



## 99TH GENERAL ASSEMBLY

### State of Illinois

2015 and 2016

SB2141

Introduced 5/29/2015, by Sen. Jim Oberweis

#### SYNOPSIS AS INTRODUCED:

35 ILCS 105/3-5  
35 ILCS 110/3-5  
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. Provides that tangible personal property produced by a manufacturer and provided free of charge to consumers as a sample of the manufacturer's product for the purpose of encouraging consumers to purchase the same or similar items produced by the manufacturer is exempt from taxation under the Acts. Excludes the exemption from the Acts' automatic sunset provisions. Effective immediately.

LRB099 12641 HLH 36282 b

FISCAL NOTE ACT  
MAY APPLY

A BILL FOR

1 AN ACT concerning revenue.

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

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

6 (35 ILCS 105/3-5)

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

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

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

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

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

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

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

1 the car is subject to the Replacement Vehicle Tax.

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

12 (7) Farm chemicals.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

19 (16) Coal and aggregate exploration, mining, off-highway  
20 hauling, processing, maintenance, and reclamation equipment,  
21 including replacement parts and equipment, and including  
22 equipment purchased for lease, but excluding motor vehicles  
23 required to be registered under the Illinois Vehicle Code. The  
24 changes made to this Section by Public Act 97-767 apply on and  
25 after July 1, 2003, but no claim for credit or refund is  
26 allowed on or after August 16, 2013 (the effective date of

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

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

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



1 customers through pipes, pipelines, or mains. The provisions of  
2 Public Act 98-583 are declaratory of existing law as to the  
3 meaning and scope of this exemption.

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

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

11 (21) Horses, or interests in horses, registered with and  
12 meeting the requirements of any of the Arabian Horse Club  
13 Registry of America, Appaloosa Horse Club, American Quarter  
14 Horse Association, United States Trotting Association, or  
15 Jockey Club, as appropriate, used for purposes of breeding or  
16 racing for prizes. This item (21) is exempt from the provisions  
17 of Section 3-90, and the exemption provided for under this item  
18 (21) applies for all periods beginning May 30, 1995, but no  
19 claim for credit or refund is allowed on or after January 1,  
20 2008 for such taxes paid during the period beginning May 30,  
21 2000 and ending on January 1, 2008.

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

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

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

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

13 (24) 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 (25) 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 (26) Beginning July 1, 1999, game or game birds purchased  
10 at a "game breeding and hunting preserve area" as that term is  
11 used in the Wildlife Code. This paragraph is exempt from the  
12 provisions of Section 3-90.

13 (27) 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 (28) Beginning January 1, 2000, personal property,  
6 including food, purchased through fundraising events for the  
7 benefit of a public or private elementary or secondary 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 3-90.

19 (29) Beginning January 1, 2000 and through December 31,  
20 2001, new or used automatic vending machines that prepare and  
21 serve hot food and beverages, including coffee, soup, and 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 3-90.

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

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

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

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

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

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



1 purposes of this paragraph, the term "used for commercial  
2 purposes" means the transportation of persons or property in  
3 furtherance of any commercial or industrial enterprise,  
4 whether for-hire or not.

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

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

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

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

1       (37) Tangible personal property produced by a manufacturer  
2       and provided free of charge to consumers as a sample of the  
3       manufacturer's product for the purpose of encouraging  
4       consumers to purchase the same or similar items produced by the  
5       manufacturer. This paragraph is exempt from the provisions of  
6       Section 3-90.

7       (Source: P.A. 97-38, eff. 6-28-11; 97-227, eff. 1-1-12; 97-431,  
8       eff. 8-16-11; 97-636, eff. 6-1-12; 97-767, eff. 7-9-12; 98-104,  
9       eff. 7-22-13; 98-422, eff. 8-16-13; 98-456, eff. 8-16-13;  
10       98-534, eff. 8-23-13; 98-574, eff. 1-1-14; 98-583, eff. 1-1-14;  
11       98-756, eff. 7-16-14.)

