

1 AN ACT concerning revenue.

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

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

6 (35 ILCS 105/3-5)

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

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

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

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

1 support of arts or cultural programming, activities, or  
2 services. These organizations include, but are not limited to,  
3 music and dramatic arts organizations such as symphony  
4 orchestras and theatrical groups, arts and cultural service  
5 organizations, local arts councils, visual arts organizations,  
6 and media arts organizations. On and after 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 through August 30, 2014, graphic arts machinery and  
4 equipment, including repair and replacement parts, both new and  
5 used, and including that manufactured on special order,  
6 certified by the purchaser to be used primarily for graphic  
7 arts production, and including machinery and equipment  
8 purchased for lease. Equipment includes chemicals or chemicals  
9 acting as catalysts but only if the chemicals or chemicals  
10 acting as catalysts effect a direct and immediate change upon a  
11 graphic arts product.

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

1 7 nor more than 16 passengers, as defined in Section 1-146 of  
2 the Illinois Vehicle Code, that is used for automobile renting,  
3 as defined in the Automobile Renting Occupation and Use Tax  
4 Act.

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

24 Farm machinery and equipment shall include precision  
25 farming equipment that is installed or purchased to be  
26 installed on farm machinery and equipment including, but not

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

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

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

21 Beginning July 1, 2013, fuel and petroleum products sold to  
22 or used by an air carrier, certified by the carrier to be used  
23 for consumption, shipment, or storage in the conduct of its  
24 business as an air common carrier, for a flight that (i) is  
25 engaged in foreign trade or is engaged in trade between the  
26 United States and any of its possessions and (ii) transports at

1 least one individual or package for hire from the city of  
2 origination to the city of final destination on the same  
3 aircraft, without regard to a change in the flight number of  
4 that aircraft.

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

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

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

1           (16) Until July 1, 2003, and beginning again on the  
2 effective date of this amendatory Act of the 97th General  
3 Assembly and thereafter, coal and aggregate exploration,  
4 mining, offhighway hauling, processing, maintenance, and  
5 reclamation equipment, including replacement parts and  
6 equipment, and including equipment purchased for lease, but  
7 excluding motor vehicles required to be registered under the  
8 Illinois Vehicle Code.

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

15           (18) Manufacturing and assembling machinery and equipment  
16 used primarily in the process of manufacturing or assembling  
17 tangible personal property for wholesale or retail sale or  
18 lease, whether that sale or lease is made directly by the  
19 manufacturer or by some other person, whether the materials  
20 used in the process are owned by the manufacturer or some other  
21 person, or whether that sale or lease is made apart from or as  
22 an incident to the seller's engaging in the service occupation  
23 of producing machines, tools, dies, jigs, patterns, gauges, or  
24 other similar items of no commercial value on special order for  
25 a particular purchaser.

26           (19) Personal property delivered to a purchaser or

1 purchaser's donee inside Illinois when the purchase order for  
2 that personal property was received by a florist located  
3 outside Illinois who has a florist located inside Illinois  
4 deliver the personal property.

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

7 (21) 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. This item (21) is exempt from the provisions  
13 of Section 3-90, and the exemption provided for under this item  
14 (21) applies for all periods beginning May 30, 1995, but no  
15 claim for credit or refund is allowed on or after January 1,  
16 2008 for such taxes paid during the period beginning May 30,  
17 2000 and ending on January 1, 2008.

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



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

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

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

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

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

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

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

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

1           (28) 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 3-90.

15           (29) Beginning January 1, 2000 and through December 31,  
16 2001, new or used automatic vending machines that prepare and  
17 serve hot food and beverages, including coffee, soup, and other  
18 items, and replacement parts for these machines. Beginning  
19 January 1, 2002 and through June 30, 2003, machines and parts  
20 for machines used in commercial, coin-operated amusement and  
21 vending business if a use or occupation tax is paid on the  
22 gross receipts derived from the use of the commercial,  
23 coin-operated amusement and vending machines. This paragraph  
24 is exempt from the provisions of Section 3-90.

