



95TH GENERAL ASSEMBLY

State of Illinois

2007 and 2008

HB4106

by Rep. Rosemary Mulligan

SYNOPSIS AS INTRODUCED:

35 ILCS 105/3-5	from Ch. 120, par. 439.3-5
35 ILCS 110/3-5	from Ch. 120, par. 439.33-5
35 ILCS 115/3-5	from Ch. 120, par. 439.103-5
35 ILCS 120/2-5	from Ch. 120, par. 441-5

Amends the Use Tax Act, the Service Use Tax Act, the Service Occupation Tax Act, and the Retailers' Occupation Tax Act. Exempts from taxation under the Acts, that part of the selling price of motor fuel or gasohol that exceeds \$2.50 per gallon. Effective July 1, 2007.

LRB095 12207 BDD 36502 b

FISCAL NOTE ACT
MAY APPLY

1 AN ACT concerning fuels.

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

4 Section 5. The Use Tax Act is amended by changing Section
5 3-5 as follows:

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

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

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

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

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

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

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

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

1 the car is subject to the Replacement Vehicle Tax.

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

11 (7) Farm chemicals.

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

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

19 (10) A motor vehicle of the first division, a motor vehicle
20 of the second division that is a self-contained motor vehicle
21 designed or permanently converted to provide living quarters
22 for recreational, camping, or travel use, with direct walk
23 through to the living quarters from the driver's seat, or a
24 motor vehicle of the second division that is of the van
25 configuration designed for the transportation of not less than
26 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 (11) Farm machinery and equipment, both new and used,
5 including that manufactured on special order, certified by the
6 purchaser to be used primarily for production agriculture or
7 State or federal agricultural programs, including individual
8 replacement parts for the machinery and equipment, including
9 machinery and equipment purchased for lease, and including
10 implements of husbandry defined in Section 1-130 of the
11 Illinois Vehicle Code, farm machinery and agricultural
12 chemical and fertilizer spreaders, and nurse wagons required to
13 be registered under Section 3-809 of the Illinois Vehicle Code,
14 but excluding other motor vehicles required to be registered
15 under the Illinois Vehicle Code. Horticultural polyhouses or
16 hoop houses used for propagating, growing, or overwintering
17 plants shall be considered farm machinery and equipment under
18 this item (11). Agricultural chemical tender tanks and dry
19 boxes shall include units sold separately from a motor vehicle
20 required to be licensed and units sold mounted on a motor
21 vehicle required to be licensed if the selling price of the
22 tender is separately stated.

23 Farm machinery and equipment shall include precision
24 farming equipment that is installed or purchased to be
25 installed on farm machinery and equipment including, but not
26 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 (11) is exempt from the
12 provisions of Section 3-90.

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

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

1 respect to which the service charge is imposed.

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

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

16 (16) Until July 1, 2003, coal 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.

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

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

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

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

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

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

26 (22) Computers and communications equipment utilized for

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

23 (23) Personal property purchased by a lessor who leases the
24 property, under a lease of one year or longer executed or in
25 effect at the time the lessor would otherwise be subject to the
26 tax imposed by this Act, to a governmental body that has been

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

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

1 (25) Beginning with taxable years ending on or after
2 December 31, 1995 and ending with taxable years ending on or
3 before December 31, 2004, personal property that is used in 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 (26) Beginning July 1, 1999, game or game birds purchased
14 at a "game breeding and hunting preserve area" or an "exotic
15 game hunting area" as those terms are used in the Wildlife Code
16 or 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 3-90.

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

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

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

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

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

9 (30) Beginning January 1, 2001 and through June 30, 2011,
10 food for human consumption that is to be consumed off the
11 premises where it is sold (other than alcoholic beverages, soft
12 drinks, and food that has been prepared for immediate
13 consumption) and prescription and nonprescription medicines,
14 drugs, medical appliances, and insulin, urine testing
15 materials, syringes, and needles used by diabetics, for human
16 use, when purchased for use by a person receiving medical
17 assistance under Article 5 of the Illinois Public Aid Code who
18 resides in a licensed long-term care facility, as defined in
19 the Nursing Home Care Act.

20 (31) Beginning on the effective date of this amendatory Act
21 of the 92nd General Assembly, computers and communications
22 equipment utilized for any hospital purpose and equipment used
23 in the diagnosis, analysis, or treatment of hospital patients
24 purchased by a lessor who leases the equipment, under a lease
25 of one year or longer executed or in effect at the time the
26 lessor would otherwise be subject to the tax imposed by this

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

19 (32) Beginning on the effective date of this amendatory Act
20 of the 92nd General Assembly, personal property purchased by a
21 lessor who leases the property, under a lease of one year or
22 longer executed or in effect at the time the lessor would
23 otherwise be subject to the tax imposed by this Act, to a
24 governmental body that has been issued an active sales tax
25 exemption identification number by the Department under
26 Section 1g of the Retailers' Occupation Tax Act. If the

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

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

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

9 (34) Beginning on July 1, 2007, that part of the selling
10 price of motor fuel or gasohol that exceeds \$2.50 per gallon.
11 This paragraph is exempt from the provisions of Section 3-90.

