 premises where it is sold (other than alcoholic beverages, soft
21 drinks and food which has been prepared for immediate
22 consumption) and prescription and nonprescription medicines,
23 drugs, medical appliances and insulin, urine testing
24 materials, syringes and needles used by diabetics.

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

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

34 Beginning January 1, 1990, each month the Department shall
35 pay into the Local Government Tax Fund 16% of the net revenue
36 realized for the preceding month from the 6.25% general rate on

1 the selling price of tangible personal property.

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

6 Of the remainder of the moneys received by the Department
 7 pursuant to this Act, (a) 1.75% thereof shall be paid into the
 8 Build Illinois Fund and (b) prior to July 1, 1989, 2.2% and on
 9 and after July 1, 1989, 3.8% thereof shall be paid into the
 10 Build Illinois Fund; provided, however, that if in any fiscal
 11 year the sum of (1) the aggregate of 2.2% or 3.8%, as the case
 12 may be, of the moneys received by the Department and required
 13 to be paid into the Build Illinois Fund pursuant to this Act,
 14 Section 9 of the Use Tax Act, Section 9 of the Service Use Tax
 15 Act, and Section 9 of the Service Occupation Tax Act, such Acts
 16 being hereinafter called the "Tax Acts" and such aggregate of
 17 2.2% or 3.8%, as the case may be, of moneys being hereinafter
 18 called the "Tax Act Amount", and (2) the amount transferred to
 19 the Build Illinois Fund from the State and Local Sales Tax
 20 Reform Fund shall be less than the Annual Specified Amount (as
 21 hereinafter defined), an amount equal to the difference shall
 22 be immediately paid into the Build Illinois Fund from other
 23 moneys received by the Department pursuant to the Tax Acts; the
 24 "Annual Specified Amount" means the amounts specified below for
 25 fiscal years 1986 through 1993:

26	Fiscal Year	Annual Specified Amount
27	1986	\$54,800,000
28	1987	\$76,650,000
29	1988	\$80,480,000
30	1989	\$88,510,000
31	1990	\$115,330,000
32	1991	\$145,470,000
33	1992	\$182,730,000
34	1993	\$206,520,000;

35 and means the Certified Annual Debt Service Requirement (as
 36 defined in Section 13 of the Build Illinois Bond Act) or the

1 Tax Act Amount, whichever is greater, for fiscal year 1994 and
2 each fiscal year thereafter; and further provided, that if on
3 the last business day of any month the sum of (1) the Tax Act
4 Amount required to be deposited into the Build Illinois Bond
5 Account in the Build Illinois Fund during such month and (2)
6 the amount transferred to the Build Illinois Fund from the
7 State and Local Sales Tax Reform Fund shall have been less than
8 1/12 of the Annual Specified Amount, an amount equal to the
9 difference shall be immediately paid into the Build Illinois
10 Fund from other moneys received by the Department pursuant to
11 the Tax Acts; and, further provided, that in no event shall the
12 payments required under the preceding proviso result in
13 aggregate payments into the Build Illinois Fund pursuant to
14 this clause (b) for any fiscal year in excess of the greater of
15 (i) the Tax Act Amount or (ii) the Annual Specified Amount for
16 such fiscal year. The amounts payable into the Build Illinois
17 Fund under clause (b) of the first sentence in this paragraph
18 shall be payable only until such time as the aggregate amount
19 on deposit under each trust indenture securing Bonds issued and
20 outstanding pursuant to the Build Illinois Bond Act is
21 sufficient, taking into account any future investment income,
22 to fully provide, in accordance with such indenture, for the
23 defeasance of or the payment of the principal of, premium, if
24 any, and interest on the Bonds secured by such indenture and on
25 any Bonds expected to be issued thereafter and all fees and
26 costs payable with respect thereto, all as certified by the
27 Director of the Bureau of the Budget (now Governor's Office of
28 Management and Budget). If on the last business day of any
29 month in which Bonds are outstanding pursuant to the Build
30 Illinois Bond Act, the aggregate of moneys deposited in the
31 Build Illinois Bond Account in the Build Illinois Fund in such
32 month shall be less than the amount required to be transferred
33 in such month from the Build Illinois Bond Account to the Build
34 Illinois Bond Retirement and Interest Fund pursuant to Section
35 13 of the Build Illinois Bond Act, an amount equal to such
36 deficiency shall be immediately paid from other moneys received

