



99TH GENERAL ASSEMBLY

State of Illinois

2015 and 2016

SB2904

Introduced 2/18/2016, by Sen. William E. Brady

SYNOPSIS AS INTRODUCED:

35 ILCS 105/3-55	from Ch. 120, par. 439.3-55
35 ILCS 110/3-45	from Ch. 120, par. 439.33-45
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 the exemption for the use or sale of tangible personal property purchased from an Illinois retailer by a taxpayer engaged in centralized purchasing activities in Illinois who will temporarily store the property in Illinois (i) for the purpose of subsequently transporting it outside this State for use or consumption solely outside this State or (ii) for the purpose of being processed, fabricated, or manufactured into, attached to, or incorporated into other tangible personal property to be transported outside this State and used or consumed solely outside this State sunsets on June 20, 2021 (currently, June 30, 2016). Effective immediately.

LRB099 20659 HLH 45269 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 3-55 as follows:

6 (35 ILCS 105/3-55) (from Ch. 120, par. 439.3-55)

7 Sec. 3-55. Multistate exemption. To prevent actual or
8 likely multistate taxation, the tax imposed by this Act does
9 not apply to the use of tangible personal property in this
10 State under the following circumstances:

11 (a) The use, in this State, of tangible personal property
12 acquired outside this State by a nonresident individual and
13 brought into this State by the individual for his or her own
14 use while temporarily within this State or while passing
15 through this State.

16 (b) The use, in this State, of tangible personal property
17 by an interstate carrier for hire as rolling stock moving in
18 interstate commerce or by lessors under a lease of one year or
19 longer executed or in effect at the time of purchase of
20 tangible personal property by interstate carriers for-hire for
21 use as rolling stock moving in interstate commerce as long as
22 so used by the interstate carriers for-hire, and equipment
23 operated by a telecommunications provider, licensed as a common

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

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

12 (d) The use, in this State, of tangible personal property
13 that is acquired outside this State and caused to be brought
14 into this State by a person who has already paid a tax in
15 another State in respect to the sale, purchase, or use of that
16 property, to the extent of the amount of the tax properly due
17 and paid in the other State.

18 (e) The temporary storage, in this State, of tangible
19 personal property that is acquired outside this State and that,
20 after being brought into this State and stored here
21 temporarily, is used solely outside this State or is physically
22 attached to or incorporated into other tangible personal
23 property that is used solely outside this State, or is altered
24 by converting, fabricating, manufacturing, printing,
25 processing, or shaping, and, as altered, is used solely outside
26 this State.

1 (f) The temporary storage in this State of building
2 materials and fixtures that are acquired either in this State
3 or outside this State by an Illinois registered combination
4 retailer and construction contractor, and that the purchaser
5 thereafter uses outside this State by incorporating that
6 property into real estate located outside this State.

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

15 (h) Except as provided in subsection (h-1), the use, in
16 this State, of a motor vehicle that was sold in this State to a
17 nonresident, even though the motor vehicle is delivered to the
18 nonresident in this State, if the motor vehicle is not to be
19 titled in this State, and if a drive-away permit is issued to
20 the motor vehicle as provided in Section 3-603 of the Illinois
21 Vehicle Code or if the nonresident purchaser has vehicle
22 registration plates to transfer to the motor vehicle upon
23 returning to his or her home state. The issuance of the
24 drive-away permit or having the out-of-state registration
25 plates to be transferred shall be prima facie evidence that the
26 motor vehicle will not be titled in this State.

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

1 subsection (h-1) shall be proportionately distributed as if the
2 tax were collected at the 6.25% general rate imposed under this
3 Act.

4 (h-2) The following exemptions apply with respect to
5 certain aircraft:

6 (1) Beginning on July 1, 2007, no tax is imposed under
7 this Act on the purchase of an aircraft, as defined in
8 Section 3 of the Illinois Aeronautics Act, if all of the
9 following conditions are met:

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

17 (B) the aircraft is not based or registered in this
18 State after the purchase of the aircraft; and

19 (C) the purchaser provides the Department with a
20 signed and dated certification, on a form prescribed by
21 the Department, certifying that the requirements of
22 this item (1) are met. The certificate must also
23 include the name and address of the purchaser, the
24 address of the location where the aircraft is to be
25 titled or registered, the address of the primary
26 physical location of the aircraft, and other

1 information that the Department may reasonably
2 require.