12 (Source: P.A. 93-23, eff. 6-20-03; 93-24, eff. 6-20-03; 93-840,
13 eff. 7-30-04; 93-1033, eff. 9-3-04; 94-1002, eff. 7-3-06.)

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

16 (35 ILCS 110/3-5) (from Ch. 120, par. 439.33-5)

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

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

1 purpose of resale by the enterprise.

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

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

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

24 (5) Until July 1, 2003 and beginning again on September 1,
25 2004, graphic arts machinery and equipment, including repair
26 and replacement parts, both new and used, and including that

1 manufactured on special order or purchased for lease, certified
2 by the purchaser to be used primarily for graphic arts
3 production. Equipment includes chemicals or chemicals acting
4 as catalysts but only if the chemicals or chemicals acting as
5 catalysts effect a direct and immediate change upon a graphic
6 arts product.

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

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

1 vehicle required to be licensed if the selling price of the
2 tender is separately stated.

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

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

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

26 (9) Proceeds of mandatory service charges separately

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

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

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

24 (12) Until July 1, 2003, coal exploration, mining,
25 offhighway hauling, processing, maintenance, and reclamation
26 equipment, including replacement parts and equipment, and

1 including equipment purchased for lease, but excluding motor
2 vehicles required to be registered under the Illinois Vehicle
3 Code.

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

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

12 (15) Computers and communications equipment utilized for
13 any hospital purpose and equipment used in the diagnosis,
14 analysis, or treatment of hospital patients purchased by a
15 lessor who leases the equipment, under a lease of one year or
16 longer executed or in effect at the time the lessor would
17 otherwise be subject to the tax imposed by this Act, 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. If the equipment is leased in a
21 manner that does not qualify for this exemption or is used in
22 any other non-exempt manner, the lessor shall be liable for the
23 tax imposed under this Act or the Use Tax Act, as the case may
24 be, based on the fair market value of the property at the time
25 the non-qualifying use occurs. No lessor shall collect or
26 attempt to collect an amount (however designated) that purports

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

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

1 liable to pay that amount to the Department.

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

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

24 (19) Beginning July 1, 1999, game or game birds purchased
25 at a "game breeding and hunting preserve area" or an "exotic
26 game hunting area" as those terms are used in the Wildlife Code

1 or at a hunting enclosure approved through rules adopted by the
2 Department of Natural Resources. This paragraph is exempt from
3 the provisions of Section 3-75.

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

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

1 district that consists primarily of volunteers and includes
2 parents and teachers of the school children. This paragraph
3 does not apply to fundraising events (i) for the benefit of
4 private home instruction or (ii) for which the fundraising
5 entity purchases the personal property sold at the events from
6 another individual or entity that sold the property for the
7 purpose of resale by the fundraising entity and that profits
8 from the sale to the fundraising entity. This paragraph is
9 exempt from the provisions of Section 3-75.

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

20 (23) Beginning August 23, 2001 and through June 30, 2011,
21 food for human consumption that is to be consumed off the
22 premises where it is sold (other than alcoholic beverages, soft
23 drinks, and food that has been prepared for immediate
24 consumption) and prescription and nonprescription medicines,
25 drugs, medical appliances, and insulin, urine testing
26 materials, syringes, and needles used by diabetics, for human

1 use, when purchased for use by a person receiving medical
2 assistance under Article 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 (24) 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 Use Tax Act, as the case may
18 be, based on the fair market value of the property at the time
19 the nonqualifying use occurs. No lessor shall collect or
20 attempt to collect an amount (however designated) that purports
21 to reimburse that lessor for the tax imposed by this Act or the
22 Use Tax Act, as the case may be, if the tax has not been paid by
23 the lessor. If a lessor improperly collects any such amount
24 from the lessee, the lessee shall have a legal right to claim a
25 refund of that amount from the lessor. If, however, that amount
26 is not refunded to the lessee for any reason, the lessor is

1 liable to pay that amount to the Department. This paragraph is
2 exempt from the provisions of Section 3-75.

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

25 (25) Beginning on July 1, 2007, that part of the selling
26 price of motor fuel or gasohol that exceeds \$2.50 per gallon.

1 This paragraph is exempt from the provisions of Section 3-75.

2 (Source: P.A. 93-24, eff. 6-20-03; 93-840, eff. 7-30-04;
3 94-1002, eff. 7-3-06.)