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

14       (35 ILCS 110/3-5)

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

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

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

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

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

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

22 (5) Until July 1, 2003 and beginning again on September 1,  
23 2004 through August 30, 2014, graphic arts machinery and  
24 equipment, including repair and replacement parts, both new and  
25 used, and including that manufactured on special order or  
26 purchased for lease, certified by the purchaser to be used

1 primarily for graphic arts production. Equipment includes  
2 chemicals or chemicals acting as catalysts but only if the  
3 chemicals or chemicals acting as catalysts effect a direct and  
4 immediate change upon a graphic arts product.

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

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

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

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

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

24 Beginning July 1, 2013, fuel and petroleum products sold to  
25 or used by an air carrier, certified by the carrier to be used  
26 for consumption, shipment, or storage in the conduct of its

1 business as an air common carrier, for a flight that (i) is  
2 engaged in foreign trade or is engaged in trade between the  
3 United States and any of its possessions and (ii) transports at  
4 least one individual or package for hire from the city of  
5 origination to the city of final destination on the same  
6 aircraft, without regard to a change in the flight number of  
7 that aircraft.

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

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

26 (11) Proceeds from the sale of photoprocessing machinery

1 and equipment, including repair and replacement parts, both new  
2 and used, including that manufactured on special order,  
3 certified by the purchaser to be used primarily for  
4 photoprocessing, and including photoprocessing machinery and  
5 equipment purchased for lease.

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

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

19 (14) 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 (14) is exempt from the provisions  
25 of Section 3-75, and the exemption provided for under this item  
26 (14) applies for all periods beginning May 30, 1995, but no



1 claim for credit or refund is allowed on or after the effective  
2 date of this amendatory Act of the 95th General Assembly for  
3 such taxes paid during the period beginning May 30, 2000 and  
4 ending on the effective date of this amendatory Act of the 95th  
5 General Assembly.

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

1 liable to pay that amount to the Department.

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

22 (17) Beginning with taxable years ending on or after  
23 December 31, 1995 and ending with taxable years ending on or  
24 before December 31, 2004, personal property that is donated for  
25 disaster relief to be used in a State or federally declared  
26 disaster area in Illinois or bordering Illinois by a

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

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

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

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

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

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

1 exempt from the provisions of Section 3-75.

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

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

25 (24) Beginning on the effective date of this amendatory Act  
26 of the 92nd General Assembly, computers and communications

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

23 (25) Beginning on the effective date of this amendatory Act  
24 of the 92nd General Assembly, personal property purchased by a  
25 lessor who leases the property, under a lease of one year or  
26 longer executed or in effect at the time the lessor would

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

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

26 (27) Beginning January 1, 2010, materials, parts,

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



1 law.

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

16 (29) Tangible personal property produced by a manufacturer  
17 and provided free of charge to consumers as a sample of the  
18 manufacturer's product for the purpose of encouraging  
19 consumers to purchase the same or similar items produced by the  
20 manufacturer. This paragraph is exempt from the provisions of  
21 Section 3-75.

22 (Source: P.A. 97-38, eff. 6-28-11; 97-227, eff. 1-1-12; 97-431,  
23 eff. 8-16-11; 97-636, eff. 6-1-12; 97-767, eff. 7-9-12; 98-104,  
24 eff. 7-22-13; 98-422, eff. 8-16-13; 98-456, eff. 8-16-13;  
25 98-534, eff. 8-23-13; 98-756, eff. 7-16-14.)

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

3 (35 ILCS 115/3-5)

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

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

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

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

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

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

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

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

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

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

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

23 Farm machinery and equipment also includes computers,  
24 sensors, software, and related equipment used primarily in the  
25 computer-assisted operation of production agriculture  
26 facilities, equipment, and activities such as, but not limited

1 to, the collection, monitoring, and correlation of animal and  
2 crop data for the purpose of formulating animal diets and  
3 agricultural chemicals. This item (7) is exempt from the  
4 provisions of Section 3-55.

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

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

22 (9) Proceeds of mandatory service charges separately  
23 stated on customers' bills for the purchase and consumption of  
24 food and beverages, to the extent that the proceeds of the  
25 service charge are in fact turned over as tips or as a  
26 substitute for tips to the employees who participate directly

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

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

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

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

1 beginning July 1, 2003 and ending on August 16, 2013 (the  
2 effective date of Public Act 98-456).

