



104TH GENERAL ASSEMBLY

State of Illinois

2025 and 2026

HB1639

Introduced 1/28/2025, by Rep. Amy L. Grant

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 certain supplies purchased by a day care center are exempt from the taxes imposed under those Acts. Effective immediately.

LRB104 07437 HLH 17478 b

1 AN ACT concerning revenue.

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

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

6 (35 ILCS 105/3-5)

7 Sec. 3-5. Exemptions. Use, which, on and after January 1,
8 2025, includes use by a lessee, of the following tangible
9 personal property is exempt from the tax imposed by this Act:

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

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

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

1 is organized and operated primarily for the presentation or
2 support of arts or cultural programming, activities, or
3 services. These organizations include, but are not limited to,
4 music and dramatic arts organizations such as symphony
5 orchestras and theatrical groups, arts and cultural service
6 organizations, local arts councils, visual arts organizations,
7 and media arts organizations. On and after July 1, 2001 (the
8 effective date of Public Act 92-35), however, an entity
9 otherwise eligible for this exemption shall not make tax-free
10 purchases unless it has an active identification number issued
11 by the Department.

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

1 (5) Until July 1, 2003, a passenger car that is a
2 replacement vehicle to the extent that the purchase price of
3 the car is subject to the Replacement Vehicle Tax.

4 (6) Until July 1, 2003 and beginning again on September 1,
5 2004 through August 30, 2014, graphic arts machinery and
6 equipment, including repair and replacement parts, both new
7 and used, and including that manufactured on special order,
8 certified by the purchaser to be used primarily for graphic
9 arts production, and including machinery and equipment
10 purchased for lease. Equipment includes chemicals or chemicals
11 acting as catalysts but only if the chemicals or chemicals
12 acting as catalysts effect a direct and immediate change upon
13 a graphic arts product. Beginning on July 1, 2017, graphic
14 arts machinery and equipment is included in the manufacturing
15 and assembling machinery and equipment exemption under
16 paragraph (18).

17 (7) Farm chemicals.

18 (8) 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 (9) Personal property purchased from a teacher-sponsored
23 student organization affiliated with an elementary or
24 secondary school located in Illinois.

25 (10) A motor vehicle that is used for automobile renting,
26 as defined in the Automobile Renting Occupation and Use Tax

1 Act.

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

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

1 software, global positioning and mapping systems, and other
2 such equipment.

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

10 Beginning on January 1, 2024, farm machinery and equipment
11 also includes electrical power generation equipment used
12 primarily for production agriculture.

13 This item (11) is exempt from the provisions of Section
14 3-90.

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

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

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

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

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

24 (15) Photoprocessing machinery and equipment, including
25 repair and replacement parts, both new and used, including
26 that manufactured on special order, certified by the purchaser

1 to be used primarily for photoprocessing, and including
2 photoprocessing machinery and equipment purchased for lease.

3 (16) Until July 1, 2028, coal and aggregate exploration,
4 mining, off-highway hauling, processing, maintenance, and
5 reclamation equipment, including replacement parts and
6 equipment, and including equipment purchased for lease, but
7 excluding motor vehicles required to be registered under the
8 Illinois Vehicle Code. The changes made to this Section by
9 Public Act 97-767 apply on and after July 1, 2003, but no claim
10 for credit or refund is allowed on or after August 16, 2013
11 (the effective date of Public Act 98-456) for such taxes paid
12 during the period beginning July 1, 2003 and ending on August
13 16, 2013 (the effective date of Public Act 98-456).

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

20 (18) Manufacturing and assembling machinery and equipment
21 used primarily in the process of manufacturing or assembling
22 tangible personal property for wholesale or retail sale or
23 lease, whether that sale or lease is made directly by the
24 manufacturer or by some other person, whether the materials
25 used in the process are owned by the manufacturer or some other
26 person, or whether that sale or lease is made apart from or as

1 an incident to the seller's engaging in the service occupation
2 of producing machines, tools, dies, jigs, patterns, gauges, or
3 other similar items of no commercial value on special order
4 for a particular purchaser. The exemption provided by this
5 paragraph (18) includes production related tangible personal
6 property, as defined in Section 3-50, purchased on or after
7 July 1, 2019. The exemption provided by this paragraph (18)
8 does not include machinery and equipment used in (i) the
9 generation of electricity for wholesale or retail sale; (ii)
10 the generation or treatment of natural or artificial gas for
11 wholesale or retail sale that is delivered to customers
12 through pipes, pipelines, or mains; or (iii) the treatment of
13 water for wholesale or retail sale that is delivered to
14 customers through pipes, pipelines, or mains. The provisions
15 of Public Act 98-583 are declaratory of existing law as to the
16 meaning and scope of this exemption. Beginning on July 1,
17 2017, the exemption provided by this paragraph (18) includes,
18 but is not limited to, graphic arts machinery and equipment,
19 as defined in paragraph (6) of this Section.

20 (19) Personal property delivered to a purchaser or
21 purchaser's donee inside Illinois when the purchase order for
22 that personal property was received by a florist located
23 outside Illinois who has a florist located inside Illinois
24 deliver the personal property.

25 (20) Semen used for artificial insemination of livestock
26 for direct agricultural production.

1 (21) Horses, or interests in horses, registered with and
2 meeting the requirements of any of the Arabian Horse Club
3 Registry of America, Appaloosa Horse Club, American Quarter
4 Horse Association, United States Trotting Association, or
5 Jockey Club, as appropriate, used for purposes of breeding or
6 racing for prizes. This item (21) is exempt from the
7 provisions of Section 3-90, and the exemption provided for
8 under this item (21) applies for all periods beginning May 30,
9 1995, but no claim for credit or refund is allowed on or after
10 January 1, 2008 for such taxes paid during the period
11 beginning May 30, 2000 and ending on January 1, 2008.

