



99TH GENERAL ASSEMBLY

State of Illinois

2015 and 2016

HB6242

Introduced 2/11/2016, by Rep. John M. Cabello

SYNOPSIS AS INTRODUCED:

35 ILCS 105/3-5
35 ILCS 105/3-85
35 ILCS 110/3-5
35 ILCS 110/3-70
35 ILCS 115/3-5
35 ILCS 120/2-5

Amends the Use Tax Act, the Service Use Tax Act, the Service Occupation Tax Act, and the Retailers' Occupation Tax Act. Reinstates the graphic arts machinery and equipment exemption and the corresponding Manufacturer's Purchase Credit on and after January 1, 2017. Provides that those credits are exempt from the Acts' automatic sunset provisions. Effective immediately.

LRB099 18629 HLH 43011 b

1 AN ACT concerning revenue.

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

4 Section 5. The Use Tax Act is amended by changing Sections
5 3-5 and 3-85 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, and beginning again on January 1,
4 2017, graphic arts machinery and equipment, including repair
5 and replacement parts, both new and used, and including that
6 manufactured on special order, certified by the purchaser to be
7 used primarily for graphic arts production, and including
8 machinery and equipment purchased for lease. Equipment
9 includes chemicals or chemicals acting as catalysts but only if
10 the chemicals or chemicals acting as catalysts effect a direct
11 and immediate change upon a graphic arts product. This item (6)
12 is exempt from the provisions of Section 3-90.

13 (7) Farm chemicals.

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

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

21 (10) A motor vehicle that is used for automobile renting,
22 as defined in the Automobile Renting Occupation and Use Tax
23 Act.

24 (11) Farm machinery and equipment, both new and used,
25 including that manufactured on special order, certified by the
26 purchaser to be used primarily for production agriculture or

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

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

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

1 computer-assisted operation of production agriculture
2 facilities, equipment, and activities such as, but not limited
3 to, the collection, monitoring, and correlation of animal and
4 crop data for the purpose of formulating animal diets and
5 agricultural chemicals. This item (11) is exempt from the
6 provisions of Section 3-90.

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

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

24 (13) Proceeds of mandatory service charges separately
25 stated on customers' bills for the purchase and consumption of
26 food and beverages purchased at retail from a retailer, to the

1 extent that the proceeds of the service charge are in fact
2 turned over as tips or as a substitute for tips to the
3 employees who participate directly in preparing, serving,
4 hosting or cleaning up the food or beverage function with
5 respect to which the service charge is imposed.

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

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

20 (16) Coal and aggregate exploration, mining, off-highway
21 hauling, processing, maintenance, and reclamation equipment,
22 including replacement parts and equipment, and including
23 equipment purchased for lease, but excluding motor vehicles
24 required to be registered under the Illinois Vehicle Code. The
25 changes made to this Section by Public Act 97-767 apply on and
26 after July 1, 2003, but no claim for credit or refund is

1 allowed on or after August 16, 2013 (the effective date of
2 Public Act 98-456) for such taxes paid during the period
3 beginning July 1, 2003 and ending on August 16, 2013 (the
4 effective date of Public Act 98-456).

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

11 (18) Manufacturing and assembling machinery and equipment
12 used primarily in the process of manufacturing or assembling
13 tangible personal property for wholesale or retail sale or
14 lease, whether that sale or lease is made directly by the
15 manufacturer or by some other person, whether the materials
16 used in the process are owned by the manufacturer or some other
17 person, or whether that sale or lease is made apart from or as
18 an incident to the seller's engaging in the service occupation
19 of producing machines, tools, dies, jigs, patterns, gauges, or
20 other similar items of no commercial value on special order for
21 a particular purchaser. The exemption provided by this
22 paragraph (18) does not include machinery and equipment used in
23 (i) the generation of electricity for wholesale or retail sale;
24 (ii) the generation or treatment of natural or artificial gas
25 for wholesale or retail sale that is delivered to customers
26 through pipes, pipelines, or mains; or (iii) the treatment of

1 water for wholesale or retail sale that is delivered to
2 customers through pipes, pipelines, or mains. The provisions of
3 Public Act 98-583 are declaratory of existing law as to the
4 meaning and scope of this exemption.

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

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

12 (21) 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 (21) is exempt from the provisions
18 of Section 3-90, and the exemption provided for under this item
19 (21) 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 for such taxes paid during the period beginning May 30,
22 2000 and ending on January 1, 2008.

23 (22) Computers and communications equipment utilized for
24 any hospital purpose and equipment used in the diagnosis,
25 analysis, or treatment of hospital patients purchased by a
26 lessor who leases the equipment, under a lease of one year or

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

20 (23) Personal property purchased by a lessor who leases the
21 property, under a lease of one year or longer executed or in
22 effect at the time the lessor would otherwise be subject to the
23 tax imposed by this Act, to a governmental body that has been
24 issued an active sales tax exemption identification number by
25 the Department under Section 1g of the Retailers' Occupation
26 Tax Act. If the property is leased in a manner that does not

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

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

24 (25) Beginning with taxable years ending on or after
25 December 31, 1995 and ending with taxable years ending on or
26 before December 31, 2004, personal property that is used in the

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

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

14 (27) A motor vehicle, as that term is defined in Section
15 1-146 of the Illinois Vehicle Code, that is donated to a
16 corporation, limited liability company, society, association,
17 foundation, or institution that is determined by the Department
18 to be organized and operated exclusively for educational
19 purposes. For purposes of this exemption, "a corporation,
20 limited liability company, society, association, foundation,
21 or institution organized and operated exclusively for
22 educational purposes" means all tax-supported public schools,
23 private schools that offer systematic instruction in useful
24 branches of learning by methods common to public schools and
25 that compare favorably in their scope and intensity with the
26 course of study presented in tax-supported schools, and

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

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

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

1 gross receipts derived from the use of the commercial,
2 coin-operated amusement and vending machines. This paragraph
3 is exempt from the provisions of Section 3-90.

4 (30) Beginning January 1, 2001 and through June 30, 2016,
5 food for human consumption that is to be consumed off the
6 premises where it is sold (other than alcoholic beverages, soft
7 drinks, and food that has been prepared for immediate
8 consumption) and prescription and nonprescription medicines,
9 drugs, medical appliances, and insulin, urine testing
10 materials, syringes, and needles used by diabetics, for human
11 use, when purchased for use by a person receiving medical
12 assistance under Article V of the Illinois Public Aid Code who
13 resides in a licensed long-term care facility, as defined in
14 the Nursing Home Care Act, or in a licensed facility as defined
15 in the ID/DD Community Care Act, the MC/DD Act, or the
16 Specialized Mental Health Rehabilitation Act of 2013.

17 (31) Beginning on the effective date of this amendatory Act
18 of the 92nd General Assembly, computers and communications
19 equipment utilized for any hospital purpose and equipment used
20 in the diagnosis, analysis, or treatment of hospital patients
21 purchased by a lessor who leases the equipment, under a lease
22 of one year or longer executed or in effect at the time the
23 lessor would otherwise be subject to the tax imposed by this
24 Act, to a 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 nonexempt 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 nonqualifying 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. This paragraph is exempt from the provisions of
15 Section 3-90.