3 (2) Beginning on July 1, 2007, no tax is imposed under
4 this Act on the use of an aircraft, as defined in Section 3
5 of the Illinois Aeronautics Act, that is temporarily
6 located in this State for the purpose of a prepurchase
7 evaluation if all of the following conditions are met:

8 (A) the aircraft is not based or registered in this
9 State after the prepurchase evaluation; and

10 (B) the purchaser provides the Department with a
11 signed and dated certification, on a form prescribed by
12 the Department, certifying that the requirements of
13 this item (2) are met. The certificate must also
14 include the name and address of the purchaser, the
15 address of the location where the aircraft is to be
16 titled or registered, the address of the primary
17 physical location of the aircraft, and other
18 information that the Department may reasonably
19 require.

20 (3) Beginning on July 1, 2007, no tax is imposed under
21 this Act on the use of an aircraft, as defined in Section 3
22 of the Illinois Aeronautics Act, that is temporarily
23 located in this State for the purpose of a post-sale
24 customization if all of the following conditions are met:

25 (A) the aircraft leaves this State within 15 days
26 after the authorized approval for return to service,

1 completion of the maintenance record entry, and
2 completion of the test flight and ground test for
3 inspection, as required by 14 C.F.R. 91.407;

4 (B) the aircraft is not based or registered in this
5 State either before or after the post-sale
6 customization; and

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

17 If tax becomes due under this subsection (h-2) because of
18 the purchaser's use of the aircraft in this State, the
19 purchaser shall file a return with the Department and pay the
20 tax on the fair market value of the aircraft. This return and
21 payment of the tax must be made no later than 30 days after the
22 aircraft is used in a taxable manner in this State. The tax is
23 based on the fair market value of the aircraft on the date that
24 it is first used in a taxable manner in this State.

25 For purposes of this subsection (h-2):

26 "Based in this State" means hangared, stored, or otherwise

1 used, excluding post-sale customizations as defined in this
2 Section, for 10 or more days in each 12-month period
3 immediately following the date of the sale of the aircraft.

4 "Post-sale customization" means any improvement,
5 maintenance, or repair that is performed on an aircraft
6 following a transfer of ownership of the aircraft.

7 "Prepurchase evaluation" means an examination of an
8 aircraft to provide a potential purchaser with information
9 relevant to the potential purchase.

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

14 This subsection (h-2) is exempt from the provisions of
15 Section 3-90.

16 (i) Beginning July 1, 1999, the use, in this State, of fuel
17 acquired outside this State and brought into this State in the
18 fuel supply tanks of locomotives engaged in freight hauling and
19 passenger service for interstate commerce. This subsection is
20 exempt from the provisions of Section 3-90.

21 (j) Beginning on January 1, 2002 and through June 30, 2021
22 ~~June 30, 2016~~, the use of tangible personal property purchased
23 from an Illinois retailer by a taxpayer engaged in centralized
24 purchasing activities in Illinois who will, upon receipt of the
25 property in Illinois, temporarily store the property in
26 Illinois (i) for the purpose of subsequently transporting it

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

18 (Source: P.A. 97-73, eff. 6-30-11.)

19 Section 10. The Service Use Tax Act is amended by changing
20 Section 3-45 as follows:

21 (35 ILCS 110/3-45) (from Ch. 120, par. 439.33-45)

22 Sec. 3-45. Multistate exemption. To prevent actual or
23 likely multistate taxation, the tax imposed by this Act does
24 not apply to the use of tangible personal property in this

1 State under the following circumstances:

2 (a) The use, in this State, of property acquired outside
3 this State by a nonresident individual and brought into this
4 State by the individual for his or her own use while
5 temporarily within this State or while passing through this
6 State.

7 (b) The use, in this State, of property that is acquired
8 outside this State and that is moved into this State for use as
9 rolling stock moving in interstate commerce.

10 (c) The use, in this State, of property that is acquired
11 outside this State and caused to be brought into this State by
12 a person who has already paid a tax in another state in respect
13 to the sale, purchase, or use of that property, to the extent
14 of the amount of the tax properly due and paid in the other
15 state.

16 (d) The temporary storage, in this State, of property that
17 is acquired outside this State and that after being brought
18 into this State and stored here temporarily, is used solely
19 outside this State or is physically attached to or incorporated
20 into other property that is used solely outside this State, or
21 is altered by converting, fabricating, manufacturing,
22 printing, processing, or shaping, and, as altered, is used
23 solely outside this State.

24 (e) Beginning July 1, 1999, the use, in this State, of fuel
25 acquired outside this State and brought into this State in the
26 fuel supply tanks of locomotives engaged in freight hauling and

1 passenger service for interstate commerce. This subsection is
2 exempt from the provisions of Section 3-75.