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

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

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

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

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

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

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

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

24 (28) Beginning January 1, 2000, personal property,
25 including food, purchased through fundraising events for the
26 benefit of a public or private elementary or secondary school,

1 a group of those schools, or one or more school districts if
2 the events are sponsored by an entity recognized by the school
3 district that consists primarily of volunteers and includes
4 parents and teachers of the school children. This paragraph
5 does not apply to fundraising events (i) for the benefit of
6 private home instruction or (ii) for which the fundraising
7 entity purchases the personal property sold at the events from
8 another individual or entity that sold the property for the
9 purpose of resale by the fundraising entity and that profits
10 from the sale to the fundraising entity. This paragraph is
11 exempt from the provisions of Section 3-90.

12 (29) Beginning January 1, 2000 and through December 31,
13 2001, new or used automatic vending machines that prepare and
14 serve hot food and beverages, including coffee, soup, and
15 other items, and replacement parts for these machines.
16 Beginning January 1, 2002 and through June 30, 2003, machines
17 and parts for machines used in commercial, coin-operated
18 amusement and vending business if a use or occupation tax is
19 paid on the gross receipts derived from the use of the
20 commercial, coin-operated amusement and vending machines. This
21 paragraph is exempt from the provisions of Section 3-90.

22 (30) Beginning January 1, 2001 and through June 30, 2016,
23 food for human consumption that is to be consumed off the
24 premises where it is sold (other than alcoholic beverages,
25 soft drinks, and food that has been prepared for immediate
26 consumption) and prescription and nonprescription medicines,

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

9 (31) Beginning on August 2, 2001 (the effective date of
10 Public Act 92-227), computers and communications equipment
11 utilized for any hospital purpose and equipment used in the
12 diagnosis, analysis, or treatment of hospital patients
13 purchased by a lessor who leases the equipment, under a lease
14 of one year or longer executed or in effect at the time the
15 lessor would otherwise be subject to the tax imposed by this
16 Act, to a hospital that has been issued an active tax exemption
17 identification number by the Department under Section 1g of
18 the Retailers' Occupation Tax Act. If the equipment is leased
19 in a manner that does not qualify for this exemption or is used
20 in any other nonexempt manner, the lessor shall be liable for
21 the tax imposed under this Act or the Service Use Tax Act, as
22 the case may be, based on the fair market value of the property
23 at the time the nonqualifying use occurs. No lessor shall
24 collect or attempt to collect an amount (however designated)
25 that purports to reimburse that lessor for the tax imposed by
26 this Act or the Service Use Tax Act, as the case may be, if the

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

8 (32) Beginning on August 2, 2001 (the effective date of
9 Public Act 92-227), personal property purchased by a lessor
10 who leases the property, under a lease of one year or longer
11 executed or in effect at the time the lessor would otherwise be
12 subject to the tax imposed by this Act, to a governmental body
13 that has been issued an active sales tax exemption
14 identification number by the Department under Section 1g of
15 the Retailers' Occupation Tax Act. If the property is leased
16 in a manner that does not qualify for this exemption or used in
17 any other nonexempt manner, the lessor shall be liable for the
18 tax imposed under this Act or the Service Use Tax Act, as the
19 case may be, based on the fair market value of the property at
20 the time the nonqualifying use occurs. No lessor shall collect
21 or attempt to collect an amount (however designated) that
22 purports to reimburse that lessor for the tax imposed by this
23 Act or the Service Use Tax Act, as the case may be, if the tax
24 has not been paid by the lessor. If a lessor improperly
25 collects any such amount from the lessee, the lessee shall
26 have a legal right to claim a refund of that amount from the

1 lessor. If, however, that amount is not refunded to the lessee
2 for any reason, the lessor is liable to pay that amount to the
3 Department. This paragraph is exempt from the provisions of
4 Section 3-90.

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

24 (34) 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
3 under Title IV of the Environmental Protection Act. This
4 paragraph is exempt from the provisions of Section 3-90.

5 (35) Beginning January 1, 2010 and continuing through
6 December 31, 2029, materials, parts, equipment, components,
7 and furnishings incorporated into or upon an aircraft as part
8 of the modification, refurbishment, completion, replacement,
9 repair, or maintenance of the aircraft. This exemption
10 includes consumable supplies used in the modification,
11 refurbishment, completion, replacement, repair, and
12 maintenance of aircraft. However, until January 1, 2024, this
13 exemption excludes any materials, parts, equipment,
14 components, and consumable supplies used in the modification,
15 replacement, repair, and maintenance of aircraft engines or
16 power plants, whether such engines or power plants are
17 installed or uninstalled upon any such aircraft. "Consumable
18 supplies" include, but are not limited to, adhesive, tape,
19 sandpaper, general purpose lubricants, cleaning solution,
20 latex gloves, and protective films.