16 (32) Beginning on the effective date of this amendatory Act
17 of the 92nd General Assembly, personal property purchased by a
18 lessor who leases the property, under a lease of one year or
19 longer executed or in effect at the time the lessor would
20 otherwise be subject to the tax imposed by this Act, to a
21 governmental body that has been issued an active sales tax
22 exemption identification number by the Department under
23 Section 1g of the Retailers' Occupation Tax Act. If the
24 property is leased in a manner that does not qualify for this
25 exemption or used in any other nonexempt manner, the lessor
26 shall be liable for the tax imposed under this Act or the

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

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

1 rolling stock exemption otherwise provided for in this Act. For
2 purposes of this paragraph, the term "used for commercial
3 purposes" means the transportation of persons or property in
4 furtherance of any commercial or industrial enterprise,
5 whether for-hire or not.

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

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

1 films. This exemption applies only to the use of qualifying
2 tangible personal property by persons who modify, refurbish,
3 complete, repair, replace, or maintain aircraft and who (i)
4 hold an Air Agency Certificate and are empowered to operate an
5 approved repair station by the Federal Aviation
6 Administration, (ii) have a Class IV Rating, and (iii) conduct
7 operations in accordance with Part 145 of the Federal Aviation
8 Regulations. The exemption does not include aircraft operated
9 by a commercial air carrier providing scheduled passenger air
10 service pursuant to authority issued under Part 121 or Part 129
11 of the Federal Aviation Regulations. The changes made to this
12 paragraph (35) by Public Act 98-534 are declarative of existing
13 law.

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

1 This paragraph is exempt from the provisions of Section 3-90.

2 (Source: P.A. 98-104, eff. 7-22-13; 98-422, eff. 8-16-13;
3 98-456, eff. 8-16-13; 98-534, eff. 8-23-13; 98-574, eff.
4 1-1-14; 98-583, eff. 1-1-14; 98-756, eff. 7-16-14; 99-180, eff.
5 7-29-15.)

6 (35 ILCS 105/3-85)

7 Sec. 3-85. Manufacturer's Purchase Credit. For purchases
8 of machinery and equipment made on and after January 1, 1995
9 through June 30, 2003, ~~and~~ on and after September 1, 2004
10 through August 30, 2014, and on and after January 1, 2017, a
11 purchaser of manufacturing machinery and equipment that
12 qualifies for the exemption provided by paragraph (18) of
13 Section 3-5 of this Act earns a credit in an amount equal to a
14 fixed percentage of the tax which would have been incurred
15 under this Act on those purchases. For purchases of graphic
16 arts machinery and equipment made on or after July 1, 1996 and
17 through June 30, 2003, ~~and~~ on and after September 1, 2004
18 through August 30, 2014, and on and after January 1, 2017, a
19 purchaser of graphic arts machinery and equipment that
20 qualifies for the exemption provided by paragraph (6) of
21 Section 3-5 of this Act earns a credit in an amount equal to a
22 fixed percentage of the tax that would have been incurred under
23 this Act on those purchases. The credit earned for purchases of
24 manufacturing machinery and equipment or graphic arts
25 machinery and equipment shall be referred to as the

1 Manufacturer's Purchase Credit. A graphic arts producer is a
2 person engaged in graphic arts production as defined in Section
3 2-30 of the Retailers' Occupation Tax Act. Beginning July 1,
4 1996, all references in this Section to manufacturers or
5 manufacturing shall also be deemed to refer to graphic arts
6 producers or graphic arts production.

7 The amount of credit shall be a percentage of the tax that
8 would have been incurred on the purchase of manufacturing
9 machinery and equipment or graphic arts machinery and equipment
10 if the exemptions provided by paragraph (6) or paragraph (18)
11 of Section 3-5 of this Act had not been applicable. The
12 percentage shall be as follows:

13 (1) 15% for purchases made on or before June 30, 1995.

14 (2) 25% for purchases made after June 30, 1995, and on
15 or before June 30, 1996.

16 (3) 40% for purchases made after June 30, 1996, and on
17 or before June 30, 1997.

18 (4) 50% for purchases made on or after July 1, 1997.

19 (a) Manufacturer's Purchase Credit earned prior to July 1,
20 2003. This subsection (a) applies to Manufacturer's Purchase
21 Credit earned prior to July 1, 2003. A purchaser of production
22 related tangible personal property desiring to use the
23 Manufacturer's Purchase Credit shall certify to the seller
24 prior to October 1, 2003 that the purchaser is satisfying all
25 or part of the liability under the Use Tax Act or the Service
26 Use Tax Act that is due on the purchase of the production

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

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

17 No Manufacturer's Purchase Credit earned prior to July 1,
18 2003 may be used after October 1, 2003. The Manufacturer's
19 Purchase Credit may be used to satisfy liability under the Use
20 Tax Act or the Service Use Tax Act due on the purchase of
21 production related tangible personal property (including
22 purchases by a manufacturer, by a graphic arts producer, or by
23 a lessor who rents or leases the use of the property to a
24 manufacturer or graphic arts producer) that does not otherwise
25 qualify for the manufacturing machinery and equipment
26 exemption or the graphic arts machinery and equipment

1 exemption. "Production related tangible personal property"
2 means (i) all tangible personal property used or consumed by
3 the purchaser in a manufacturing facility in which a
4 manufacturing process described in Section 2-45 of the
5 Retailers' Occupation Tax Act takes place, including tangible
6 personal property purchased for incorporation into real estate
7 within a manufacturing facility and including, but not limited
8 to, tangible personal property used or consumed in activities
9 such as preproduction material handling, receiving, quality
10 control, inventory control, storage, staging, and packaging
11 for shipping and transportation purposes; (ii) all tangible
12 personal property used or consumed by the purchaser in a
13 graphic arts facility in which graphic arts production as
14 described in Section 2-30 of the Retailers' Occupation Tax Act
15 takes place, including tangible personal property purchased
16 for incorporation into real estate within a graphic arts
17 facility and including, but not limited to, all tangible
18 personal property used or consumed in activities such as
19 graphic arts preliminary or pre-press production,
20 pre-production material handling, receiving, quality control,
21 inventory control, storage, staging, sorting, labeling,
22 mailing, tying, wrapping, and packaging; and (iii) all tangible
23 personal property used or consumed by the purchaser for
24 research and development. "Production related tangible
25 personal property" does not include (i) tangible personal
26 property used, within or without a manufacturing facility, in

1 sales, purchasing, accounting, fiscal management, marketing,
2 personnel recruitment or selection, or landscaping or (ii)
3 tangible personal property required to be titled or registered
4 with a department, agency, or unit of federal, state, or local
5 government. The Manufacturer's Purchase Credit may be used,
6 prior to October 1, 2003, to satisfy the tax arising either
7 from the purchase of machinery and equipment on or after
8 January 1, 1995 for which the exemption provided by paragraph
9 (18) of Section 3-5 of this Act was erroneously claimed, or the
10 purchase of machinery and equipment on or after July 1, 1996
11 for which the exemption provided by paragraph (6) of Section
12 3-5 of this Act was erroneously claimed, but not in
13 satisfaction of penalty, if any, and interest for failure to
14 pay the tax when due. A purchaser of production related
15 tangible personal property who is required to pay Illinois Use
16 Tax or Service Use Tax on the purchase directly to the
17 Department may, prior to October 1, 2003, utilize the
18 Manufacturer's Purchase Credit in satisfaction of the tax
19 arising from that purchase, but not in satisfaction of penalty
20 and interest. A purchaser who uses the Manufacturer's Purchase
21 Credit to purchase property which is later determined not to be
22 production related tangible personal property may be liable for
23 tax, penalty, and interest on the purchase of that property as
24 of the date of purchase but shall be entitled to use the
25 disallowed Manufacturer's Purchase Credit, so long as it has
26 not expired and is used prior to October 1, 2003, on qualifying

1 purchases of production related tangible personal property not
2 previously subject to credit usage. The Manufacturer's
3 Purchase Credit earned by a manufacturer or graphic arts
4 producer expires the last day of the second calendar year
5 following the calendar year in which the credit arose. No
6 Manufacturer's Purchase Credit may be used after September 30,
7 2003 regardless of when that credit was earned.