25           (30) Beginning January 1, 2001 and through June 30, 2016,  
26 food for human consumption that is to be consumed off the

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

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

1 or attempt to collect an amount (however designated) that  
2 purports to reimburse that lessor for the tax imposed by this  
3 Act or the Service Use Tax Act, as the case may be, if the tax  
4 has not been paid by the lessor. If a lessor improperly  
5 collects any such amount from the lessee, the lessee shall have  
6 a legal right to claim a refund of that amount from the lessor.  
7 If, however, that amount is not refunded to the lessee for any  
8 reason, the lessor is liable to pay that amount to the  
9 Department. This paragraph is exempt from the provisions of  
10 Section 3-90.

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

1 case may be, if the tax has not been paid by the lessor. If a  
2 lessor improperly collects any such amount from the lessee, the  
3 lessee shall have a legal right to claim a refund of that  
4 amount from the lessor. If, however, that amount is not  
5 refunded to the lessee for any reason, the lessor is liable to  
6 pay that amount to the Department. This paragraph is exempt  
7 from the provisions of Section 3-90.

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

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

8           (35) Beginning January 1, 2010, materials, parts,  
9 equipment, components, and furnishings incorporated into or  
10 upon an aircraft as part of the modification, refurbishment,  
11 completion, replacement, repair, or maintenance of the  
12 aircraft. This exemption includes consumable supplies used in  
13 the modification, refurbishment, completion, replacement,  
14 repair, and maintenance of aircraft, but excludes any  
15 materials, parts, equipment, components, and consumable  
16 supplies used in the modification, replacement, repair, and  
17 maintenance of aircraft engines or power plants, whether such  
18 engines or power plants are installed or uninstalled upon any  
19 such aircraft. "Consumable supplies" include, but are not  
20 limited to, adhesive, tape, sandpaper, general purpose  
21 lubricants, cleaning solution, latex gloves, and protective  
22 films. This exemption applies only to those organizations that  
23 (i) hold an Air Agency Certificate and are empowered to operate  
24 an approved repair station by the Federal Aviation  
25 Administration, (ii) have a Class IV Rating, and (iii) conduct  
26 operations in accordance with Part 145 of the Federal Aviation



1 Regulations. The exemption does not include aircraft operated  
2 by a commercial air carrier providing scheduled passenger air  
3 service pursuant to authority issued under Part 121 or Part 129  
4 of the Federal Aviation Regulations.

5 (36) Tangible personal property purchased by a  
6 public-facilities corporation, as described in Section  
7 11-65-10 of the Illinois Municipal Code, for purposes of  
8 constructing or furnishing a municipal convention hall, but  
9 only if the legal title to the municipal convention hall is  
10 transferred to the municipality without any further  
11 consideration by or on behalf of the municipality at the time  
12 of the completion of the municipal convention hall or upon the  
13 retirement or redemption of any bonds or other debt instruments  
14 issued by the public-facilities corporation in connection with  
15 the development of the municipal convention hall. This  
16 exemption includes existing public-facilities corporations as  
17 provided in Section 11-65-25 of the Illinois Municipal Code.  
18 This paragraph is exempt from the provisions of Section 3-90.

19 (Source: P.A. 96-116, eff. 7-31-09; 96-339, eff. 7-1-10;  
20 96-532, eff. 8-14-09; 96-759, eff. 1-1-10; 96-1000, eff.  
21 7-2-10; 97-38, eff. 6-28-11; 97-227, eff. 1-1-12; 97-431, eff.  
22 8-16-11; 97-636, eff. 6-1-12; 97-767, eff. 7-9-12.)

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

1 (35 ILCS 110/3-5)

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

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

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

14 (3) Personal property purchased by 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

1 tax-free purchases unless it has an active identification  
2 number issued by the Department.

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

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

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

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

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

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

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

1 provisions of Section 3-75.

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

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

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

1 imposed.

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

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

17 (12) Until July 1, 2003, and beginning again on the  
18 effective date of this amendatory Act of the 97th General  
19 Assembly and thereafter, coal and aggregate exploration,  
20 mining, offhighway hauling, processing, maintenance, and  
21 reclamation equipment, including replacement parts and  
22 equipment, and including equipment purchased for lease, but  
23 excluding motor vehicles required to be registered under the  
24 Illinois Vehicle Code.