21 Beginning January 1, 2010 and continuing through December
22 31, 2023, this exemption applies only to the use of qualifying
23 tangible personal property by persons who modify, refurbish,
24 complete, repair, replace, or maintain aircraft and who (i)
25 hold an Air Agency Certificate and are empowered to operate an
26 approved repair station by the Federal Aviation

1 Administration, (ii) have a Class IV Rating, and (iii) conduct
2 operations in accordance with Part 145 of the Federal Aviation
3 Regulations. From January 1, 2024 through December 31, 2029,
4 this exemption applies only to the use of qualifying tangible
5 personal property by: (A) persons who modify, refurbish,
6 complete, repair, replace, or maintain aircraft and who (i)
7 hold an Air Agency Certificate and are empowered to operate an
8 approved repair station by the Federal Aviation
9 Administration, (ii) have a Class IV Rating, and (iii) conduct
10 operations in accordance with Part 145 of the Federal Aviation
11 Regulations; and (B) persons who engage in the modification,
12 replacement, repair, and maintenance of aircraft engines or
13 power plants without regard to whether or not those persons
14 meet the qualifications of item (A).

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
18 129 of the Federal Aviation Regulations. The changes made to
19 this paragraph (35) by Public Act 98-534 are declarative of
20 existing law. It is the intent of the General Assembly that the
21 exemption under this paragraph (35) applies continuously from
22 January 1, 2010 through December 31, 2024; however, no claim
23 for credit or refund is allowed for taxes paid as a result of
24 the disallowance of this exemption on or after January 1, 2015
25 and prior to February 5, 2020 (the effective date of Public Act
26 101-629).

1 (36) Tangible personal property purchased by 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
10 instruments issued by the public-facilities corporation in
11 connection with the development of the municipal convention
12 hall. This exemption includes existing public-facilities
13 corporations as provided in Section 11-65-25 of the Illinois
14 Municipal Code. This paragraph is exempt from the provisions
15 of Section 3-90.

16 (37) Beginning January 1, 2017 and through December 31,
17 2026, menstrual pads, tampons, and menstrual cups.

18 (38) Merchandise that is subject to the Rental Purchase
19 Agreement Occupation and Use Tax. The purchaser must certify
20 that the item is purchased to be rented subject to a
21 rental-purchase agreement, as defined in the Rental-Purchase
22 Agreement Act, and provide proof of registration under the
23 Rental Purchase Agreement Occupation and Use Tax Act. This
24 paragraph is exempt from the provisions of Section 3-90.

25 (39) Tangible personal property purchased by a purchaser
26 who is exempt from the tax imposed by this Act by operation of

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

3 (40) Qualified tangible personal property used in the
4 construction or operation of a data center that has been
5 granted a certificate of exemption by the Department of
6 Commerce and Economic Opportunity, whether that tangible
7 personal property is purchased by the owner, operator, or
8 tenant of the data center or by a contractor or subcontractor
9 of the owner, operator, or tenant. Data centers that would
10 have qualified for a certificate of exemption prior to January
11 1, 2020 had Public Act 101-31 been in effect may apply for and
12 obtain an exemption for subsequent purchases of computer
13 equipment or enabling software purchased or leased to upgrade,
14 supplement, or replace computer equipment or enabling software
15 purchased or leased in the original investment that would have
16 qualified.

17 The Department of Commerce and Economic Opportunity shall
18 grant a certificate of exemption under this item (40) to
19 qualified data centers as defined by Section 605-1025 of the
20 Department of Commerce and Economic Opportunity Law of the
21 Civil Administrative Code of Illinois.

22 For the purposes of this item (40):

23 "Data center" means a building or a series of
24 buildings rehabilitated or constructed to house working
25 servers in one physical location or multiple sites within
26 the State of Illinois.

1 "Qualified tangible personal property" means:
2 electrical systems and equipment; climate control and
3 chilling equipment and systems; mechanical systems and
4 equipment; monitoring and secure systems; emergency
5 generators; hardware; computers; servers; data storage
6 devices; network connectivity equipment; racks; cabinets;
7 telecommunications cabling infrastructure; raised floor
8 systems; peripheral components or systems; software;
9 mechanical, electrical, or plumbing systems; battery
10 systems; cooling systems and towers; temperature control
11 systems; other cabling; and other data center
12 infrastructure equipment and systems necessary to operate
13 qualified tangible personal property, including fixtures;
14 and component parts of any of the foregoing, including
15 installation, maintenance, repair, refurbishment, and
16 replacement of qualified tangible personal property to
17 generate, transform, transmit, distribute, or manage
18 electricity necessary to operate qualified tangible
19 personal property; and all other tangible personal
20 property that is essential to the operations of a computer
21 data center. The term "qualified tangible personal
22 property" also includes building materials physically
23 incorporated into the qualifying data center. To document
24 the exemption allowed under this Section, the retailer
25 must obtain from the purchaser a copy of the certificate
26 of eligibility issued by the Department of Commerce and

1 Economic Opportunity.

2 This item (40) is exempt from the provisions of Section
3 3-90.

4 (41) Beginning July 1, 2022, breast pumps, breast pump
5 collection and storage supplies, and breast pump kits. This
6 item (41) is exempt from the provisions of Section 3-90. As
7 used in this item (41):

8 "Breast pump" means an electrically controlled or
9 manually controlled pump device designed or marketed to be
10 used to express milk from a human breast during lactation,
11 including the pump device and any battery, AC adapter, or
12 other power supply unit that is used to power the pump
13 device and is packaged and sold with the pump device at the
14 time of sale.

15 "Breast pump collection and storage supplies" means
16 items of tangible personal property designed or marketed
17 to be used in conjunction with a breast pump to collect
18 milk expressed from a human breast and to store collected
19 milk until it is ready for consumption.