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

1 registration number or Federal Employer Identification
2 Number), the purchase price, and the amount of Manufacturer's
3 Purchase Credit earned on each purchase.

4 A purchaser using Manufacturer's Purchase Credit shall
5 sign and file an annual Report of Manufacturer's Purchase
6 Credit Used for each calendar year no later than the last day
7 of the sixth month following the calendar year in which a
8 Manufacturer's Purchase Credit is used. A Report of
9 Manufacturer's Purchase Credit Used shall be filed on forms as
10 prescribed or approved by the Department and shall state, for
11 each month of the calendar year: (i) the total purchase price
12 of production related tangible personal property purchased
13 from Illinois suppliers; (ii) the total purchase price of
14 production related tangible personal property purchased from
15 out-of-state suppliers; (iii) the total amount of credit used
16 during such month; and (iv) such other information as the
17 Department may reasonably require. A purchaser using
18 Manufacturer's Purchase Credit shall maintain records that
19 identify, as to each purchase of production related tangible
20 personal property on which the purchaser used Manufacturer's
21 Purchase Credit, the vendor (including, if applicable, either
22 the vendor's registration number or Federal Employer
23 Identification Number), the purchase price, and the amount of
24 Manufacturer's Purchase Credit used on each purchase.

25 No annual report shall be filed before May 1, 1996 or after
26 June 30, 2004. A purchaser that fails to file an annual Report

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

1 July 1, 1996.

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

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

18 (b) Manufacturer's Purchase Credit earned on and after
19 September 1, 2004. This subsection (b) applies to
20 Manufacturer's Purchase Credit earned on and after September 1,
21 2004. Manufacturer's Purchase Credit earned on or after
22 September 1, 2004 may only be used to satisfy the Use Tax or
23 Service Use Tax liability incurred on production related
24 tangible personal property purchased on or after September 1,
25 2004. A purchaser of production related tangible personal
26 property desiring to use the Manufacturer's Purchase Credit

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

1 arts production facility may, on or after September 1, 2004,
2 authorize a construction contractor to utilize credit
3 accumulated by the manufacturer or graphic arts producer to
4 purchase the tangible personal property. A manufacturer or
5 graphic arts producer intending to use accumulated credit to
6 purchase such tangible personal property shall execute a
7 written contract authorizing the contractor to utilize a
8 specified dollar amount of credit. The contractor shall furnish
9 the supplier with the manufacturer's or graphic arts producer's
10 name, registration or resale number, and a statement that a
11 specific amount of the Use Tax or Service Use Tax liability,
12 not to exceed 6.25% of the selling price, is being satisfied
13 with the credit. The manufacturer or graphic arts producer
14 shall remain liable to timely report all information required
15 by the annual Report of Manufacturer's Purchase Credit Used for
16 all credit utilized by a construction contractor.

17 The Manufacturer's Purchase Credit may be used to satisfy
18 liability under the Use Tax Act or the Service Use Tax Act due
19 on the purchase, made on or after September 1, 2004, of
20 production related tangible personal property (including
21 purchases by a manufacturer, by a graphic arts producer, or by
22 a lessor who rents or leases the use of the property to a
23 manufacturer or graphic arts producer) that does not otherwise
24 qualify for the manufacturing machinery and equipment
25 exemption or the graphic arts machinery and equipment
26 exemption. "Production related tangible personal property"

1 means (i) all tangible personal property used or consumed by
2 the purchaser in a manufacturing facility in which a
3 manufacturing process described in Section 2-45 of the
4 Retailers' Occupation Tax Act takes place, including tangible
5 personal property purchased for incorporation into real estate
6 within a manufacturing facility and including, but not limited
7 to, tangible personal property used or consumed in activities
8 such as preproduction material handling, receiving, quality
9 control, inventory control, storage, staging, and packaging
10 for shipping and transportation purposes; (ii) all tangible
11 personal property used or consumed by the purchaser in a
12 graphic arts facility in which graphic arts production as
13 described in Section 2-30 of the Retailers' Occupation Tax Act
14 takes place, including tangible personal property purchased
15 for incorporation into real estate within a graphic arts
16 facility and including, but not limited to, all tangible
17 personal property used or consumed in activities such as
18 graphic arts preliminary or pre-press production,
19 pre-production material handling, receiving, quality control,
20 inventory control, storage, staging, sorting, labeling,
21 mailing, tying, wrapping, and packaging; and (iii) all tangible
22 personal property used or consumed by the purchaser for
23 research and development. "Production related tangible
24 personal property" does not include (i) tangible personal
25 property used, within or without a manufacturing facility, in
26 sales, purchasing, accounting, fiscal management, marketing,

1 personnel recruitment or selection, or landscaping or (ii)
2 tangible personal property required to be titled or registered
3 with a department, agency, or unit of federal, state, or local
4 government. The Manufacturer's Purchase Credit may be used to
5 satisfy the tax arising either from the purchase of machinery
6 and equipment on or after September 1, 2004 for which the
7 exemption provided by paragraph (18) of Section 3-5 of this Act
8 was erroneously claimed, or the purchase of machinery and
9 equipment on or after September 1, 2004 for which the exemption
10 provided by paragraph (6) of Section 3-5 of this Act was
11 erroneously claimed, but not in satisfaction of penalty, if
12 any, and interest for failure to pay the tax when due. A
13 purchaser of production related tangible personal property
14 that is purchased on or after September 1, 2004 who is required
15 to pay Illinois Use Tax or Service Use Tax on the purchase
16 directly to the Department may utilize the Manufacturer's
17 Purchase Credit in satisfaction of the tax arising from that
18 purchase, but not in satisfaction of penalty and interest. A
19 purchaser who uses the Manufacturer's Purchase Credit to
20 purchase property on and after September 1, 2004 which is later
21 determined not to be production related tangible personal
22 property may be liable for tax, penalty, and interest on the
23 purchase of that property as of the date of purchase but shall
24 be entitled to use the disallowed Manufacturer's Purchase
25 Credit, so long as it has not expired and is used on qualifying
26 purchases of production related tangible personal property not

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

1 Manufacturer's Purchase Credit shall sign and file an annual
2 Report of Manufacturer's Purchase Credit Used for each calendar
3 year no later than the last day of the sixth month following
4 the calendar year in which a Manufacturer's Purchase Credit is
5 used. A Report of Manufacturer's Purchase Credit Used shall be
6 filed on forms as prescribed or approved by the Department and
7 shall state, for each month of the calendar year: (i) the total
8 purchase price of production related tangible personal
9 property purchased from Illinois suppliers; (ii) the total
10 purchase price of production related tangible personal
11 property purchased from out-of-state suppliers; (iii) the
12 total amount of credit used during such month; and (iv) such
13 other information as the Department may reasonably require. A
14 purchaser using Manufacturer's Purchase Credit shall maintain
15 records that identify, as to each purchase of production
16 related tangible personal property on which the purchaser used
17 Manufacturer's Purchase Credit, the vendor (including, if
18 applicable, either the vendor's registration number or Federal
19 Employer Identification Number), the purchase price, and the
20 amount of Manufacturer's Purchase Credit used on each purchase.