25 (13) Semen used for artificial insemination of livestock  
26 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. This item (14) is exempt from the provisions  
7 of Section 3-75, and the exemption provided for under this item  
8 (14) applies for all periods beginning May 30, 1995, but no  
9 claim for credit or refund is allowed on or after the effective  
10 date of this amendatory Act of the 95th General Assembly for  
11 such taxes paid during the period beginning May 30, 2000 and  
12 ending on the effective date of this amendatory Act of the 95th  
13 General Assembly.

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

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

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



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

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

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

26 (19) Beginning July 1, 1999, game or game birds purchased

1 at a "game breeding and hunting preserve area" as that term is  
2 used in the Wildlife Code. This paragraph is exempt from the  
3 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, 2016,  
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 V 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, or in a licensed facility as defined  
5 in the ID/DD Community Care Act or the Specialized Mental  
6 Health Rehabilitation Act.

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

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

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

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

8           (27) Beginning January 1, 2010, materials, parts,  
9 equipment, components, and furnishings incorporated into or  
10 upon an aircraft as part of the modification, refurbishment,  
11 completion, replacement, repair, or maintenance of the  
12 aircraft. This exemption includes consumable supplies used in  
13 the modification, refurbishment, completion, replacement,  
14 repair, and maintenance of aircraft, but excludes any  
15 materials, parts, equipment, components, and consumable  
16 supplies used in the modification, replacement, repair, and  
17 maintenance of aircraft engines or power plants, whether such  
18 engines or power plants are installed or uninstalled upon any  
19 such aircraft. "Consumable supplies" include, but are not  
20 limited to, adhesive, tape, sandpaper, general purpose  
21 lubricants, cleaning solution, latex gloves, and protective  
22 films. This exemption applies only to those organizations that  
23 (i) hold an Air Agency Certificate and are empowered to operate  
24 an approved repair station by the Federal Aviation  
25 Administration, (ii) have a Class IV Rating, and (iii) conduct  
26 operations in accordance with Part 145 of the Federal Aviation

1 Regulations. The exemption does not include aircraft operated  
2 by a commercial air carrier providing scheduled passenger air  
3 service pursuant to authority issued under Part 121 or Part 129  
4 of the Federal Aviation Regulations.

5 (28) Tangible personal property purchased by a  
6 public-facilities corporation, as described in Section  
7 11-65-10 of the Illinois Municipal Code, for purposes of  
8 constructing or furnishing a municipal convention hall, but  
9 only if the legal title to the municipal convention hall is  
10 transferred to the municipality without any further  
11 consideration by or on behalf of the municipality at the time  
12 of the completion of the municipal convention hall or upon the  
13 retirement or redemption of any bonds or other debt instruments  
14 issued by the public-facilities corporation in connection with  
15 the development of the municipal convention hall. This  
16 exemption includes existing public-facilities corporations as  
17 provided in Section 11-65-25 of the Illinois Municipal Code.  
18 This paragraph is exempt from the provisions of Section 3-75.

19 (Source: P.A. 96-116, eff. 7-31-09; 96-339, eff. 7-1-10;  
20 96-532, eff. 8-14-09; 96-759, eff. 1-1-10; 96-1000, eff.  
21 7-2-10; 97-38, eff. 6-28-11; 97-227, eff. 1-1-12; 97-431, eff.  
22 8-16-11; 97-636, eff. 6-1-12; 97-767, eff. 7-9-12.)

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

1 (35 ILCS 115/3-5)

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

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

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

14 (3) Personal property purchased by any not-for-profit arts  
15 or 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



1 tax-free purchases unless it has an active identification  
2 number issued by the Department.

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

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

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

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

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

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

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

1 provisions of Section 3-55.

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

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

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

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

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

15           (12) Until July 1, 2003, and beginning again on the  
16 effective date of this amendatory Act of the 97th General  
17 Assembly and thereafter, coal and aggregate exploration,  
18 mining, offhighway hauling, processing, maintenance, and  
19 reclamation equipment, including replacement parts and  
20 equipment, and including equipment purchased for lease, but  
21 excluding motor vehicles required to be registered under the  
22 Illinois Vehicle Code.