20 "Breast pump collection and storage supplies"
21 includes, but is not limited to: breast shields and breast
22 shield connectors; breast pump tubes and tubing adapters;
23 breast pump valves and membranes; backflow protectors and
24 backflow protector adaptors; bottles and bottle caps
25 specific to the operation of the breast pump; and breast
26 milk storage bags.

1 "Breast pump collection and storage supplies" does not
2 include: (1) bottles and bottle caps not specific to the
3 operation of the breast pump; (2) breast pump travel bags
4 and other similar carrying accessories, including ice
5 packs, labels, and other similar products; (3) breast pump
6 cleaning supplies; (4) nursing bras, bra pads, breast
7 shells, and other similar products; and (5) creams,
8 ointments, and other similar products that relieve
9 breastfeeding-related symptoms or conditions of the
10 breasts or nipples, unless sold as part of a breast pump
11 kit that is pre-packaged by the breast pump manufacturer
12 or distributor.

13 "Breast pump kit" means a kit that: (1) contains no
14 more than a breast pump, breast pump collection and
15 storage supplies, a rechargeable battery for operating the
16 breast pump, a breastmilk cooler, bottle stands, ice
17 packs, and a breast pump carrying case; and (2) is
18 pre-packaged as a breast pump kit by the breast pump
19 manufacturer or distributor.

20 (42) Tangible personal property sold by or on behalf of
21 the State Treasurer pursuant to the Revised Uniform Unclaimed
22 Property Act. This item (42) is exempt from the provisions of
23 Section 3-90.

24 (43) Beginning on January 1, 2024, tangible personal
25 property purchased by an active duty member of the armed
26 forces of the United States who presents valid military

1 identification and purchases the property using a form of
2 payment where the federal government is the payor. The member
3 of the armed forces must complete, at the point of sale, a form
4 prescribed by the Department of Revenue documenting that the
5 transaction is eligible for the exemption under this
6 paragraph. Retailers must keep the form as documentation of
7 the exemption in their records for a period of not less than 6
8 years. "Armed forces of the United States" means the United
9 States Army, Navy, Air Force, Space Force, Marine Corps, or
10 Coast Guard. This paragraph is exempt from the provisions of
11 Section 3-90.

12 (44) Beginning July 1, 2024, home-delivered meals provided
13 to Medicare or Medicaid recipients when payment is made by an
14 intermediary, such as a Medicare Administrative Contractor, a
15 Managed Care Organization, or a Medicare Advantage
16 Organization, pursuant to a government contract. This item
17 (44) is exempt from the provisions of Section 3-90.

18 (45) ~~(44)~~ Beginning on January 1, 2026, as further defined
19 in Section 3-10, food for human consumption that is to be
20 consumed off the premises where it is sold (other than
21 alcoholic beverages, food consisting of or infused with adult
22 use cannabis, soft drinks, candy, and food that has been
23 prepared for immediate consumption). This item (45) ~~(44)~~ is
24 exempt from the provisions of Section 3-90.

25 (46) ~~(44)~~ Use by the lessee of the following leased
26 tangible personal property:

1 (1) software transferred subject to a license that
2 meets the following requirements:

3 (A) it is evidenced by a written agreement signed
4 by the licensor and the customer;

5 (i) an electronic agreement in which the
6 customer accepts the license by means of an
7 electronic signature that is verifiable and can be
8 authenticated and is attached to or made part of
9 the license will comply with this requirement;

10 (ii) a license agreement in which the customer
11 electronically accepts the terms by clicking "I
12 agree" does not comply with this requirement;

13 (B) it restricts the customer's duplication and
14 use of the software;

15 (C) it prohibits the customer from licensing,
16 sublicensing, or transferring the software to a third
17 party (except to a related party) without the
18 permission and continued control of the licensor;

19 (D) the licensor has a policy of providing another
20 copy at minimal or no charge if the customer loses or
21 damages the software, or of permitting the licensee to
22 make and keep an archival copy, and such policy is
23 either stated in the license agreement, supported by
24 the licensor's books and records, or supported by a
25 notarized statement made under penalties of perjury by
26 the licensor; and

1 (E) the customer must destroy or return all copies
2 of the software to the licensor at the end of the
3 license period; this provision is deemed to be met, in
4 the case of a perpetual license, without being set
5 forth in the license agreement; and

6 (2) property that is subject to a tax on lease
7 receipts imposed by a home rule unit of local government
8 if the ordinance imposing that tax was adopted prior to
9 January 1, 2023.

10 (47) On and after January 1, 2026, essential supplies
11 purchased by a day care center that has been granted a
12 certificate of exemption by the Department. The Department of
13 Children and Family Services may share information with the
14 Department of Revenue for the purpose of administering the
15 provisions of this exemption. This item (47) is exempt from
16 the provisions of Section 3-90.

17 As used in this item (47):

18 "Day care center" has the meaning given to that term in
19 Section 2.09 of the Child Care Act of 1969.

20 "Essential supplies" means items designated, by rule, as
21 essential supplies by the Department of Children and Family
22 Services, including, but not limited to: food and beverages to
23 be consumed by a child as a snack or meal at the day care
24 center, including, but not limited to, fruits and vegetables,
25 whole grains, proteins, water, and reduced fat or skim milk;
26 diapers; wipes; first aid kits; smoke detectors; nap mats; and

1 soap and hand sanitizer.