21 A purchaser that fails to file an annual Report of
22 Manufacturer's Purchase Credit Earned or an annual Report of
23 Manufacturer's Purchase Credit Used by the last day of the
24 sixth month following the end of the calendar year shall
25 forfeit all Manufacturer's Purchase Credit for that calendar
26 year unless it establishes that its failure to file was due to

1 reasonable cause. Manufacturer's Purchase Credit reports may
2 be amended to report and claim credit on qualifying purchases
3 not previously reported at any time before the credit would
4 have expired, unless both the Department and the purchaser have
5 agreed to an extension of the statute of limitations for the
6 issuance of a notice of tax liability as provided in Section 4
7 of the Retailers' Occupation Tax Act. If the time for
8 assessment or refund has been extended, then amended reports
9 for a calendar year may be filed at any time prior to the date
10 to which the statute of limitations for the calendar year or
11 portion thereof has been extended. Manufacturer's Purchase
12 Credit claimed on an amended report may be used to satisfy tax
13 liability under the Use Tax Act or the Service Use Tax Act (i)
14 on qualifying purchases of production related tangible
15 personal property made after the date the amended report is
16 filed or (ii) assessed by the Department on qualifying
17 production related tangible personal property purchased on or
18 after September 1, 2004. If the purchaser is not the
19 manufacturer or a graphic arts producer, but rents or leases
20 the use of the property to a manufacturer or graphic arts
21 producer, the purchaser may earn, report, and use
22 Manufacturer's Purchase Credit in the same manner as a
23 manufacturer or graphic arts producer. A purchaser shall not be
24 entitled to any Manufacturer's Purchase Credit for a purchase
25 that is required to be reported and is not timely reported as
26 provided in this Section. A purchaser remains liable for (i)

1 any tax that was satisfied by use of a Manufacturer's Purchase
2 Credit, as of the date of purchase, if that use is not timely
3 reported as required in this Section and (ii) for any
4 applicable penalties and interest for failing to pay the tax
5 when due.

6 This Section is exempt from the provisions of Section 3-90.
7 (Source: P.A. 96-116, eff. 7-31-09.)

8 Section 10. The Service Use Tax Act is amended by changing
9 Sections 3-5 and 3-70 as follows:

10 (35 ILCS 110/3-5)

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

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

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

23 (3) Personal property purchased by a not-for-profit arts or
24 cultural organization that establishes, by proof required by

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

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

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

1 arts product. This item (5) is exempt from the provisions of
2 Section 3-75.

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

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

25 Farm machinery and equipment shall include precision
26 farming equipment that is installed or purchased to be

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

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

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

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

1 United States and any of its possessions and (ii) transports at
2 least one individual or package for hire from the city of
3 origination to the city of final destination on the same
4 aircraft, without regard to a change in the flight number of
5 that aircraft.

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

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

24 (11) Proceeds from the sale of photoprocessing machinery
25 and equipment, including repair and replacement parts, both new
26 and used, including that manufactured on special order,

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

4 (12) Coal and aggregate exploration, mining, off-highway
5 hauling, processing, maintenance, and reclamation equipment,
6 including replacement parts and equipment, and including
7 equipment purchased for lease, but excluding motor vehicles
8 required to be registered under the Illinois Vehicle Code. The
9 changes made to this Section by Public Act 97-767 apply on and
10 after July 1, 2003, but no claim for credit or refund is
11 allowed on or after August 16, 2013 (the effective date of
12 Public Act 98-456) for such taxes paid during the period
13 beginning July 1, 2003 and ending on August 16, 2013 (the
14 effective date of Public Act 98-456).

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

17 (14) Horses, or interests in horses, registered with and
18 meeting the requirements of any of the Arabian Horse Club
19 Registry of America, Appaloosa Horse Club, American Quarter
20 Horse Association, United States Trotting Association, or
21 Jockey Club, as appropriate, used for purposes of breeding or
22 racing for prizes. This item (14) is exempt from the provisions
23 of Section 3-75, and the exemption provided for under this item
24 (14) applies for all periods beginning May 30, 1995, but no
25 claim for credit or refund is allowed on or after the effective
26 date of this amendatory Act of the 95th General Assembly for

1 such taxes paid during the period beginning May 30, 2000 and
2 ending on the effective date of this amendatory Act of the 95th
3 General Assembly.

4 (15) Computers and communications equipment utilized for
5 any hospital purpose and equipment used in the diagnosis,
6 analysis, or treatment of hospital patients purchased by a
7 lessor who leases the equipment, 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 hospital 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 equipment is leased in a
13 manner that does not qualify for this exemption or is used in
14 any other non-exempt 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 non-qualifying 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.

26 (16) Personal property purchased by a lessor who leases the

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

20 (17) Beginning with taxable years ending on or after
21 December 31, 1995 and ending with taxable years ending on or
22 before December 31, 2004, personal property that is donated for
23 disaster relief to be used in a State or federally declared
24 disaster area in Illinois or bordering Illinois by a
25 manufacturer or retailer that is registered in this State to a
26 corporation, society, association, foundation, or institution

1 that has been issued a sales tax exemption identification
2 number by the Department that assists victims of the disaster
3 who reside within the declared disaster area.

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

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

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

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

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

26 (22) Beginning January 1, 2000 and through December 31,

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

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

23 (24) Beginning on the effective date of this amendatory Act
24 of the 92nd General Assembly, computers and communications
25 equipment utilized for any hospital purpose and equipment used
26 in the diagnosis, analysis, or treatment of hospital patients

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

21 (25) Beginning on the effective date of this amendatory Act
22 of the 92nd General Assembly, personal property purchased by a
23 lessor who leases the property, under a lease of one year or
24 longer executed or in effect at the time the lessor would
25 otherwise be subject to the tax imposed by this Act, to a
26 governmental body that has been issued an active tax exemption

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

17 (26) 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 3-75.

24 (27) Beginning January 1, 2010, materials, parts,
25 equipment, components, and furnishings incorporated into or
26 upon an aircraft as part of the modification, refurbishment,

1 completion, replacement, repair, or maintenance of the
2 aircraft. This exemption includes consumable supplies used in
3 the modification, refurbishment, completion, replacement,
4 repair, and maintenance of aircraft, but excludes any
5 materials, parts, equipment, components, and consumable
6 supplies used in the modification, replacement, repair, and
7 maintenance of aircraft engines or power plants, whether such
8 engines or power plants are installed or uninstalled upon any
9 such aircraft. "Consumable supplies" include, but are not
10 limited to, adhesive, tape, sandpaper, general purpose
11 lubricants, cleaning solution, latex gloves, and protective
12 films. This exemption applies only to the use of qualifying
13 tangible personal property transferred incident to the
14 modification, refurbishment, completion, replacement, repair,
15 or maintenance of aircraft by persons who (i) hold an Air
16 Agency Certificate and are empowered to operate an approved
17 repair station by the Federal Aviation Administration, (ii)
18 have a Class IV Rating, and (iii) conduct operations in
19 accordance with Part 145 of the Federal Aviation Regulations.
20 The exemption does not include aircraft operated by a
21 commercial air carrier providing scheduled passenger air
22 service pursuant to authority issued under Part 121 or Part 129
23 of the Federal Aviation Regulations. The changes made to this
24 paragraph (27) by Public Act 98-534 are declarative of existing
25 law.