1 by the Department pursuant to the Tax Acts to the Build
 2 Illinois Fund; provided, however, that any amounts paid to the
 3 Build Illinois Fund in any fiscal year pursuant to this
 4 sentence shall be deemed to constitute payments pursuant to
 5 clause (b) of the first sentence of this paragraph and shall
 6 reduce the amount otherwise payable for such fiscal year
 7 pursuant to that clause (b). The moneys received by the
 8 Department pursuant to this Act and required to be deposited
 9 into the Build Illinois Fund are subject to the pledge, claim
 10 and charge set forth in Section 12 of the Build Illinois Bond
 11 Act.

12 Subject to payment of amounts into the Build Illinois Fund
 13 as provided in the preceding paragraph or in any amendment
 14 thereto hereafter enacted, the following specified monthly
 15 installment of the amount requested in the certificate of the
 16 Chairman of the Metropolitan Pier and Exposition Authority
 17 provided under Section 8.25f of the State Finance Act, but not
 18 in excess of sums designated as "Total Deposit", shall be
 19 deposited in the aggregate from collections under Section 9 of
 20 the Use Tax Act, Section 9 of the Service Use Tax Act, Section
 21 9 of the Service Occupation Tax Act, and Section 3 of the
 22 Retailers' Occupation Tax Act into the McCormick Place
 23 Expansion Project Fund in the specified fiscal years.

24	Fiscal Year	Total
		Deposit
25	1993	\$0
26	1994	53,000,000
27	1995	58,000,000
28	1996	61,000,000
29	1997	64,000,000
30	1998	68,000,000
31	1999	71,000,000
32	2000	75,000,000
33	2001	80,000,000
34	2002	93,000,000
35	2003	99,000,000

1	2004	103,000,000
2	2005	108,000,000
3	2006	113,000,000
4	2007	119,000,000
5	2008	126,000,000
6	2009	132,000,000
7	2010	139,000,000
8	2011	146,000,000
9	2012	153,000,000
10	2013	161,000,000
11	2014	170,000,000
12	2015	179,000,000
13	2016	189,000,000
14	2017	199,000,000
15	2018	210,000,000
16	2019	221,000,000
17	2020	233,000,000
18	2021	246,000,000
19	2022	260,000,000
20	2023 and	275,000,000

21 each fiscal year
 22 thereafter that bonds
 23 are outstanding under
 24 Section 13.2 of the
 25 Metropolitan Pier and
 26 Exposition Authority Act,
 27 but not after fiscal year 2042.

28 Beginning July 20, 1993 and in each month of each fiscal
 29 year thereafter, one-eighth of the amount requested in the
 30 certificate of the Chairman of the Metropolitan Pier and
 31 Exposition Authority for that fiscal year, less the amount
 32 deposited into the McCormick Place Expansion Project Fund by
 33 the State Treasurer in the respective month under subsection
 34 (g) of Section 13 of the Metropolitan Pier and Exposition
 35 Authority Act, plus cumulative deficiencies in the deposits
 36 required under this Section for previous months and years,

1 shall be deposited into the McCormick Place Expansion Project
2 Fund, until the full amount requested for the fiscal year, but
3 not in excess of the amount specified above as "Total Deposit",
4 has been deposited.