3 (f) Beginning on January 1, 2002 and through June 30, 2021
4 ~~June 30, 2016~~, the use of tangible personal property purchased
5 from an Illinois retailer by a taxpayer engaged in centralized
6 purchasing activities in Illinois who will, upon receipt of the
7 property in Illinois, temporarily store the property in
8 Illinois (i) for the purpose of subsequently transporting it
9 outside this State for use or consumption thereafter solely
10 outside this State or (ii) for the purpose of being processed,
11 fabricated, or manufactured into, attached to, or incorporated
12 into other tangible personal property to be transported outside
13 this State and thereafter used or consumed solely outside this
14 State. The Director of Revenue shall, pursuant to rules adopted
15 in accordance with the Illinois Administrative Procedure Act,
16 issue a permit to any taxpayer in good standing with the
17 Department who is eligible for the exemption under this
18 subsection (f). The permit issued under this subsection (f)
19 shall authorize the holder, to the extent and in the manner
20 specified in the rules adopted under this Act, to purchase
21 tangible personal property from a retailer exempt from the
22 taxes imposed by this Act. Taxpayers shall maintain all
23 necessary books and records to substantiate the use and
24 consumption of all such tangible personal property outside of
25 the State of Illinois.

26 (Source: P.A. 97-73, eff. 6-30-11.)

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

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

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

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

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

23 (7) 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 (7). Agricultural chemical tender tanks and dry boxes
12 shall include units sold separately from a motor vehicle
13 required to be licensed and units sold mounted on a motor
14 vehicle required to be licensed if the selling price of the
15 tender is separately stated.

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

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

1 facilities, equipment, and activities such as, but not limited
2 to, the collection, monitoring, and correlation of animal and
3 crop data for the purpose of formulating animal diets and
4 agricultural chemicals. This item (7) is exempt from the
5 provisions of Section 3-55.

6 (8) 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 (9) Proceeds of mandatory service charges separately
24 stated on customers' bills for the purchase and consumption of
25 food and beverages, to the extent that the proceeds of the
26 service charge are in fact turned over as tips or as a

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

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

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

19 (15) 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 (15) is exempt from the provisions
25 of Section 3-55, and the exemption provided for under this item
26 (15) applies for all periods beginning May 30, 1995, but no

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

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

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

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

1 number by the Department that assists victims of the disaster
2 who reside within the declared disaster area.

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

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

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

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

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

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

1 serve hot food and beverages, including coffee, soup, and other
2 items, and replacement parts for these machines. Beginning
3 January 1, 2002 and through June 30, 2003, machines and parts
4 for machines used in commercial, coin-operated amusement and
5 vending business if a use or occupation tax is paid on the
6 gross receipts derived from the use of the commercial,
7 coin-operated amusement and vending machines. This paragraph
8 is exempt from the provisions of Section 3-55.

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

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

1 (26) Beginning on January 1, 2002 and through June 30, 2021
2 ~~June 30, 2016~~, tangible personal property purchased from an
3 Illinois retailer by a taxpayer engaged in centralized
4 purchasing activities in Illinois who will, upon receipt of the
5 property in Illinois, temporarily store the property in
6 Illinois (i) for the purpose of subsequently transporting it
7 outside this State for use or consumption thereafter solely
8 outside this State or (ii) for the purpose of being processed,
9 fabricated, or manufactured into, attached to, or incorporated
10 into other tangible personal property to be transported outside
11 this State and thereafter used or consumed solely outside this
12 State. The Director of Revenue shall, pursuant to rules adopted
13 in accordance with the Illinois Administrative Procedure Act,
14 issue a permit to any taxpayer in good standing with the
15 Department who is eligible for the exemption under this
16 paragraph (26). The permit issued under this paragraph (26)
17 shall authorize the holder, to the extent and in the manner
18 specified in the rules adopted under this Act, to purchase
19 tangible personal property from a retailer exempt from the
20 taxes imposed by this Act. Taxpayers shall maintain all
21 necessary books and records to substantiate the use and
22 consumption of all such tangible personal property outside of
23 the State of Illinois.

24 (27) Beginning January 1, 2008, tangible personal property
25 used in the construction or maintenance of a community water
26 supply, as defined under Section 3.145 of the Environmental

1 Protection Act, that is operated by a not-for-profit
2 corporation that holds a valid water supply permit issued under
3 Title IV of the Environmental Protection Act. This paragraph is
4 exempt from the provisions of Section 3-55.

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

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

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

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

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

1 (35 ILCS 120/2-5)

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

5 (1) Farm chemicals.