26 (28) Tangible personal property purchased by a

1 public-facilities corporation, as described in Section
2 11-65-10 of the Illinois Municipal Code, for purposes of
3 constructing or furnishing a municipal convention hall, but
4 only if the legal title to the municipal convention hall is
5 transferred to the municipality without any further
6 consideration by or on behalf of the municipality at the time
7 of the completion of the municipal convention hall or upon the
8 retirement or redemption of any bonds or other debt instruments
9 issued by the public-facilities corporation in connection with
10 the development of the municipal convention hall. This
11 exemption includes existing public-facilities corporations as
12 provided in Section 11-65-25 of the Illinois Municipal Code.
13 This paragraph is exempt from the provisions of Section 3-75.

14 (Source: P.A. 98-104, eff. 7-22-13; 98-422, eff. 8-16-13;
15 98-456, eff. 8-16-13; 98-534, eff. 8-23-13; 98-756, eff.
16 7-16-14; 99-180, eff. 7-29-15.)

17 (35 ILCS 110/3-70)

18 Sec. 3-70. Manufacturer's Purchase Credit. For purchases
19 of machinery and equipment made on and after January 1, 1995
20 and through June 30, 2003, ~~and~~ on and after September 1, 2004
21 through August 30, 2014, and on and after January 1, 2017, a
22 purchaser of manufacturing machinery and equipment that
23 qualifies for the exemption provided by Section 2 of this Act
24 earns a credit in an amount equal to a fixed percentage of the
25 tax which would have been incurred under this Act on those

1 purchases. For purchases of graphic arts machinery and
2 equipment made on or after July 1, 1996 through June 30, 2003,
3 ~~and~~ on and after September 1, 2004 through August 30, 2014, and
4 on and after January 1, 2017, a purchase of graphic arts
5 machinery and equipment that qualifies for the exemption
6 provided by paragraph (5) of Section 3-5 of this Act earns a
7 credit in an amount equal to a fixed percentage of the tax that
8 would have been incurred under this Act on those purchases. The
9 credit earned for the purchase of manufacturing machinery and
10 equipment and graphic arts machinery and equipment shall be
11 referred to as the Manufacturer's Purchase Credit. A graphic
12 arts producer is a person engaged in graphic arts production as
13 defined in Section 3-30 of the Service Occupation Tax Act.
14 Beginning July 1, 1996, all references in this Section to
15 manufacturers or manufacturing shall also refer to graphic arts
16 producers or graphic arts production.

17 The amount of credit shall be a percentage of the tax that
18 would have been incurred on the purchase of the manufacturing
19 machinery and equipment or graphic arts machinery and equipment
20 if the exemptions provided by Section 2 or paragraph (5) of
21 Section 3-5 of this Act had not been applicable.

22 All purchases prior to October 1, 2003 of manufacturing
23 machinery and equipment and graphic arts machinery and
24 equipment that qualify for the exemptions provided by paragraph
25 (5) of Section 2 or paragraph (5) of Section 3-5 of this Act
26 qualify for the credit without regard to whether the serviceman

1 elected, or could have elected, under paragraph (7) of Section
2 of this Act to exclude the transaction from this Act. If the
3 serviceman's billing to the service customer separately states
4 a selling price for the exempt manufacturing machinery or
5 equipment or the exempt graphic arts machinery and equipment,
6 the credit shall be calculated, as otherwise provided herein,
7 based on that selling price. If the serviceman's billing does
8 not separately state a selling price for the exempt
9 manufacturing machinery and equipment or the exempt graphic
10 arts machinery and equipment, the credit shall be calculated,
11 as otherwise provided herein, based on 50% of the entire
12 billing. If the serviceman contracts to design, develop, and
13 produce special order manufacturing machinery and equipment or
14 special order graphic arts machinery and equipment, and the
15 billing does not separately state a selling price for such
16 special order machinery and equipment, the credit shall be
17 calculated, as otherwise provided herein, based on 50% of the
18 entire billing. The provisions of this paragraph are effective
19 for purchases made on or after January 1, 1995.

20 The percentage shall be as follows:

21 (1) 15% for purchases made on or before June 30, 1995.

22 (2) 25% for purchases made after June 30, 1995, and on
23 or before June 30, 1996.

24 (3) 40% for purchases made after June 30, 1996, and on
25 or before June 30, 1997.

26 (4) 50% for purchases made on or after July 1, 1997.

1 (a) Manufacturer's Purchase Credit earned prior to July 1,
2 2003. This subsection (a) applies to Manufacturer's Purchase
3 Credit earned prior to July 1, 2003. A purchaser of production
4 related tangible personal property desiring to use the
5 Manufacturer's Purchase Credit shall certify to the seller
6 prior to October 1, 2003 that the purchaser is satisfying all
7 or part of the liability under the Use Tax Act or the Service
8 Use Tax Act that is due on the purchase of the production
9 related tangible personal property by use of a Manufacturer's
10 Purchase Credit. The Manufacturer's Purchase Credit
11 certification must be dated and shall include the name and
12 address of the purchaser, the purchaser's registration number,
13 if registered, the credit being applied, and a statement that
14 the State Use Tax or Service Use Tax liability is being
15 satisfied with the manufacturer's or graphic arts producer's
16 accumulated purchase credit. Certification may be incorporated
17 into the manufacturer's or graphic arts producer's purchase
18 order. Manufacturer's Purchase Credit certification provided
19 by the manufacturer or graphic arts producer prior to October
20 1, 2003 may be used to satisfy the retailer's or serviceman's
21 liability under the Retailers' Occupation Tax Act or Service
22 Occupation Tax Act for the credit claimed, not to exceed 6.25%
23 of the receipts subject to tax from a qualifying purchase, but
24 only if the retailer or serviceman reports the Manufacturer's
25 Purchase Credit claimed as required by the Department. A
26 Manufacturer's Purchase Credit reported on any original or

1 amended return filed under this Act after October 20, 2003
2 shall be disallowed. The Manufacturer's Purchase Credit earned
3 by purchase of exempt manufacturing machinery and equipment or
4 graphic arts machinery and equipment is a non-transferable
5 credit. A manufacturer or graphic arts producer that enters
6 into a contract involving the installation of tangible personal
7 property into real estate within a manufacturing or graphic
8 arts production facility, prior to October 1, 2003, may
9 authorize a construction contractor to utilize credit
10 accumulated by the manufacturer or graphic arts producer to
11 purchase the tangible personal property. A manufacturer or
12 graphic arts producer intending to use accumulated credit to
13 purchase such tangible personal property shall execute a
14 written contract authorizing the contractor to utilize a
15 specified dollar amount of credit. The contractor shall
16 furnish, prior to October 1, 2003, the supplier with the
17 manufacturer's or graphic arts producer's name, registration
18 or resale number, and a statement that a specific amount of the
19 Use Tax or Service Use Tax liability, not to exceed 6.25% of
20 the selling price, is being satisfied with the credit. The
21 manufacturer or graphic arts producer shall remain liable to
22 timely report all information required by the annual Report of
23 Manufacturer's Purchase Credit Used for credit utilized by a
24 construction contractor.

25 No Manufacturer's Purchase Credit earned prior to July 1,
26 2003 may be used after October 1, 2003. The Manufacturer's

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

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

1 satisfaction of the tax arising from that purchase, but not in
2 satisfaction of penalty and interest. A purchaser who uses the
3 Manufacturer's Purchase Credit to purchase property which is
4 later determined not to be production related tangible personal
5 property may be liable for tax, penalty, and interest on the
6 purchase of that property as of the date of purchase but shall
7 be entitled to use the disallowed Manufacturer's Purchase
8 Credit, so long as it has not expired and is used prior to
9 October 1, 2003, on qualifying purchases of production related
10 tangible personal property not previously subject to credit
11 usage. The Manufacturer's Purchase Credit earned by a
12 manufacturer or graphic arts producer expires the last day of
13 the second calendar year following the calendar year in which
14 the credit arose. No Manufacturer's Purchase Credit may be used
15 after September 30, 2003 regardless of when that credit was
16 earned.