3 (13) Beginning January 1, 1992 and through June 30, 2016,  
4 food for human consumption that is to be consumed off the  
5 premises where it is sold (other than alcoholic beverages, soft  
6 drinks and food that has been prepared for immediate  
7 consumption) and prescription and non-prescription medicines,  
8 drugs, medical appliances, and insulin, urine testing  
9 materials, syringes, and needles used by diabetics, for human  
10 use, when purchased for use by a person receiving medical  
11 assistance under Article V of the Illinois Public Aid Code who  
12 resides in a licensed long-term care facility, as defined in  
13 the Nursing Home Care Act, or in a licensed facility as defined  
14 in the ID/DD Community Care Act or the Specialized Mental  
15 Health Rehabilitation Act of 2013.

16 (14) Semen used for artificial insemination of livestock  
17 for direct agricultural production.

18 (15) Horses, or interests in horses, registered with and  
19 meeting the requirements of any of the Arabian Horse Club  
20 Registry of America, Appaloosa Horse Club, American Quarter  
21 Horse Association, United States Trotting Association, or  
22 Jockey Club, as appropriate, used for purposes of breeding or  
23 racing for prizes. This item (15) is exempt from the provisions  
24 of Section 3-55, and the exemption provided for under this item  
25 (15) applies for all periods beginning May 30, 1995, but no  
26 claim for credit or refund is allowed on or after January 1,

1 2008 (the effective date of Public Act 95-88) for such taxes  
2 paid during the period beginning May 30, 2000 and ending on  
3 January 1, 2008 (the effective date of Public Act 95-88).

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

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

18 (18) 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 (19) 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 (20) 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 3-55.

18 (21) 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 (22) 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 3-55.

24 (23) 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 3-55.

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

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

26 (26) Beginning on January 1, 2002 and through June 30,

1 2016, tangible personal property purchased from an Illinois  
2 retailer by a taxpayer engaged in centralized purchasing  
3 activities in Illinois who will, upon receipt of the property  
4 in Illinois, temporarily store the property in Illinois (i) for  
5 the purpose of subsequently transporting it outside this State  
6 for use or consumption thereafter solely outside this State or  
7 (ii) for the purpose of being processed, fabricated, or  
8 manufactured into, attached to, or incorporated into other  
9 tangible personal property to be transported outside this State  
10 and thereafter used or consumed solely outside this State. The  
11 Director of Revenue shall, pursuant to rules adopted in  
12 accordance with the Illinois Administrative Procedure Act,  
13 issue a permit to any taxpayer in good standing with the  
14 Department who is eligible for the exemption under this  
15 paragraph (26). The permit issued under this paragraph (26)  
16 shall authorize the holder, to the extent and in the manner  
17 specified in the rules adopted under this Act, to purchase  
18 tangible personal property from a retailer exempt from the  
19 taxes imposed by this Act. Taxpayers shall maintain all  
20 necessary books and records to substantiate the use and  
21 consumption of all such tangible personal property outside of  
22 the State of Illinois.

23 (27) Beginning January 1, 2008, tangible personal property  
24 used in the construction or maintenance of a community water  
25 supply, as defined under Section 3.145 of the Environmental  
26 Protection Act, that is operated by a not-for-profit

1 corporation that holds a valid water supply permit issued under  
2 Title IV of the Environmental Protection Act. This paragraph is  
3 exempt from the provisions of Section 3-55.

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

18 (29) Beginning January 1, 2010, materials, parts,  
19 equipment, components, and furnishings incorporated into or  
20 upon an aircraft as part of the modification, refurbishment,  
21 completion, replacement, repair, or maintenance of the  
22 aircraft. This exemption includes consumable supplies used in  
23 the modification, refurbishment, completion, replacement,  
24 repair, and maintenance of aircraft, but excludes any  
25 materials, parts, equipment, components, and consumable  
26 supplies used in the modification, replacement, repair, and

1 maintenance of aircraft engines or power plants, whether such  
2 engines or power plants are installed or uninstalled upon any  
3 such aircraft. "Consumable supplies" include, but are not  
4 limited to, adhesive, tape, sandpaper, general purpose  
5 lubricants, cleaning solution, latex gloves, and protective  
6 films. This exemption applies only to the transfer of  
7 qualifying tangible personal property incident to the  
8 modification, refurbishment, completion, replacement, repair,  
9 or maintenance of an aircraft by persons who (i) hold an Air  
10 Agency Certificate and are empowered to operate an approved  
11 repair station by the Federal Aviation Administration, (ii)  
12 have a Class IV Rating, and (iii) conduct operations in  
13 accordance with Part 145 of the Federal Aviation Regulations.  
14 The exemption does not include aircraft operated by a  
15 commercial air carrier providing scheduled passenger air  
16 service pursuant to authority issued under Part 121 or Part 129  
17 of the Federal Aviation Regulations. The changes made to this  
18 paragraph (29) by Public Act 98-534 are declarative of existing  
19 law.