2 (Source: P.A. 102-16, eff. 6-17-21; 102-700, Article 70,
3 Section 70-5, eff. 4-19-22; 102-700, Article 75, Section 75-5,
4 eff. 4-19-22; 102-1026, eff. 5-27-22; 103-9, Article 5,
5 Section 5-5, eff. 6-7-23; 103-9, Article 15, Section 15-5,
6 eff. 6-7-23; 103-154, eff. 6-30-23; 103-384, eff. 1-1-24;
7 103-592, eff. 1-1-25; 103-605, eff. 7-1-24; 103-643, eff.
8 7-1-24; 103-746, eff. 1-1-25; 103-781, eff. 8-5-24; revised
9 11-26-24.)

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

12 (35 ILCS 110/3-5)

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

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

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

1 (3) Personal property purchased by a not-for-profit arts
2 or cultural organization that establishes, by proof required
3 by the Department by rule, that it has received an exemption
4 under Section 501(c)(3) of the Internal Revenue Code and that
5 is organized and operated primarily for the presentation or
6 support of arts or cultural programming, activities, or
7 services. These organizations include, but are not limited to,
8 music and dramatic arts organizations such as symphony
9 orchestras and theatrical groups, arts and cultural service
10 organizations, local arts councils, visual arts organizations,
11 and media arts organizations. On and after July 1, 2001 (the
12 effective date of Public Act 92-35), however, an entity
13 otherwise eligible for this exemption shall not make tax-free
14 purchases unless it has an active identification number issued
15 by the Department.

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

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

1 chemicals or chemicals acting as catalysts effect a direct and
2 immediate change upon a graphic arts product. Beginning on
3 July 1, 2017, graphic arts machinery and equipment is included
4 in the manufacturing and assembling machinery and equipment
5 exemption under Section 2 of this Act.

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

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

1 of the tender is separately stated.

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

10 Farm machinery and equipment also includes computers,
11 sensors, software, and related equipment used primarily in the
12 computer-assisted operation of production agriculture
13 facilities, equipment, and activities such as, but not limited
14 to, the collection, monitoring, and correlation of animal and
15 crop data for the purpose of formulating animal diets and
16 agricultural chemicals.

17 Beginning on January 1, 2024, farm machinery and equipment
18 also includes electrical power generation equipment used
19 primarily for production agriculture.

20 This item (7) is exempt from the provisions of Section
21 3-75.

22 (8) Until June 30, 2013, fuel and petroleum products sold
23 to or used by an air common carrier, certified by the carrier
24 to be used for consumption, shipment, or storage in the
25 conduct of its business as an air common carrier, for a flight
26 destined for or returning from a location or locations outside

1 the United States without regard to previous or subsequent
2 domestic stopovers.

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

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

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

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

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

12 (12) Until July 1, 2028, coal and aggregate exploration,
13 mining, off-highway hauling, processing, maintenance, and
14 reclamation equipment, including replacement parts and
15 equipment, and including equipment purchased for lease, but
16 excluding motor vehicles required to be registered under the
17 Illinois Vehicle Code. The changes made to this Section by
18 Public Act 97-767 apply on and after July 1, 2003, but no claim
19 for credit or refund is allowed on or after August 16, 2013
20 (the effective date of Public Act 98-456) for such taxes paid
21 during the period beginning July 1, 2003 and ending on August
22 16, 2013 (the effective date of Public Act 98-456).

23 (13) Semen used for artificial insemination of livestock
24 for direct agricultural production.

25 (14) Horses, or interests in horses, registered with and
26 meeting the requirements of any of the Arabian Horse Club

1 Registry of America, Appaloosa Horse Club, American Quarter
2 Horse Association, United States Trotting Association, or
3 Jockey Club, as appropriate, used for purposes of breeding or
4 racing for prizes. This item (14) is exempt from the
5 provisions of Section 3-75, and the exemption provided for
6 under this item (14) applies for all periods beginning May 30,
7 1995, but no claim for credit or refund is allowed on or after
8 January 1, 2008 (the effective date of Public Act 95-88) for
9 such taxes paid during the period beginning May 30, 2000 and
10 ending on January 1, 2008 (the effective date of Public Act
11 95-88).

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

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

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

1 amount is not refunded to the lessee for any reason, the lessor
2 is liable to pay that amount to the Department.

3 (17) 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
6 for 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 (18) Beginning with taxable years ending on or after
14 December 31, 1995 and ending with taxable years ending on or
15 before December 31, 2004, personal property that is used in
16 the performance of infrastructure repairs in this State,
17 including, but not limited to, municipal roads and streets,
18 access roads, bridges, sidewalks, waste disposal systems,
19 water and sewer line extensions, water distribution and
20 purification facilities, storm water drainage and retention
21 facilities, and sewage treatment facilities, resulting from a
22 State or federally declared disaster in Illinois or bordering
23 Illinois when such repairs are initiated on facilities located
24 in the declared disaster area within 6 months after the
25 disaster.

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

1 at a "game breeding and hunting preserve area" as that term is
2 used in the Wildlife Code. This paragraph is exempt from the
3 provisions of Section 3-75.

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

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

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

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

21 (23) Beginning August 23, 2001 and through June 30, 2016,
22 food for human consumption that is to be consumed off the
23 premises where it is sold (other than alcoholic beverages,
24 soft drinks, and food that has been prepared for immediate
25 consumption) and prescription and nonprescription medicines,
26 drugs, medical appliances, and insulin, urine testing

1 materials, syringes, and needles used by diabetics, for human
2 use, when purchased for use by a person receiving medical
3 assistance under Article V of the Illinois Public Aid Code who
4 resides in a licensed long-term care facility, as defined in
5 the Nursing Home Care Act, or in a licensed facility as defined
6 in the ID/DD Community Care Act, the MC/DD Act, or the
7 Specialized Mental Health Rehabilitation Act of 2013.