17 A purchaser earning Manufacturer's Purchase Credit shall
18 sign and file an annual Report of Manufacturer's Purchase
19 Credit Earned for each calendar year no later than the last day
20 of the sixth month following the calendar year in which a
21 Manufacturer's Purchase Credit is earned. A Report of
22 Manufacturer's Purchase Credit Earned shall be filed on forms
23 as prescribed or approved by the Department and shall state,
24 for each month of the calendar year: (i) the total purchase
25 price of all purchases of exempt manufacturing or graphic arts
26 machinery on which the credit was earned; (ii) the total State

1 Use Tax or Service Use Tax which would have been due on those
2 items; (iii) the percentage used to calculate the amount of
3 credit earned; (iv) the amount of credit earned; and (v) such
4 other information as the Department may reasonably require. A
5 purchaser earning Manufacturer's Purchase Credit shall
6 maintain records which identify, as to each purchase of
7 manufacturing or graphic arts machinery and equipment on which
8 the purchaser earned Manufacturer's Purchase Credit, the
9 vendor (including, if applicable, either the vendor's
10 registration number or Federal Employer Identification
11 Number), the purchase price, and the amount of Manufacturer's
12 Purchase Credit earned on each purchase.

13 A purchaser using Manufacturer's Purchase Credit shall
14 sign and file an annual Report of Manufacturer's Purchase
15 Credit Used for each calendar year no later than the last day
16 of the sixth month following the calendar year in which a
17 Manufacturer's Purchase Credit is used. A Report of
18 Manufacturer's Purchase Credit Used shall be filed on forms as
19 prescribed or approved by the Department and shall state, for
20 each month of the calendar year: (i) the total purchase price
21 of production related tangible personal property purchased
22 from Illinois suppliers; (ii) the total purchase price of
23 production related tangible personal property purchased from
24 out-of-state suppliers; (iii) the total amount of credit used
25 during such month; and (iv) such other information as the
26 Department may reasonably require. A purchaser using

1 Manufacturer's Purchase Credit shall maintain records that
2 identify, as to each purchase of production related tangible
3 personal property on which the purchaser used Manufacturer's
4 Purchase Credit, the vendor (including, if applicable, either
5 the vendor's registration number or Federal Employer
6 Identification Number), the purchase price, and the amount of
7 Manufacturer's Purchase Credit used on each purchase.

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

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

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

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

1 (b) Manufacturer's Purchase Credit earned on and after
2 September 1, 2004. This subsection (b) applies to
3 Manufacturer's Purchase Credit earned on or after September 1,
4 2004. Manufacturer's Purchase Credit earned on or after
5 September 1, 2004 may only be used to satisfy the Use Tax or
6 Service Use Tax liability incurred on production related
7 tangible personal property purchased on or after September 1,
8 2004. A purchaser of production related tangible personal
9 property desiring to use the Manufacturer's Purchase Credit
10 shall certify to the seller that the purchaser is satisfying
11 all or part of the liability under the Use Tax Act or the
12 Service Use Tax Act that is due on the purchase of the
13 production related tangible personal property by use of a
14 Manufacturer's Purchase Credit. The Manufacturer's Purchase
15 Credit certification must be dated and shall include the name
16 and address of the purchaser, the purchaser's registration
17 number, if registered, the credit being applied, and a
18 statement that the State Use Tax or Service Use Tax liability
19 is being satisfied with the manufacturer's or graphic arts
20 producer's accumulated purchase credit. Certification may be
21 incorporated into the manufacturer's or graphic arts
22 producer's purchase order. Manufacturer's Purchase Credit
23 certification provided by the manufacturer or graphic arts
24 producer may be used to satisfy the retailer's or serviceman's
25 liability under the Retailers' Occupation Tax Act or Service
26 Occupation Tax Act for the credit claimed, not to exceed 6.25%

1 of the receipts subject to tax from a qualifying purchase, but
2 only if the retailer or serviceman reports the Manufacturer's
3 Purchase Credit claimed as required by the Department. The
4 Manufacturer's Purchase Credit earned by purchase of exempt
5 manufacturing machinery and equipment or graphic arts
6 machinery and equipment is a non-transferable credit. A
7 manufacturer or graphic arts producer that enters into a
8 contract involving the installation of tangible personal
9 property into real estate within a manufacturing or graphic
10 arts production facility may, on or after September 1, 2004,
11 authorize a construction contractor to utilize credit
12 accumulated by the manufacturer or graphic arts producer to
13 purchase the tangible personal property. A manufacturer or
14 graphic arts producer intending to use accumulated credit to
15 purchase such tangible personal property shall execute a
16 written contract authorizing the contractor to utilize a
17 specified dollar amount of credit. The contractor shall furnish
18 the supplier with the manufacturer's or graphic arts producer's
19 name, registration or resale number, and a statement that a
20 specific amount of the Use Tax or Service Use Tax liability,
21 not to exceed 6.25% of the selling price, is being satisfied
22 with the credit. The manufacturer or graphic arts producer
23 shall remain liable to timely report all information required
24 by the annual Report of Manufacturer's Purchase Credit Used for
25 credit utilized by a construction contractor.

26 The Manufacturer's Purchase Credit may be used to satisfy

1 liability under the Use Tax Act or the Service Use Tax Act due
2 on the purchase, made on or after September 1, 2004, of
3 production related tangible personal property (including
4 purchases by a manufacturer, by a graphic arts producer, or a
5 lessor who rents or leases the use of the property to a
6 manufacturer or graphic arts producer) that does not otherwise
7 qualify for the manufacturing machinery and equipment
8 exemption or the graphic arts machinery and equipment
9 exemption. "Production related tangible personal property"
10 means (i) all tangible personal property used or consumed by
11 the purchaser in a manufacturing facility in which a
12 manufacturing process described in Section 2-45 of the
13 Retailers' Occupation Tax Act takes place, including tangible
14 personal property purchased for incorporation into real estate
15 within a manufacturing facility and including, but not limited
16 to, tangible personal property used or consumed in activities
17 such as pre-production material handling, receiving, quality
18 control, inventory control, storage, staging, and packaging
19 for shipping and transportation purposes; (ii) all tangible
20 personal property used or consumed by the purchaser in a
21 graphic arts facility in which graphic arts production as
22 described in Section 2-30 of the Retailers' Occupation Tax Act
23 takes place, including tangible personal property purchased
24 for incorporation into real estate within a graphic arts
25 facility and including, but not limited to, all tangible
26 personal property used or consumed in activities such as