20 (30) Tangible personal property produced by a manufacturer  
21 and provided free of charge to consumers as a sample of the  
22 manufacturer's product for the purpose of encouraging  
23 consumers to purchase the same or similar items produced by the  
24 manufacturer. This paragraph is exempt from the provisions of  
25 Section 3-55.

26 (Source: P.A. 97-38, eff. 6-28-11; 97-73, eff. 6-30-11; 97-227,

1 eff. 1-1-12; 97-431, eff. 8-16-11; 97-636, eff. 6-1-12; 97-767,  
2 eff. 7-9-12; 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; 98-756, eff.  
4 7-16-14.)

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

7 (35 ILCS 120/2-5)

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

11 (1) Farm chemicals.

12 (2) Farm machinery and equipment, both new and used,  
13 including that manufactured on special order, certified by the  
14 purchaser to be used primarily for production agriculture or  
15 State or federal agricultural programs, including individual  
16 replacement parts for the machinery and equipment, including  
17 machinery and equipment purchased for lease, and including  
18 implements of husbandry defined in Section 1-130 of the  
19 Illinois Vehicle Code, farm machinery and agricultural  
20 chemical and fertilizer spreaders, and nurse wagons required to  
21 be registered under Section 3-809 of the Illinois Vehicle Code,  
22 but excluding other motor vehicles required to be registered  
23 under the Illinois Vehicle Code. Horticultural polyhouses or  
24 hoop houses used for propagating, growing, or overwintering

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

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

15 Farm machinery and equipment also includes computers,  
16 sensors, software, and related equipment used primarily in the  
17 computer-assisted operation of production agriculture  
18 facilities, equipment, and activities such as, but not limited  
19 to, the collection, monitoring, and correlation of animal and  
20 crop data for the purpose of formulating animal diets and  
21 agricultural chemicals. This item (2) is exempt from the  
22 provisions of Section 2-70.

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



1 as motor fuel or as a component of motor fuel for the personal  
2 use of the user, and not subject to sale or resale.

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

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

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

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

21 (8) Personal property sold to an Illinois county fair  
22 association for use in conducting, operating, or promoting the  
23 county fair.

24 (9) Personal property sold to a not-for-profit arts or  
25 cultural organization that establishes, by proof required by  
26 the Department by rule, that it has received an exemption under

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

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

20 (11) Personal property sold to a governmental body, to a  
21 corporation, society, association, foundation, or institution  
22 organized and operated exclusively for charitable, religious,  
23 or educational purposes, or to a not-for-profit corporation,  
24 society, association, foundation, institution, or organization  
25 that has no compensated officers or employees and that is  
26 organized and operated primarily for the recreation of persons

1 55 years of age or older. A limited liability company may  
2 qualify for the exemption under this paragraph only if the  
3 limited liability company is organized and operated  
4 exclusively for educational purposes. On and after July 1,  
5 1987, however, no entity otherwise eligible for this exemption  
6 shall make tax-free purchases unless it has an active  
7 identification number issued by the Department.

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

17 (12-5) On and after July 1, 2003 and through June 30, 2004,  
18 motor vehicles of the second division with a gross vehicle  
19 weight in excess of 8,000 pounds that are subject to the  
20 commercial distribution fee imposed under Section 3-815.1 of  
21 the Illinois Vehicle Code. Beginning on July 1, 2004 and  
22 through June 30, 2005, the use in this State of motor vehicles  
23 of the second division: (i) with a gross vehicle weight rating  
24 in excess of 8,000 pounds; (ii) that are subject to the  
25 commercial distribution fee imposed under Section 3-815.1 of  
26 the Illinois Vehicle Code; and (iii) that are primarily used

1 for commercial purposes. Through June 30, 2005, this exemption  
2 applies to repair and replacement parts added after the initial  
3 purchase of such a motor vehicle if that motor vehicle is used  
4 in a manner that would qualify for the rolling stock exemption  
5 otherwise provided for in this Act. For purposes of this  
6 paragraph, "used for commercial purposes" means the  
7 transportation of persons or property in furtherance of any  
8 commercial or industrial enterprise whether for-hire or not.