8 (24) Beginning on August 2, 2001 (the effective date of
9 Public Act 92-227), computers and communications equipment
10 utilized for any hospital purpose and equipment used in the
11 diagnosis, analysis, or treatment of hospital patients
12 purchased by a lessor who leases the equipment, under a lease
13 of one year or longer executed or in effect at the time the
14 lessor would otherwise be subject to the tax imposed by this
15 Act, to a hospital that has been issued an active tax exemption
16 identification number by the Department under Section 1g of
17 the Retailers' Occupation Tax Act. If the equipment is leased
18 in a manner that does not qualify for this exemption or is used
19 in any other nonexempt manner, the lessor shall be liable for
20 the tax imposed under this Act or the Use Tax Act, as the case
21 may be, based on the fair market value of the property at the
22 time the nonqualifying use occurs. No lessor shall collect or
23 attempt to collect an amount (however designated) that
24 purports to reimburse that lessor for the tax imposed by this
25 Act or the Use Tax Act, as the case may be, if the tax has not
26 been paid by the lessor. If a lessor improperly collects any

1 such amount from the lessee, the lessee shall have a legal
2 right to claim a refund of that amount from the lessor. If,
3 however, that amount is not refunded to the lessee for any
4 reason, the lessor is liable to pay that amount to the
5 Department. This paragraph is exempt from the provisions of
6 Section 3-75.

7 (25) Beginning on August 2, 2001 (the effective date of
8 Public Act 92-227), personal property purchased by a lessor
9 who leases the property, under a lease of one year or longer
10 executed or in effect at the time the lessor would otherwise be
11 subject to the tax imposed by this Act, to a governmental body
12 that has been issued an active tax exemption identification
13 number by the Department under Section 1g of the Retailers'
14 Occupation Tax Act. If the property is leased in a manner that
15 does not qualify for this exemption or is used in any other
16 nonexempt manner, the lessor shall be liable for the tax
17 imposed under this Act or the Use Tax Act, as the case may be,
18 based on the fair market value of the property at the time the
19 nonqualifying use occurs. No lessor shall collect or attempt
20 to collect an amount (however designated) that purports to
21 reimburse that lessor for the tax imposed by this Act or the
22 Use Tax Act, as the case may be, if the tax has not been paid
23 by 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
26 amount is not refunded to the lessee for any reason, the lessor

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

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

10 (27) Beginning January 1, 2010 and continuing through
11 December 31, 2029, materials, parts, equipment, components,
12 and furnishings incorporated into or upon an aircraft as part
13 of the modification, refurbishment, completion, replacement,
14 repair, or maintenance of the aircraft. This exemption
15 includes consumable supplies used in the modification,
16 refurbishment, completion, replacement, repair, and
17 maintenance of aircraft. However, until January 1, 2024, this
18 exemption excludes any materials, parts, equipment,
19 components, and consumable supplies used in the modification,
20 replacement, repair, and maintenance of aircraft engines or
21 power plants, whether such engines or power plants are
22 installed or uninstalled upon any such aircraft. "Consumable
23 supplies" include, but are not limited to, adhesive, tape,
24 sandpaper, general purpose lubricants, cleaning solution,
25 latex gloves, and protective films.

26 Beginning January 1, 2010 and continuing through December

1 31, 2023, this exemption applies only to the use of qualifying
2 tangible personal property transferred incident to the
3 modification, refurbishment, completion, replacement, repair,
4 or maintenance of aircraft by persons who (i) hold an Air
5 Agency Certificate and are empowered to operate an approved
6 repair station by the Federal Aviation Administration, (ii)
7 have a Class IV Rating, and (iii) conduct operations in
8 accordance with Part 145 of the Federal Aviation Regulations.
9 From January 1, 2024 through December 31, 2029, this exemption
10 applies only to the use of qualifying tangible personal
11 property transferred incident to: (A) the modification,
12 refurbishment, completion, repair, replacement, or maintenance
13 of an aircraft by persons who (i) hold an Air Agency
14 Certificate and are empowered to operate an approved repair
15 station by the Federal Aviation Administration, (ii) have a
16 Class IV Rating, and (iii) conduct operations in accordance
17 with Part 145 of the Federal Aviation Regulations; and (B) the
18 modification, replacement, repair, and maintenance of aircraft
19 engines or power plants without regard to whether or not those
20 persons meet the qualifications of item (A).

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
24 129 of the Federal Aviation Regulations. The changes made to
25 this paragraph (27) by Public Act 98-534 are declarative of
26 existing law. It is the intent of the General Assembly that the

1 exemption under this paragraph (27) applies continuously from
2 January 1, 2010 through December 31, 2024; however, no claim
3 for credit or refund is allowed for taxes paid as a result of
4 the disallowance of this exemption on or after January 1, 2015
5 and prior to February 5, 2020 (the effective date of Public Act
6 101-629).

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

22 (29) Beginning January 1, 2017 and through December 31,
23 2026, menstrual pads, tampons, and menstrual cups.

24 (30) Tangible personal property transferred to a purchaser
25 who is exempt from the tax imposed by this Act by operation of
26 federal law. This paragraph is exempt from the provisions of

1 Section 3-75.

2 (31) Qualified tangible personal property used in the
3 construction or operation of a data center that has been
4 granted a certificate of exemption by the Department of
5 Commerce and Economic Opportunity, whether that tangible
6 personal property is purchased by the owner, operator, or
7 tenant of the data center or by a contractor or subcontractor
8 of the owner, operator, or tenant. Data centers that would
9 have qualified for a certificate of exemption prior to January
10 1, 2020 had Public Act 101-31 been in effect, may apply for and
11 obtain an exemption for subsequent purchases of computer
12 equipment or enabling software purchased or leased to upgrade,
13 supplement, or replace computer equipment or enabling software
14 purchased or leased in the original investment that would have
15 qualified.