1 graphic arts preliminary or pre-press production,
2 pre-production material handling, receiving, quality control,
3 inventory control, storage, staging, sorting, labeling,
4 mailing, tying, wrapping, and packaging; and (iii) all tangible
5 personal property used or consumed by the purchaser for
6 research and development. "Production related tangible
7 personal property" does not include (i) tangible personal
8 property used, within or without a manufacturing or graphic
9 arts facility, in sales, purchasing, accounting, fiscal
10 management, marketing, personnel recruitment or selection, or
11 landscaping or (ii) tangible personal property required to be
12 titled or registered with a department, agency, or unit of
13 federal, state, or local government. The Manufacturer's
14 Purchase Credit may be used to satisfy the tax arising either
15 from the purchase of machinery and equipment on or after
16 September 1, 2004 for which the manufacturing machinery and
17 equipment exemption provided by Section 2 of this Act was
18 erroneously claimed, or the purchase of machinery and equipment
19 on or after September 1, 2004 for which the exemption provided
20 by paragraph (5) of Section 3-5 of this Act was erroneously
21 claimed, but not in satisfaction of penalty, if any, and
22 interest for failure to pay the tax when due. A purchaser of
23 production related tangible personal property that is
24 purchased on or after September 1, 2004 who is required to pay
25 Illinois Use Tax or Service Use Tax on the purchase directly to
26 the Department may utilize the Manufacturer's Purchase Credit

1 in satisfaction of the tax arising from that purchase, but not
2 in satisfaction of penalty and interest. A purchaser who uses
3 the Manufacturer's Purchase Credit to purchase property on and
4 after September 1, 2004 which is later determined not to be
5 production related tangible personal property may be liable for
6 tax, penalty, and interest on the purchase of that property as
7 of the date of purchase but shall be entitled to use the
8 disallowed Manufacturer's Purchase Credit, so long as it has
9 not expired, on qualifying purchases of production related
10 tangible personal property not previously subject to credit
11 usage. The Manufacturer's Purchase Credit earned by a
12 manufacturer or graphic arts producer expires the last day of
13 the second calendar year following the calendar year in which
14 the credit arose.

15 A purchaser earning Manufacturer's Purchase Credit shall
16 sign and file an annual Report of Manufacturer's Purchase
17 Credit Earned for each calendar year no later than the last day
18 of the sixth month following the calendar year in which a
19 Manufacturer's Purchase Credit is earned. A Report of
20 Manufacturer's Purchase Credit Earned shall be filed on forms
21 as prescribed or approved by the Department and shall state,
22 for each month of the calendar year: (i) the total purchase
23 price of all purchases of exempt manufacturing or graphic arts
24 machinery on which the credit was earned; (ii) the total State
25 Use Tax or Service Use Tax which would have been due on those
26 items; (iii) the percentage used to calculate the amount of

1 credit earned; (iv) the amount of credit earned; and (v) such
2 other information as the Department may reasonably require. A
3 purchaser earning Manufacturer's Purchase Credit shall
4 maintain records which identify, as to each purchase of
5 manufacturing or graphic arts machinery and equipment on which
6 the purchaser earned Manufacturer's Purchase Credit, the
7 vendor (including, if applicable, either the vendor's
8 registration number or Federal Employer Identification
9 Number), the purchase price, and the amount of Manufacturer's
10 Purchase Credit earned on each purchase.

11 A purchaser using Manufacturer's Purchase Credit shall
12 sign and file an annual Report of Manufacturer's Purchase
13 Credit Used for each calendar year no later than the last day
14 of the sixth month following the calendar year in which a
15 Manufacturer's Purchase Credit is used. A Report of
16 Manufacturer's Purchase Credit Used shall be filed on forms as
17 prescribed or approved by the Department and shall state, for
18 each month of the calendar year: (i) the total purchase price
19 of production related tangible personal property purchased
20 from Illinois suppliers; (ii) the total purchase price of
21 production related tangible personal property purchased from
22 out-of-state suppliers; (iii) the total amount of credit used
23 during such month; and (iv) such other information as the
24 Department may reasonably require. A purchaser using
25 Manufacturer's Purchase Credit shall maintain records that
26 identify, as to each purchase of production related tangible

1 personal property on which the purchaser used Manufacturer's
2 Purchase Credit, the vendor (including, if applicable, either
3 the vendor's registration number or Federal Employer
4 Identification Number), the purchase price, and the amount of
5 Manufacturer's Purchase Credit used on each purchase.

6 A purchaser that fails to file an annual Report of
7 Manufacturer's Purchase Credit Earned or an annual Report of
8 Manufacturer's Purchase Credit Used by the last day of the
9 sixth month following the end of the calendar year shall
10 forfeit all Manufacturer's Purchase Credit for that calendar
11 year unless it establishes that its failure to file was due to
12 reasonable cause. Manufacturer's Purchase Credit reports may
13 be amended to report and claim credit on qualifying purchases
14 not previously reported at any time before the credit would
15 have expired, unless both the Department and the purchaser have
16 agreed to an extension of the statute of limitations for the
17 issuance of a notice of tax liability as provided in Section 4
18 of the Retailers' Occupation Tax Act. If the time for
19 assessment or refund has been extended, then amended reports
20 for a calendar year may be filed at any time prior to the date
21 to which the statute of limitations for the calendar year or
22 portion thereof has been extended. Manufacturer's Purchase
23 Credit claimed on an amended report may be used to satisfy tax
24 liability under the Use Tax Act or the Service Use Tax Act (i)
25 on qualifying purchases of production related tangible
26 personal property made after the date the amended report is

1 filed or (ii) assessed by the Department on qualifying
2 production related tangible personal property purchased on or
3 after September 1, 2004.

4 If the purchaser is not the manufacturer or a graphic arts
5 producer, but rents or leases the use of the property to a
6 manufacturer or a graphic arts producer, the purchaser may
7 earn, report, and use Manufacturer's Purchase Credit in the
8 same manner as a manufacturer or graphic arts producer. A
9 purchaser shall not be entitled to any Manufacturer's Purchase
10 Credit for a purchase that is required to be reported and is
11 not timely reported as provided in this Section. A purchaser
12 remains liable for (i) any tax that was satisfied by use of a
13 Manufacturer's Purchase Credit, as of the date of purchase, if
14 that use is not timely reported as required in this Section and
15 (ii) for any applicable penalties and interest for failing to
16 pay the tax when due.

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

18 (Source: P.A. 96-116, eff. 7-31-09.)

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

21 (35 ILCS 115/3-5)

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

24 (1) Personal property sold by a corporation, society,

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

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

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

25 (4) Legal tender, currency, medallions, or gold or silver
26 coinage issued by the State of Illinois, the government of the

1 United States of America, or the government of any foreign
2 country, and bullion.

3 (5) Until July 1, 2003, and beginning again on September 1,
4 2004 through August 30, 2014, and beginning again on January 1,
5 2017, graphic arts machinery and equipment, including repair
6 and replacement parts, both new and used, and including that
7 manufactured on special order or purchased for lease, certified
8 by the purchaser to be used primarily for graphic arts
9 production. Equipment includes chemicals or chemicals acting
10 as catalysts but only if the chemicals or chemicals acting as
11 catalysts effect a direct and immediate change upon a graphic
12 arts product. This item (5) is exempt from the provisions of
13 Section 3-55.

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

17 (7) Farm machinery and equipment, both new and used,
18 including that manufactured on special order, certified by the
19 purchaser to be used primarily for production agriculture or
20 State or federal agricultural programs, including individual
21 replacement parts for the machinery and equipment, including
22 machinery and equipment purchased for lease, and including
23 implements of husbandry defined in Section 1-130 of the
24 Illinois Vehicle Code, farm machinery and agricultural
25 chemical and fertilizer spreaders, and nurse wagons required to
26 be registered under Section 3-809 of the Illinois Vehicle Code,

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

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

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

26 (8) Until June 30, 2013, fuel and petroleum products sold

1 to or used by an air common carrier, certified by the carrier
2 to be used for consumption, shipment, or storage in the conduct
3 of its business as an air common carrier, for a flight destined
4 for or returning from a location or locations outside the
5 United States without regard to previous or subsequent domestic
6 stopovers.