9 (13) Proceeds from sales to owners, lessors, or shippers of  
10 tangible personal property that is utilized by interstate  
11 carriers for hire for use as rolling stock moving in interstate  
12 commerce and equipment operated by a telecommunications  
13 provider, licensed as a common carrier by the Federal  
14 Communications Commission, which is permanently installed in  
15 or affixed to aircraft moving in interstate commerce.

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

1 purchaser. The exemption provided by this paragraph (14) does  
2 not include machinery and equipment used in (i) the generation  
3 of electricity for wholesale or retail sale; (ii) the  
4 generation or treatment of natural or artificial gas for  
5 wholesale or retail sale that is delivered to customers through  
6 pipes, pipelines, or mains; or (iii) the treatment of water for  
7 wholesale or retail sale that is delivered to customers through  
8 pipes, pipelines, or mains. The provisions of Public Act 98-583  
9 are declaratory of existing law as to the meaning and scope of  
10 this exemption.

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

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

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

1 of the property to a destination outside Illinois, for use  
2 outside Illinois.

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

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

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

21 (21) Coal and aggregate exploration, mining, off-highway  
22 hauling, processing, maintenance, and reclamation equipment,  
23 including replacement parts and equipment, and including  
24 equipment purchased for lease, but excluding motor vehicles  
25 required to be registered under the Illinois Vehicle Code. The  
26 changes made to this Section by Public Act 97-767 apply on and

1 after July 1, 2003, but no claim for credit or refund is  
2 allowed on or after August 16, 2013 (the effective date of  
3 Public Act 98-456) for such taxes paid during the period  
4 beginning July 1, 2003 and ending on August 16, 2013 (the  
5 effective date of Public Act 98-456).

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

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

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

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

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

19           (25-5) The exemption under item (25) does not apply if the  
20 state in which the motor vehicle will be titled does not allow  
21 a reciprocal exemption for a motor vehicle sold and delivered  
22 in that state to an Illinois resident but titled in Illinois.  
23 The tax collected under this Act on the sale of a motor vehicle  
24 in this State to a resident of another state that does not  
25 allow a reciprocal exemption shall be imposed at a rate equal  
26 to the state's rate of tax on taxable property in the state in



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

21 (25-7) Beginning on July 1, 2007, no tax is imposed under  
22 this Act on the sale of an aircraft, as defined in Section 3 of  
23 the Illinois Aeronautics Act, if all of the following  
24 conditions are met:

25 (1) the aircraft leaves this State within 15 days after  
26 the later of either the issuance of the final billing for

1 the sale of the aircraft, or the authorized approval for  
2 return to service, completion of the maintenance record  
3 entry, and completion of the test flight and ground test  
4 for inspection, as required by 14 C.F.R. 91.407;

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

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

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

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

22 "Registered in this State" means an aircraft registered  
23 with the Department of Transportation, Aeronautics Division,  
24 or titled or registered with the Federal Aviation  
25 Administration to an address located in this State.

26 This paragraph (25-7) is exempt from the provisions of

1 Section 2-70.

2 (26) Semen used for artificial insemination of livestock  
3 for direct agricultural production.

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

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

24 (29) Personal property sold to a lessor who leases the  
25 property, under a lease of one year or longer executed or in  
26 effect at the time of the purchase, to a governmental body that

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

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

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

25 (32) Beginning July 1, 1999, game or game birds sold at a  
26 "game breeding and hunting preserve area" as that term is used

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

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

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

1 parents and teachers of the school children. This paragraph  
2 does not apply to fundraising events (i) for the benefit of  
3 private home instruction or (ii) for which the fundraising  
4 entity purchases the personal property sold at the events from  
5 another individual or entity that sold the property for the  
6 purpose of resale by the fundraising entity and that profits  
7 from the sale to the fundraising entity. This paragraph is  
8 exempt from the provisions of Section 2-70.