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

6 (35 ILCS 115/3-5) (from Ch. 120, par. 439.103-5)

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

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

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

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

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

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

14 (5) Until July 1, 2003 and beginning again on September 1,
15 2004, graphic arts machinery and equipment, including repair
16 and replacement parts, both new and used, and including that
17 manufactured on special order or purchased for lease, certified
18 by the purchaser to be used primarily for graphic arts
19 production. Equipment includes chemicals or chemicals acting
20 as catalysts but only if the chemicals or chemicals acting as
21 catalysts effect a direct and immediate change upon a graphic
22 arts product.

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

26 (7) Farm machinery and equipment, both new and used,

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

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

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

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

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

24 (10) Until July 1, 2003, oil field exploration, drilling,
25 and production equipment, including (i) rigs and parts of rigs,
26 rotary rigs, cable tool rigs, and workover rigs, (ii) pipe and

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

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

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

18 (13) Beginning January 1, 1992 and through June 30, 2011,
19 food for human consumption that is to be consumed off the
20 premises where it is sold (other than alcoholic beverages, soft
21 drinks and food that has been prepared for immediate
22 consumption) and prescription and non-prescription medicines,
23 drugs, medical appliances, and insulin, urine testing
24 materials, syringes, and needles used by diabetics, for human
25 use, when purchased for use by a person receiving medical
26 assistance under Article 5 of the Illinois Public Aid Code who

1 resides in a licensed long-term care facility, as defined in
2 the Nursing Home Care Act.

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

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

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

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

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

1 before December 31, 2004, personal property that is donated for
2 disaster relief to be used in a State or federally declared
3 disaster area in Illinois or bordering Illinois by a
4 manufacturer or retailer that is registered in this State to a
5 corporation, society, association, foundation, or institution
6 that has been issued a sales tax exemption identification
7 number by the Department that assists victims of the disaster
8 who reside within the declared disaster area.

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

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

1 (21) A motor vehicle, as that term is defined in Section
2 1-146 of the Illinois Vehicle Code, that is donated to a
3 corporation, limited liability company, society, association,
4 foundation, or institution that is determined by the Department
5 to be organized and operated exclusively for educational
6 purposes. For purposes of this exemption, "a corporation,
7 limited liability company, society, association, foundation,
8 or institution organized and operated exclusively for
9 educational purposes" means all tax-supported public schools,
10 private schools that offer systematic instruction in useful
11 branches of learning by methods common to public schools and
12 that compare favorably in their scope and intensity with the
13 course of study presented in tax-supported schools, and
14 vocational or technical schools or institutes organized and
15 operated exclusively to provide a course of study of not less
16 than 6 weeks duration and designed to prepare individuals to
17 follow a trade or to pursue a manual, technical, mechanical,
18 industrial, business, or commercial occupation.

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

1 private home instruction or (ii) for which the fundraising
2 entity purchases the personal property sold at the events from
3 another individual or entity that sold the property for the
4 purpose of resale by the fundraising entity and that profits
5 from the sale to the fundraising entity. This paragraph is
6 exempt from the provisions of Section 3-55.

7 (23) Beginning January 1, 2000 and through December 31,
8 2001, new or used automatic vending machines that prepare and
9 serve hot food and beverages, including coffee, soup, and other
10 items, and replacement parts for these machines. Beginning
11 January 1, 2002 and through June 30, 2003, machines and parts
12 for machines used in commercial, coin-operated amusement and
13 vending business if a use or occupation tax is paid on the
14 gross receipts derived from the use of the commercial,
15 coin-operated amusement and vending machines. This paragraph
16 is exempt from the provisions of Section 3-55.

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

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

9 (26) Beginning on January 1, 2002 and through June 30,
10 2011, tangible personal property purchased from an Illinois
11 retailer by a taxpayer engaged in centralized purchasing
12 activities in Illinois who will, upon receipt of the property
13 in Illinois, temporarily store the property in Illinois (i) for
14 the purpose of subsequently transporting it outside this State
15 for use or consumption thereafter solely outside this State or
16 (ii) for the purpose of being processed, fabricated, or
17 manufactured into, attached to, or incorporated into other
18 tangible personal property to be transported outside this State
19 and thereafter used or consumed solely outside this State. The
20 Director of Revenue shall, pursuant to rules adopted in
21 accordance with the Illinois Administrative Procedure Act,
22 issue a permit to any taxpayer in good standing with the
23 Department who is eligible for the exemption under this
24 paragraph (26). The permit issued under this paragraph (26)
25 shall authorize the holder, to the extent and in the manner
26 specified in the rules adopted under this Act, to purchase

1 tangible personal property from a retailer exempt from the
2 taxes imposed by this Act. Taxpayers shall maintain all
3 necessary books and records to substantiate the use and
4 consumption of all such tangible personal property outside of
5 the State of Illinois.