23           (13) Beginning January 1, 1992 and through June 30, 2016,  
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 non-prescription 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 V 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, or in a licensed facility as defined  
8 in the ID/DD Community Care Act or the Specialized Mental  
9 Health Rehabilitation Act.

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

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

24 (16) Computers and communications equipment utilized for  
25 any hospital purpose and equipment used in the diagnosis,  
26 analysis, or treatment of hospital patients sold to a lessor

1 who leases the equipment, under a lease of one year or longer  
2 executed or in effect at the time of the purchase, to a  
3 hospital that has been issued an active tax exemption  
4 identification number by the Department under Section 1g of the  
5 Retailers' Occupation Tax Act.

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

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 donated for  
15 disaster relief to be used in a State or federally declared  
16 disaster area in Illinois or bordering Illinois by a  
17 manufacturer or retailer that is registered in this State to a  
18 corporation, society, association, foundation, or institution  
19 that has been issued a sales tax exemption identification  
20 number by the Department that assists victims of the disaster  
21 who reside within the declared disaster area.

22 (19) Beginning with taxable years ending on or after  
23 December 31, 1995 and ending with taxable years ending on or  
24 before December 31, 2004, personal property that is used in the  
25 performance of infrastructure repairs in this State, including  
26 but not limited to municipal roads and streets, access roads,

1 bridges, sidewalks, waste disposal systems, water and sewer  
2 line extensions, water distribution and purification  
3 facilities, storm water drainage and retention facilities, and  
4 sewage treatment facilities, resulting from a State or  
5 federally declared disaster in Illinois or bordering Illinois  
6 when such repairs are initiated on facilities located in the  
7 declared disaster area within 6 months after the disaster.

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

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

1 than 6 weeks duration and designed to prepare individuals to  
2 follow a trade or to pursue a manual, technical, mechanical,  
3 industrial, business, or commercial occupation.

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

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



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

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

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

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

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

17 (27) Beginning January 1, 2008, tangible personal property  
18 used in the construction or maintenance of a community water  
19 supply, as defined under Section 3.145 of the Environmental  
20 Protection Act, that is operated by a not-for-profit  
21 corporation that holds a valid water supply permit issued under  
22 Title IV of the Environmental Protection Act. This paragraph is  
23 exempt from the provisions of Section 3-55.

24 (28) Tangible personal property sold to a  
25 public-facilities corporation, as described in Section  
26 11-65-10 of the Illinois Municipal Code, for purposes of

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

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

1 (i) hold an Air Agency Certificate and are empowered to operate  
2 an approved repair station by the Federal Aviation  
3 Administration, (ii) have a Class IV Rating, and (iii) conduct  
4 operations in accordance with Part 145 of the Federal Aviation  
5 Regulations. The exemption does not include aircraft operated  
6 by a commercial air carrier providing scheduled passenger air  
7 service pursuant to authority issued under Part 121 or Part 129  
8 of the Federal Aviation Regulations.

9 (Source: P.A. 96-116, eff. 7-31-09; 96-339, eff. 7-1-10;  
10 96-532, eff. 8-14-09; 96-759, eff. 1-1-10; 96-1000, eff.  
11 7-2-10; 97-38, eff. 6-28-11; 97-73, eff. 6-30-11; 97-227, eff.  
12 1-1-12; 97-431, eff. 8-16-11; 97-636, eff. 6-1-12; 97-767, eff.  
13 7-9-12.)

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

16 (35 ILCS 120/2-5)

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

20 (1) Farm chemicals.

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

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

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

24 Farm machinery and equipment also includes computers,  
25 sensors, software, and related equipment used primarily in the  
26 computer-assisted operation of production agriculture

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

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

12 (4) Until July 1, 2003 and beginning again September 1,  
13 2004 through August 30, 2014, graphic arts machinery and  
14 equipment, including repair and replacement parts, both new and  
15 used, and including that manufactured on special order or  
16 purchased for lease, certified by the purchaser to be used  
17 primarily for graphic arts production. Equipment includes  
18 chemicals or chemicals acting as catalysts but only if the  
19 chemicals or chemicals acting as catalysts effect a direct and  
20 immediate change upon a graphic arts product.