16 The Department of Commerce and Economic Opportunity shall
17 grant a certificate of exemption under this item (31) to
18 qualified data centers as defined by Section 605-1025 of the
19 Department of Commerce and Economic Opportunity Law of the
20 Civil Administrative Code of Illinois.

21 For the purposes of this item (31):

22 "Data center" means a building or a series of
23 buildings rehabilitated or constructed to house working
24 servers in one physical location or multiple sites within
25 the State of Illinois.

26 "Qualified tangible personal property" means:

1 electrical systems and equipment; climate control and
2 chilling equipment and systems; mechanical systems and
3 equipment; monitoring and secure systems; emergency
4 generators; hardware; computers; servers; data storage
5 devices; network connectivity equipment; racks; cabinets;
6 telecommunications cabling infrastructure; raised floor
7 systems; peripheral components or systems; software;
8 mechanical, electrical, or plumbing systems; battery
9 systems; cooling systems and towers; temperature control
10 systems; other cabling; and other data center
11 infrastructure equipment and systems necessary to operate
12 qualified tangible personal property, including fixtures;
13 and component parts of any of the foregoing, including
14 installation, maintenance, repair, refurbishment, and
15 replacement of qualified tangible personal property to
16 generate, transform, transmit, distribute, or manage
17 electricity necessary to operate qualified tangible
18 personal property; and all other tangible personal
19 property that is essential to the operations of a computer
20 data center. The term "qualified tangible personal
21 property" also includes building materials physically
22 incorporated into the qualifying data center. To document
23 the exemption allowed under this Section, the retailer
24 must obtain from the purchaser a copy of the certificate
25 of eligibility issued by the Department of Commerce and
26 Economic Opportunity.

1 This item (31) is exempt from the provisions of Section
2 3-75.

3 (32) Beginning July 1, 2022, breast pumps, breast pump
4 collection and storage supplies, and breast pump kits. This
5 item (32) is exempt from the provisions of Section 3-75. As
6 used in this item (32):

7 "Breast pump" means an electrically controlled or
8 manually controlled pump device designed or marketed to be
9 used to express milk from a human breast during lactation,
10 including the pump device and any battery, AC adapter, or
11 other power supply unit that is used to power the pump
12 device and is packaged and sold with the pump device at the
13 time of sale.

14 "Breast pump collection and storage supplies" means
15 items of tangible personal property designed or marketed
16 to be used in conjunction with a breast pump to collect
17 milk expressed from a human breast and to store collected
18 milk until it is ready for consumption.

19 "Breast pump collection and storage supplies"
20 includes, but is not limited to: breast shields and breast
21 shield connectors; breast pump tubes and tubing adapters;
22 breast pump valves and membranes; backflow protectors and
23 backflow protector adaptors; bottles and bottle caps
24 specific to the operation of the breast pump; and breast
25 milk storage bags.

26 "Breast pump collection and storage supplies" does not

1 include: (1) bottles and bottle caps not specific to the
2 operation of the breast pump; (2) breast pump travel bags
3 and other similar carrying accessories, including ice
4 packs, labels, and other similar products; (3) breast pump
5 cleaning supplies; (4) nursing bras, bra pads, breast
6 shells, and other similar products; and (5) creams,
7 ointments, and other similar products that relieve
8 breastfeeding-related symptoms or conditions of the
9 breasts or nipples, unless sold as part of a breast pump
10 kit that is pre-packaged by the breast pump manufacturer
11 or distributor.

12 "Breast pump kit" means a kit that: (1) contains no
13 more than a breast pump, breast pump collection and
14 storage supplies, a rechargeable battery for operating the
15 breast pump, a breastmilk cooler, bottle stands, ice
16 packs, and a breast pump carrying case; and (2) is
17 pre-packaged as a breast pump kit by the breast pump
18 manufacturer or distributor.

19 (33) Tangible personal property sold by or on behalf of
20 the State Treasurer pursuant to the Revised Uniform Unclaimed
21 Property Act. This item (33) is exempt from the provisions of
22 Section 3-75.

23 (34) Beginning on January 1, 2024, tangible personal
24 property purchased by an active duty member of the armed
25 forces of the United States who presents valid military
26 identification and purchases the property using a form of

1 payment where the federal government is the payor. The member
2 of the armed forces must complete, at the point of sale, a form
3 prescribed by the Department of Revenue documenting that the
4 transaction is eligible for the exemption under this
5 paragraph. Retailers must keep the form as documentation of
6 the exemption in their records for a period of not less than 6
7 years. "Armed forces of the United States" means the United
8 States Army, Navy, Air Force, Space Force, Marine Corps, or
9 Coast Guard. This paragraph is exempt from the provisions of
10 Section 3-75.

11 (35) Beginning July 1, 2024, home-delivered meals provided
12 to Medicare or Medicaid recipients when payment is made by an
13 intermediary, such as a Medicare Administrative Contractor, a
14 Managed Care Organization, or a Medicare Advantage
15 Organization, pursuant to a government contract. This
16 paragraph (35) is exempt from the provisions of Section 3-75.