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

25 Farm machinery and equipment shall include precision

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

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

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

22 (4) Until July 1, 2003 and beginning again 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 (5) A motor vehicle that is used for automobile renting, as
6 defined in the Automobile Renting Occupation and Use Tax Act.
7 This paragraph is exempt from the provisions of Section 2-70.

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

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

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

17 (9) Personal property sold to a not-for-profit arts or
18 cultural organization that establishes, by proof required by
19 the Department by rule, that it has received an exemption under
20 Section 501(c)(3) of the Internal Revenue Code and that is
21 organized and operated primarily for the presentation or
22 support of arts or cultural programming, activities, or
23 services. These organizations include, but are not limited to,
24 music and dramatic arts organizations such as symphony
25 orchestras and theatrical groups, arts and cultural service
26 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 (10) 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 (11) Personal property sold to a governmental body, to a
14 corporation, society, association, foundation, or institution
15 organized and operated exclusively for charitable, religious,
16 or educational purposes, or to a not-for-profit corporation,
17 society, association, foundation, institution, or organization
18 that has no compensated officers or employees and that is
19 organized and operated primarily for the recreation of persons
20 55 years of age or older. A limited liability company may
21 qualify for the exemption under this paragraph only if the
22 limited liability company is organized and operated
23 exclusively for educational purposes. On and after July 1,
24 1987, however, no entity otherwise eligible for this exemption
25 shall make tax-free purchases unless it has an active
26 identification number issued by the Department.

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

10 (12-5) On and after July 1, 2003 and through June 30, 2004,
11 motor vehicles of the second division with a gross vehicle
12 weight in excess of 8,000 pounds that are subject to the
13 commercial distribution fee imposed under Section 3-815.1 of
14 the Illinois Vehicle Code. Beginning on July 1, 2004 and
15 through June 30, 2005, the use in this State of motor vehicles
16 of the second division: (i) with a gross vehicle weight rating
17 in excess of 8,000 pounds; (ii) that are subject to the
18 commercial distribution fee imposed under Section 3-815.1 of
19 the Illinois Vehicle Code; and (iii) that are primarily used
20 for commercial purposes. Through June 30, 2005, this exemption
21 applies to repair and replacement parts added after the initial
22 purchase of such a motor vehicle if that motor vehicle is used
23 in a manner that would qualify for the rolling stock exemption
24 otherwise provided for in this Act. For purposes of this
25 paragraph, "used for commercial purposes" means the
26 transportation of persons or property in furtherance of any

1 commercial or industrial enterprise whether for-hire or not.

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

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

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

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

11 (16) Petroleum products sold to a purchaser if the seller
12 is prohibited by federal law from charging tax to the
13 purchaser.

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

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

26 (19) Until July 1 2003, oil field exploration, drilling,

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

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

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

25 (22) Until June 30, 2013, fuel and petroleum products sold
26 to or used by an air carrier, certified by the carrier to be

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

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

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

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

26 (25) Except as provided in item (25-5) of this Section, a

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

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

1 equivalent to the state's rate of tax on taxable property in
2 his or her state of residence and shall submit the statement to
3 the appropriate tax collection agency in his or her state of
4 residence. In addition, the retailer must retain a signed copy
5 of the statement in his or her records. Nothing in this item
6 shall be construed to require the removal of the vehicle from
7 this state following the filing of an intent to title the
8 vehicle in the purchaser's state of residence if the purchaser
9 titles the vehicle in his or her state of residence within 30
10 days after the date of sale. The tax collected under this Act
11 in accordance with this item (25-5) shall be proportionately
12 distributed as if the tax were collected at the 6.25% general
13 rate imposed under this Act.

14 (25-7) Beginning on July 1, 2007, no tax is imposed under
15 this Act on the sale of an aircraft, as defined in Section 3 of
16 the Illinois Aeronautics Act, if all of the following
17 conditions are met:

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

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

26 (3) the seller retains in his or her books and records

1 and provides to the Department a signed and dated
2 certification from the purchaser, on a form prescribed by
3 the Department, certifying that the requirements of this
4 item (25-7) are met. The certificate must also include the
5 name and address of the purchaser, the address of the
6 location where the aircraft is to be titled or registered,
7 the address of the primary physical location of the
8 aircraft, and other information that the Department may
9 reasonably require.

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

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

15 "Registered in this State" means an aircraft registered
16 with the Department of Transportation, Aeronautics Division,
17 or titled or registered with the Federal Aviation
18 Administration to an address located in this State.

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

21 (26) Semen used for artificial insemination of livestock
22 for direct agricultural production.