9 (35) Beginning January 1, 2000 and through December 31,  
10 2001, new or used automatic vending machines that prepare and  
11 serve hot food and beverages, including coffee, soup, and other  
12 items, and replacement parts for these machines. Beginning  
13 January 1, 2002 and through June 30, 2003, machines and parts  
14 for machines used in commercial, coin-operated amusement and  
15 vending business if a use or occupation tax is paid on the  
16 gross receipts derived from the use of the commercial,  
17 coin-operated amusement and vending machines. This paragraph  
18 is exempt from the provisions of Section 2-70.

19 (35-5) Beginning August 23, 2001 and through June 30, 2016,  
20 food for human consumption that is to be consumed off the  
21 premises where it is sold (other than alcoholic beverages, soft  
22 drinks, and food that has been prepared for immediate  
23 consumption) and prescription and nonprescription medicines,  
24 drugs, medical appliances, and insulin, urine testing  
25 materials, syringes, and needles used by diabetics, for human  
26 use, when purchased for use by a person receiving medical

1 assistance under Article V of the Illinois Public Aid Code who  
2 resides in a licensed long-term care facility, as defined in  
3 the Nursing Home Care Act, or a licensed facility as defined in  
4 the ID/DD Community Care Act or the Specialized Mental Health  
5 Rehabilitation Act of 2013.

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

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

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

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

19 (39) Beginning January 1, 2008, tangible personal property  
20 used in the construction or maintenance of a community water  
21 supply, as defined under Section 3.145 of the Environmental  
22 Protection Act, that is operated by a not-for-profit  
23 corporation that holds a valid water supply permit issued under  
24 Title IV of the Environmental Protection Act. This paragraph is  
25 exempt from the provisions of Section 2-70.

26 (40) Beginning January 1, 2010, materials, parts,



1 equipment, components, and furnishings incorporated into or  
2 upon an aircraft as part of the modification, refurbishment,  
3 completion, replacement, repair, or maintenance of the  
4 aircraft. This exemption includes consumable supplies used in  
5 the modification, refurbishment, completion, replacement,  
6 repair, and maintenance of aircraft, but excludes any  
7 materials, parts, equipment, components, and consumable  
8 supplies used in the modification, replacement, repair, and  
9 maintenance of aircraft engines or power plants, whether such  
10 engines or power plants are installed or uninstalled upon any  
11 such aircraft. "Consumable supplies" include, but are not  
12 limited to, adhesive, tape, sandpaper, general purpose  
13 lubricants, cleaning solution, latex gloves, and protective  
14 films. This exemption applies only to the sale of qualifying  
15 tangible personal property to persons who modify, refurbish,  
16 complete, replace, or maintain an aircraft and who (i) hold an  
17 Air Agency Certificate and are empowered to operate an approved  
18 repair station by the Federal Aviation Administration, (ii)  
19 have a Class IV Rating, and (iii) conduct operations in  
20 accordance with Part 145 of the Federal Aviation Regulations.  
21 The exemption does not include aircraft operated by a  
22 commercial air carrier providing scheduled passenger air  
23 service pursuant to authority issued under Part 121 or Part 129  
24 of the Federal Aviation Regulations. The changes made to this  
25 paragraph (40) by Public Act 98-534 are declarative of existing  
26 law.

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

15           (42) Tangible personal property produced by a manufacturer  
16 and provided free of charge to consumers as a sample of the  
17 manufacturer's product for the purpose of encouraging  
18 consumers to purchase the same or similar items produced by the  
19 manufacturer. This paragraph is exempt from the provisions of  
20 Section 2-70.

21 (Source: P.A. 97-38, eff. 6-28-11; 97-73, eff. 6-30-11; 97-227,  
22 eff. 1-1-12; 97-431, eff. 8-16-11; 97-636, eff. 6-1-12; 97-767,  
23 eff. 7-9-12; 98-104, eff. 7-22-13; 98-422, eff. 8-16-13;  
24 98-456, eff. 8-16-13; 98-534, eff. 8-23-13; 98-574, eff.  
25 1-1-14; 98-583, eff. 1-1-14; 98-756, eff. 7-16-14.)

26           Section 99. Effective date. This Act takes effect upon

1 becoming law.