21 (5) A motor vehicle of the first division, a motor vehicle  
22 of the second division that is a self contained motor vehicle  
23 designed or permanently converted to provide living quarters  
24 for recreational, camping, or travel use, with direct walk  
25 through access to the living quarters from the driver's seat,  
26 or a motor vehicle of the second division that is of the van

1 configuration designed for the transportation of not less than  
2 7 nor more than 16 passengers, as defined in Section 1-146 of  
3 the Illinois Vehicle Code, that is used for automobile renting,  
4 as defined in the Automobile Renting Occupation and Use Tax  
5 Act. This paragraph is exempt from the provisions of Section  
6 2-70.

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

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

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

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

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

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

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

26 (12) Tangible personal property sold to interstate



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

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

1           (13) Proceeds from sales to owners, lessors, or shippers of  
2 tangible personal property that is utilized by interstate  
3 carriers for hire for use as rolling stock moving in interstate  
4 commerce and equipment operated by a telecommunications  
5 provider, licensed as a common carrier by the Federal  
6 Communications Commission, which is permanently installed in  
7 or affixed to aircraft moving in interstate commerce.

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

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

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

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

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

25           (20) Photoprocessing machinery and equipment, including  
26 repair and replacement parts, both new and used, including that

1 manufactured on special order, certified by the purchaser to be  
2 used primarily for photoprocessing, and including  
3 photoprocessing machinery and equipment purchased for lease.

4 (21) Until July 1, 2003, and beginning again on the  
5 effective date of this amendatory Act of the 97th General  
6 Assembly and thereafter, coal and aggregate exploration,  
7 mining, offhighway hauling, processing, maintenance, and  
8 reclamation equipment, including replacement parts and  
9 equipment, and including equipment purchased for lease, but  
10 excluding motor vehicles required to be registered under the  
11 Illinois Vehicle Code.

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

19 Beginning July 1, 2013, fuel and petroleum products sold to  
20 or used by an air carrier, certified by the carrier to be used  
21 for consumption, shipment, or storage in the conduct of its  
22 business as an air common carrier, for a flight that (i) is  
23 engaged in foreign trade or is engaged in trade between the  
24 United States and any of its possessions and (ii) transports at  
25 least one individual or package for hire from the city of  
26 origination to the city of final destination on the same

1 aircraft, without regard to a change in the flight number of  
2 that aircraft.

3 (23) A transaction in which the purchase order is received  
4 by a florist who is located outside Illinois, but who has a  
5 florist located in Illinois deliver the property to the  
6 purchaser or the purchaser's donee in Illinois.

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

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

25 (25-5) The exemption under item (25) does not apply if the  
26 state in which the motor vehicle will be titled does not allow

1 a reciprocal exemption for a motor vehicle sold and delivered  
2 in that state to an Illinois resident but titled in Illinois.  
3 The tax collected under this Act on the sale of a motor vehicle  
4 in this State to a resident of another state that does not  
5 allow a reciprocal exemption shall be imposed at a rate equal  
6 to the state's rate of tax on taxable property in the state in  
7 which the purchaser is a resident, except that the tax shall  
8 not exceed the tax that would otherwise be imposed under this  
9 Act. At the time of the sale, the purchaser shall execute a  
10 statement, signed under penalty of perjury, of his or her  
11 intent to title the vehicle in the state in which the purchaser  
12 is a resident within 30 days after the sale and of the fact of  
13 the payment to the State of Illinois of tax in an amount  
14 equivalent to the state's rate of tax on taxable property in  
15 his or her state of residence and shall submit the statement to  
16 the appropriate tax collection agency in his or her state of  
17 residence. In addition, the retailer must retain a signed copy  
18 of the statement in his or her records. Nothing in this item  
19 shall be construed to require the removal of the vehicle from  
20 this state following the filing of an intent to title the  
21 vehicle in the purchaser's state of residence if the purchaser  
22 titles the vehicle in his or her state of residence within 30  
23 days after the date of sale. The tax collected under this Act  
24 in accordance with this item (25-5) shall be proportionately  
25 distributed as if the tax were collected at the 6.25% general  
26 rate imposed under this Act.