23 (27) Horses, or interests in horses, registered with and
24 meeting the requirements of any of the Arabian Horse Club
25 Registry of America, Appaloosa Horse Club, American Quarter
26 Horse Association, United States Trotting Association, or

1 Jockey Club, as appropriate, used for purposes of breeding or
2 racing for prizes. This item (27) is exempt from the provisions
3 of Section 2-70, and the exemption provided for under this item
4 (27) applies for all periods beginning May 30, 1995, but no
5 claim for credit or refund is allowed on or after January 1,
6 2008 (the effective date of Public Act 95-88) for such taxes
7 paid during the period beginning May 30, 2000 and ending on
8 January 1, 2008 (the effective date of Public Act 95-88).

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

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

22 (30) 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 (31) 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 (32) Beginning July 1, 1999, game or game birds sold at a
19 "game breeding and hunting preserve area" as that term is used
20 in the Wildlife Code. This paragraph is exempt from the
21 provisions of Section 2-70.

22 (33) 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 (34) 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 2-70.

2 (35) 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 2-70.

12 (35-5) 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 a licensed facility as defined in
23 the ID/DD Community Care Act, the MC/DD Act, or the Specialized
24 Mental Health Rehabilitation Act of 2013.

25 (36) Beginning August 2, 2001, computers and
26 communications equipment utilized for any hospital purpose and

1 equipment used in the diagnosis, analysis, or treatment of
2 hospital patients sold to a lessor who leases the equipment,
3 under a lease of one year or longer executed or in effect at
4 the time of the purchase, to a hospital that has been issued an
5 active tax exemption identification number by the Department
6 under Section 1g of this Act. This paragraph is exempt from the
7 provisions of Section 2-70.

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

15 (38) Beginning on January 1, 2002 and through June 30, 2021
16 ~~June 30, 2016~~, tangible personal property purchased from an
17 Illinois retailer by a taxpayer engaged in centralized
18 purchasing activities in Illinois who will, upon receipt of the
19 property in Illinois, temporarily store the property in
20 Illinois (i) for the purpose of subsequently transporting it
21 outside this State for use or consumption thereafter solely
22 outside this State or (ii) for the purpose of being processed,
23 fabricated, or manufactured into, attached to, or incorporated
24 into other tangible personal property to be transported outside
25 this State and thereafter used or consumed solely outside this
26 State. The Director of Revenue shall, pursuant to rules adopted

1 in accordance with the Illinois Administrative Procedure Act,
2 issue a permit to any taxpayer in good standing with the
3 Department who is eligible for the exemption under this
4 paragraph (38). The permit issued under this paragraph (38)
5 shall authorize the holder, to the extent and in the manner
6 specified in the rules adopted under this Act, to purchase
7 tangible personal property from a retailer exempt from the
8 taxes imposed by this Act. Taxpayers shall maintain all
9 necessary books and records to substantiate the use and
10 consumption of all such tangible personal property outside of
11 the State of Illinois.

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

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

1 supplies used in the modification, replacement, repair, and
2 maintenance of aircraft engines or power plants, whether such
3 engines or power plants are installed or uninstalled upon any
4 such aircraft. "Consumable supplies" include, but are not
5 limited to, adhesive, tape, sandpaper, general purpose
6 lubricants, cleaning solution, latex gloves, and protective
7 films. This exemption applies only to the sale of qualifying
8 tangible personal property to persons who modify, refurbish,
9 complete, replace, or maintain an aircraft and who (i) hold an
10 Air 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 (40) by Public Act 98-534 are declarative of existing
19 law.

20 (41) Tangible personal property sold to a
21 public-facilities corporation, as described in Section
22 11-65-10 of the Illinois Municipal Code, for purposes of
23 constructing or furnishing a municipal convention hall, but
24 only if the legal title to the municipal convention hall is
25 transferred to the municipality without any further
26 consideration by or on behalf of the municipality at the time

1 of the completion of the municipal convention hall or upon the
2 retirement or redemption of any bonds or other debt instruments
3 issued by the public-facilities corporation in connection with
4 the development of the municipal convention hall. This
5 exemption includes existing public-facilities corporations as
6 provided in Section 11-65-25 of the Illinois Municipal Code.
7 This paragraph is exempt from the provisions of Section 2-70.

8 (Source: P.A. 98-104, eff. 7-22-13; 98-422, eff. 8-16-13;
9 98-456, eff. 8-16-13; 98-534, eff. 8-23-13; 98-574, eff.
10 1-1-14; 98-583, eff. 1-1-14; 98-756, eff. 7-16-14; 99-180, eff.
11 7-29-15.)

12 Section 99. Effective date. This Act takes effect upon
13 becoming law.