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

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

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

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

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

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

22 (i) Until January 1, 1994, the taxpayer shall be liable
23 for a penalty equal to $1/6$ of 1% of the tax due from such
24 taxpayer under this Act during the period to be covered by
25 the annual return for each month or fraction of a month
26 until such return is filed as required, the penalty to be
27 assessed and collected in the same manner as any other
28 penalty provided for in this Act.

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

32 The chief executive officer, proprietor, owner or highest
33 ranking manager shall sign the annual return to certify the
34 accuracy of the information contained therein. Any person who
35 willfully signs the annual return containing false or
36 inaccurate information shall be guilty of perjury and punished

1 accordingly. The annual return form prescribed by the
2 Department shall include a warning that the person signing the
3 return may be liable for perjury.

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

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

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

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

26 Any person who promotes, organizes, provides retail
27 selling space for concessionaires or other types of sellers at
28 the Illinois State Fair, DuQuoin State Fair, county fairs,
29 local fairs, art shows, flea markets and similar exhibitions or
30 events, including any transient merchant as defined by Section
31 2 of the Transient Merchant Act of 1987, is required to file a
32 report with the Department providing the name of the merchant's
33 business, the name of the person or persons engaged in
34 merchant's business, the permanent address and Illinois
35 Retailers Occupation Tax Registration Number of the merchant,
36 the dates and location of the event and other reasonable

1 information that the Department may require. The report must be
2 filed not later than the 20th day of the month next following
3 the month during which the event with retail sales was held.
4 Any person who fails to file a report required by this Section
5 commits a business offense and is subject to a fine not to
6 exceed \$250.

7 Any person engaged in the business of selling tangible
8 personal property at retail as a concessionaire or other type
9 of seller at the Illinois State Fair, county fairs, art shows,
10 flea markets and similar exhibitions or events, or any
11 transient merchants, as defined by Section 2 of the Transient
12 Merchant Act of 1987, may be required to make a daily report of
13 the amount of such sales to the Department and to make a daily
14 payment of the full amount of tax due. The Department shall
15 impose this requirement when it finds that there is a
16 significant risk of loss of revenue to the State at such an
17 exhibition or event. Such a finding shall be based on evidence
18 that a substantial number of concessionaires or other sellers
19 who are not residents of Illinois will be engaging in the
20 business of selling tangible personal property at retail at the
21 exhibition or event, or other evidence of a significant risk of
22 loss of revenue to the State. The Department shall notify
23 concessionaires and other sellers affected by the imposition of
24 this requirement. In the absence of notification by the
25 Department, the concessionaires and other sellers shall file
26 their returns as otherwise required in this Section.

27 (Source: P.A. 92-12, eff. 7-1-01; 92-16, eff. 6-28-01; 92-208,
28 eff. 8-2-01; 92-484, eff. 8-23-01; 92-492, eff. 1-1-02; 92-600,
29 eff. 6-28-02; 92-651, eff. 7-11-02; 93-22, eff. 6-20-03; 93-24,
30 eff. 6-20-03; revised 10-15-03.)

31 Section 25. The Illinois Vehicle Code is amended by
32 changing Section 3-2001 as follows:

33 (625 ILCS 5/3-2001) (from Ch. 95 1/2, par. 3-2001)

34 Sec. 3-2001. Until July 1, 2003 and beginning again on July

1 1, 2004, a tax of \$200 is hereby imposed on the purchase of any
2 passenger car as defined in Section 1-157 of this Code,
3 purchased in Illinois by or on behalf of an insurance company
4 to replace a passenger car of an insured person in settlement
5 of a total loss claim. The tax imposed by this Section shall
6 apply only to that portion of the purchase price of the
7 replacement vehicle paid by the insurance company in settlement
8 of the total loss claim, but not including any portion of such
9 insurance payment which exceeds the market value of the total
10 loss vehicle.

11 (Source: P.A. 93-24, eff. 6-20-03.)

12 Section 99. Effective date. This Act takes effect on July
13 1, 2004.