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

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

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

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

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

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

24 (13) Beginning January 1, 1992 and through June 30, 2016,
25 food for human consumption that is to be consumed off the
26 premises where it is sold (other than alcoholic beverages, soft

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

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

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

25 (16) Computers and communications equipment utilized for
26 any hospital purpose and equipment used in the diagnosis,

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

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

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

23 (19) Beginning with taxable years ending on or after
24 December 31, 1995 and ending with taxable years ending on or
25 before December 31, 2004, personal property that is used in the
26 performance of infrastructure repairs in this State, including

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

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

13 (21) A motor vehicle, as that term is defined in Section
14 1-146 of the Illinois Vehicle Code, that is donated to a
15 corporation, limited liability company, society, association,
16 foundation, or institution that is determined by the Department
17 to be organized and operated exclusively for educational
18 purposes. For purposes of this exemption, "a corporation,
19 limited liability company, society, association, foundation,
20 or institution organized and operated exclusively for
21 educational purposes" means all tax-supported public schools,
22 private schools that offer systematic instruction in useful
23 branches of learning by methods common to public schools and
24 that compare favorably in their scope and intensity with the
25 course of study presented in tax-supported schools, and
26 vocational or technical schools or institutes organized and

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

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

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

1 coin-operated amusement and vending machines. This paragraph
2 is exempt from the provisions of Section 3-55.

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

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

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

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

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

25 (28) Tangible personal property sold to a
26 public-facilities corporation, as described in Section

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

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

1 films. This exemption applies only to the transfer of
2 qualifying tangible personal property incident to the
3 modification, refurbishment, completion, replacement, repair,
4 or maintenance of an aircraft by persons who (i) hold an Air
5 Agency Certificate and are empowered to operate an approved
6 repair station by the Federal Aviation Administration, (ii)
7 have a Class IV Rating, and (iii) conduct operations in
8 accordance with Part 145 of the Federal Aviation Regulations.
9 The exemption does not include aircraft operated by a
10 commercial air carrier providing scheduled passenger air
11 service pursuant to authority issued under Part 121 or Part 129
12 of the Federal Aviation Regulations. The changes made to this
13 paragraph (29) by Public Act 98-534 are declarative of existing
14 law.

15 (Source: P.A. 98-104, eff. 7-22-13; 98-422, eff. 8-16-13;
16 98-456, eff. 8-16-13; 98-534, eff. 8-23-13; 98-756, eff.
17 7-16-14; 99-180, eff. 7-29-15.)

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

20 (35 ILCS 120/2-5)

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

24 (1) Farm chemicals.

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

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

1 such equipment.

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

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

16 (4) Until July 1, 2003, and beginning again September 1,
17 2004 through August 30, 2014, and beginning again on January 1,
18 2017, graphic arts machinery and equipment, including repair
19 and replacement parts, both new and used, and including that
20 manufactured on special order or purchased for lease, certified
21 by the purchaser to be used primarily for graphic arts
22 production. Equipment includes chemicals or chemicals acting
23 as catalysts but only if the chemicals or chemicals acting as
24 catalysts effect a direct and immediate change upon a graphic
25 arts product. This item (4) is exempt from the provisions of
26 Section 2-70.

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

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

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

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

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

1 number issued by the Department.

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

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

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

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

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

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

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

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

26 (15) Proceeds of mandatory service charges separately

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

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

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

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

22 (19) Until July 1 2003, oil field exploration, drilling,
23 and production equipment, including (i) rigs and parts of rigs,
24 rotary rigs, cable tool rigs, and workover rigs, (ii) pipe and
25 tubular goods, including casing and drill strings, (iii) pumps
26 and pump-jack units, (iv) storage tanks and flow lines, (v) any

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

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

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

21 (22) Until June 30, 2013, fuel and petroleum products sold
22 to or used by an air carrier, certified by the carrier to be
23 used for consumption, shipment, or storage in the conduct of
24 its business as an air common carrier, for a flight destined
25 for or returning from a location or locations outside the
26 United States without regard to previous or subsequent domestic

1 stopovers.

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

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

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

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

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

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

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

10 (25-7) Beginning on July 1, 2007, no tax is imposed under
11 this Act on the sale of an aircraft, as defined in Section 3 of
12 the Illinois Aeronautics Act, if all of the following
13 conditions are met:

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

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

22 (3) the seller retains in his or her books and records
23 and provides to the Department a signed and dated
24 certification from the purchaser, on a form prescribed by
25 the Department, certifying that the requirements of this
26 item (25-7) are met. The certificate must also include the

1 name and address of the purchaser, the address of the
2 location where the aircraft is to be titled or registered,
3 the address of the primary physical location of the
4 aircraft, and other information that the Department may
5 reasonably require.

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

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

11 "Registered in this State" means an aircraft registered
12 with the Department of Transportation, Aeronautics Division,
13 or titled or registered with the Federal Aviation
14 Administration to an address located in this State.

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

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

19 (27) Horses, or interests in horses, registered with and
20 meeting the requirements of any of the Arabian Horse Club
21 Registry of America, Appaloosa Horse Club, American Quarter
22 Horse Association, United States Trotting Association, or
23 Jockey Club, as appropriate, used for purposes of breeding or
24 racing for prizes. This item (27) is exempt from the provisions
25 of Section 2-70, and the exemption provided for under this item
26 (27) applies for all periods beginning May 30, 1995, but no

1 claim for credit or refund is allowed on or after January 1,
2 2008 (the effective date of Public Act 95-88) for such taxes
3 paid during the period beginning May 30, 2000 and ending on
4 January 1, 2008 (the effective date of Public Act 95-88).

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

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

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

1 who reside within the declared disaster area.

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

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

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

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

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

24 (35) Beginning January 1, 2000 and through December 31,
25 2001, new or used automatic vending machines that prepare and
26 serve hot food and beverages, including coffee, soup, and other

1 items, and replacement parts for these machines. Beginning
2 January 1, 2002 and through June 30, 2003, machines and parts
3 for machines used in commercial, coin-operated amusement and
4 vending business if a use or occupation tax is paid on the
5 gross receipts derived from the use of the commercial,
6 coin-operated amusement and vending machines. This paragraph
7 is exempt from the provisions of Section 2-70.

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

21 (36) Beginning August 2, 2001, computers and
22 communications equipment utilized for any hospital purpose and
23 equipment used in the diagnosis, analysis, or treatment of
24 hospital patients sold to a lessor who leases the equipment,
25 under a lease of one year or longer executed or in effect at
26 the time of the purchase, to a hospital that has been issued an

1 active tax exemption identification number by the Department
2 under Section 1g of this Act. This paragraph is exempt from the
3 provisions of Section 2-70.

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

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

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

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

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

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

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

1 exemption includes existing public-facilities corporations as
2 provided in Section 11-65-25 of the Illinois Municipal Code.
3 This paragraph is exempt from the provisions of Section 2-70.
4 (Source: P.A. 98-104, eff. 7-22-13; 98-422, eff. 8-16-13;
5 98-456, eff. 8-16-13; 98-534, eff. 8-23-13; 98-574, eff.
6 1-1-14; 98-583, eff. 1-1-14; 98-756, eff. 7-16-14; 99-180, eff.
7 7-29-15.)

8 Section 99. Effective date. This Act takes effect upon
9 becoming law.