6 (27) Beginning on July 1, 2007, that part of the selling
7 price of motor fuel or gasohol that exceeds \$2.50 per gallon.
8 This paragraph is exempt from the provisions of Section 3-55.

9 (Source: P.A. 93-24, eff. 6-20-03; 93-840, eff. 7-30-04;
10 94-1002, eff. 7-3-06.)

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

13 (35 ILCS 120/2-5) (from Ch. 120, par. 441-5)

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

17 (1) Farm chemicals.

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

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

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

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

1 agricultural chemicals. This item (7) is exempt from the
2 provisions of Section 2-70.

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

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

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

1 as defined in the Automobile Renting Occupation and Use Tax
2 Act.

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

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

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

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

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

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

22 (12) Tangible personal property sold to interstate
23 carriers for hire for use as rolling stock moving in interstate
24 commerce or to lessors under leases of one year or longer
25 executed or in effect at the time of purchase by interstate
26 carriers for hire for use as rolling stock moving in interstate

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

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

23 (13) Proceeds from sales to owners, lessors, or shippers of
24 tangible personal property that is utilized by interstate
25 carriers for hire for use as rolling stock moving in interstate
26 commerce and equipment operated by a telecommunications

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

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

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

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

26 (17) Tangible personal property sold to a common carrier by

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

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

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

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

26 (21) Until July 1, 2003, coal exploration, mining,

1 offhighway hauling, processing, maintenance, and reclamation
2 equipment, including replacement parts and equipment, and
3 including equipment purchased for lease, but excluding motor
4 vehicles required to be registered under the Illinois Vehicle
5 Code.

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

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

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

22 (25) Except as provided in item (25-5) of this Section, a
23 motor vehicle sold in this State to a nonresident even though
24 the motor vehicle is delivered to the nonresident in this
25 State, if the motor vehicle is not to be titled in this State,
26 and if a drive-away permit is issued to the motor vehicle as

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

8 (25-5) The exemption under item (25) does not apply if the
9 state in which the motor vehicle will be titled does not allow
10 a reciprocal exemption for a motor vehicle sold and delivered
11 in that state to an Illinois resident but titled in Illinois.
12 The tax collected under this Act on the sale of a motor vehicle
13 in this State to a resident of another state that does not
14 allow a reciprocal exemption shall be imposed at a rate equal
15 to the state's rate of tax on taxable property in the state in
16 which the purchaser is a resident, except that the tax shall
17 not exceed the tax that would otherwise be imposed under this
18 Act. At the time of the sale, the purchaser shall execute a
19 statement, signed under penalty of perjury, of his or her
20 intent to title the vehicle in the state in which the purchaser
21 is a resident within 30 days after the sale and of the fact of
22 the payment to the State of Illinois of tax in an amount
23 equivalent to the state's rate of tax on taxable property in
24 his or her state of residence and shall submit the statement to
25 the appropriate tax collection agency in his or her state of
26 residence. In addition, the retailer must retain a signed copy

1 of the statement in his or her records. Nothing in this item
2 shall be construed to require the removal of the vehicle from
3 this state following the filing of an intent to title the
4 vehicle in the purchaser's state of residence if the purchaser
5 titles the vehicle in his or her state of residence within 30
6 days after the date of sale. The tax collected under this Act
7 in accordance with this item (25-5) shall be proportionately
8 distributed as if the tax were collected at the 6.25% general
9 rate imposed under this Act.

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

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

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

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

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

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

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

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

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

25 (34) Beginning January 1, 2000, personal property,
26 including food, purchased through fundraising events for the

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

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

23 (35-5) Beginning August 23, 2001 and through June 30, 2011,
24 food for human consumption that is to be consumed off the
25 premises where it is sold (other than alcoholic beverages, soft
26 drinks, and food that has been prepared for immediate

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

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

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

24 (38) Beginning on January 1, 2002 and through June 30,
25 2011, tangible personal property purchased from an Illinois
26 retailer by a taxpayer engaged in centralized purchasing

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

21 (39) Beginning on July 1, 2007, that part of the selling
22 price of motor fuel or gasohol that exceeds \$2.50 per gallon.
23 This paragraph is exempt from the provisions of Section 2-70.

24 (Source: P.A. 93-23, eff. 6-20-03; 93-24, eff. 6-20-03; 93-840,
25 eff. 7-30-04; 93-1033, eff. 9-3-04; 93-1068, eff. 1-15-05;
26 94-1002, eff. 7-3-06.)

1 Section 99. Effective date. This Act takes effect upon
2 becoming law.