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

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

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

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

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

24 "Based in this State" means hangared, stored, or otherwise  
25 used, excluding post-sale customizations as defined in this  
26 Section, for 10 or more days in each 12-month period

1 immediately following the date of the sale of the aircraft.

2 "Registered in this State" means an aircraft registered  
3 with the Department of Transportation, Aeronautics Division,  
4 or titled or registered with the Federal Aviation  
5 Administration to an address located in this State.

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

8 (26) Semen used for artificial insemination of livestock  
9 for direct agricultural production.

10 (27) Horses, or interests in horses, registered with and  
11 meeting the requirements of any of the Arabian Horse Club  
12 Registry of America, Appaloosa Horse Club, American Quarter  
13 Horse Association, United States Trotting Association, or  
14 Jockey Club, as appropriate, used for purposes of breeding or  
15 racing for prizes. This item (27) is exempt from the provisions  
16 of Section 2-70, and the exemption provided for under this item  
17 (27) applies for all periods beginning May 30, 1995, but no  
18 claim for credit or refund is allowed on or after January 1,  
19 2008 (the effective date of Public Act 95-88) for such taxes  
20 paid during the period beginning May 30, 2000 and ending on  
21 January 1, 2008 (the effective date of Public Act 95-88).

22 (28) Computers and communications equipment utilized for  
23 any hospital purpose and equipment used in the diagnosis,  
24 analysis, or treatment of hospital patients sold to a lessor  
25 who leases the equipment, under a lease of one year or longer  
26 executed or in effect at the time of the purchase, to a



1 hospital that has been issued an active tax exemption  
2 identification number by the Department under Section 1g of  
3 this Act.

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

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

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

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

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

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

1           (34) 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 2-70.

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

25           (35-5) Beginning August 23, 2001 and through June 30, 2016,  
26 food for human consumption that is to be consumed off the

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

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

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

1 Section 2-70.

2 (38) Beginning on January 1, 2002 and through June 30,  
3 2016, tangible personal property purchased from an Illinois  
4 retailer by a taxpayer engaged in centralized purchasing  
5 activities in Illinois who will, upon receipt of the property  
6 in Illinois, temporarily store the property in Illinois (i) for  
7 the purpose of subsequently transporting it outside this State  
8 for use or consumption thereafter solely outside this State or  
9 (ii) for the purpose of being processed, fabricated, or  
10 manufactured into, attached to, or incorporated into other  
11 tangible personal property to be transported outside this State  
12 and thereafter used or consumed solely outside this State. The  
13 Director of Revenue shall, pursuant to rules adopted in  
14 accordance with the Illinois Administrative Procedure Act,  
15 issue a permit to any taxpayer in good standing with the  
16 Department who is eligible for the exemption under this  
17 paragraph (38). The permit issued under this paragraph (38)  
18 shall authorize the holder, to the extent and in the manner  
19 specified in the rules adopted under this Act, to purchase  
20 tangible personal property from a retailer exempt from the  
21 taxes imposed by this Act. Taxpayers shall maintain all  
22 necessary books and records to substantiate the use and  
23 consumption of all such tangible personal property outside of  
24 the State of Illinois.

25 (39) Beginning January 1, 2008, tangible personal property  
26 used in the construction or maintenance of a community water

1 supply, as defined under Section 3.145 of the Environmental  
2 Protection Act, that is operated by a not-for-profit  
3 corporation that holds a valid water supply permit issued under  
4 Title IV of the Environmental Protection Act. This paragraph is  
5 exempt from the provisions of Section 2-70.

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

1 service pursuant to authority issued under Part 121 or Part 129  
2 of the Federal Aviation Regulations.

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

17 (Source: P.A. 96-116, eff. 7-31-09; 96-339, eff. 7-1-10;  
18 96-532, eff. 8-14-09; 96-759, eff. 1-1-10; 96-1000, eff.  
19 7-2-10; 97-38, eff. 6-28-11; 97-73, eff. 6-30-11; 97-227, eff.  
20 1-1-12; 97-431, eff. 8-16-11; 97-636, eff. 6-1-12; 97-767, eff.  
21 7-9-12.)

22 Section 99. Effective date. This Act takes effect upon  
23 becoming law.