17 (36) ~~(35)~~ Beginning on January 1, 2026, as further defined
18 in Section 3-10, food prepared for immediate consumption and
19 transferred incident to a sale of service subject to this Act
20 or the Service Occupation Tax Act by an entity licensed under
21 the Hospital Licensing Act, the Nursing Home Care Act, the
22 Assisted Living and Shared Housing Act, the ID/DD Community
23 Care Act, the MC/DD Act, the Specialized Mental Health
24 Rehabilitation Act of 2013, or the Child Care Act of 1969~~7~~ or
25 by an entity that holds a permit issued pursuant to the Life
26 Care Facilities Act. This item (36) ~~(35)~~ is exempt from the

1 provisions of Section 3-75.

2 (37) ~~(36)~~ Beginning on January 1, 2026, as further defined
3 in Section 3-10, food for human consumption that is to be
4 consumed off the premises where it is sold (other than
5 alcoholic beverages, food consisting of or infused with adult
6 use cannabis, soft drinks, candy, and food that has been
7 prepared for immediate consumption). This item (37) ~~(36)~~ is
8 exempt from the provisions of Section 3-75.

9 (38) ~~(35)~~ Use by a lessee of the following leased tangible
10 personal property:

11 (1) software transferred subject to a license that
12 meets the following requirements:

13 (A) it is evidenced by a written agreement signed
14 by the licensor and the customer;

15 (i) an electronic agreement in which the
16 customer accepts the license by means of an
17 electronic signature that is verifiable and can be
18 authenticated and is attached to or made part of
19 the license will comply with this requirement;

20 (ii) a license agreement in which the customer
21 electronically accepts the terms by clicking "I
22 agree" does not comply with this requirement;

23 (B) it restricts the customer's duplication and
24 use of the software;

25 (C) it prohibits the customer from licensing,
26 sublicensing, or transferring the software to a third

1 party (except to a related party) without the
2 permission and continued control of the licensor;

3 (D) the licensor has a policy of providing another
4 copy at minimal or no charge if the customer loses or
5 damages the software, or of permitting the licensee to
6 make and keep an archival copy, and such policy is
7 either stated in the license agreement, supported by
8 the licensor's books and records, or supported by a
9 notarized statement made under penalties of perjury by
10 the licensor; and

11 (E) the customer must destroy or return all copies
12 of the software to the licensor at the end of the
13 license period; this provision is deemed to be met, in
14 the case of a perpetual license, without being set
15 forth in the license agreement; and

16 (2) property that is subject to a tax on lease
17 receipts imposed by a home rule unit of local government
18 if the ordinance imposing that tax was adopted prior to
19 January 1, 2023.

20 (39) On and after January 1, 2026, essential supplies
21 purchased by a day care center that has been granted a
22 certificate of exemption by the Department. The Department of
23 Children and Family Services may share information with the
24 Department of Revenue for the purpose of administering the
25 provisions of this exemption. This item (39) is exempt from
26 the provisions of Section 3-75.

1 As used in this item (39):

2 "Day care center" has the meaning given to that term in
3 Section 2.09 of the Child Care Act of 1969.

4 "Essential supplies" means items designated, by rule, as
5 essential supplies by the Department of Children and Family
6 Services, including, but not limited to: food and beverages to
7 be consumed by a child as a snack or meal at the day care
8 center, including, but not limited to, fruits and vegetables,
9 whole grains, proteins, water, and reduced fat or skim milk;
10 diapers; wipes; first aid kits; smoke detectors; nap mats; and
11 soap and hand sanitizer.

12 (Source: P.A. 102-16, eff. 6-17-21; 102-700, Article 70,
13 Section 70-10, eff. 4-19-22; 102-700, Article 75, Section
14 75-10, eff. 4-19-22; 102-1026, eff. 5-27-22; 103-9, Article 5,
15 Section 5-10, eff. 6-7-23; 103-9, Article 15, Section 15-10,
16 eff. 6-7-23; 103-154, eff. 6-30-23; 103-384, eff. 1-1-24;
17 103-592, eff. 1-1-25; 103-605, eff. 7-1-24; 103-643, eff.
18 7-1-24; 103-746, eff. 1-1-25; 103-781, eff. 8-5-24; 103-995,
19 eff. 8-9-24; revised 11-26-24.)

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

22 (35 ILCS 115/3-5)

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

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

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

11 (3) Personal property purchased by any not-for-profit arts
12 or cultural organization that establishes, by proof required
13 by the Department by rule, that it has received an exemption
14 under Section 501(c)(3) of the Internal Revenue Code and that
15 is organized and operated primarily for the presentation or
16 support of arts or cultural programming, activities, or
17 services. These organizations include, but are not limited to,
18 music and dramatic arts organizations such as symphony
19 orchestras and theatrical groups, arts and cultural service
20 organizations, local arts councils, visual arts organizations,
21 and media arts organizations. On and after July 1, 2001 (the
22 effective date of Public Act 92-35), however, an entity
23 otherwise eligible for this exemption shall not make tax-free
24 purchases unless it has an active identification number issued
25 by the Department.

26 (4) Legal tender, currency, medallions, or gold or silver

1 coinage issued by the State of Illinois, the government of the
2 United States of America, or the government of any foreign
3 country, and bullion.

4 (5) Until July 1, 2003 and beginning again on September 1,
5 2004 through August 30, 2014, graphic arts machinery and
6 equipment, including repair and replacement parts, both new
7 and used, and including that manufactured on special order or
8 purchased for lease, certified by the purchaser to be used
9 primarily for graphic arts production. Equipment includes
10 chemicals or chemicals acting as catalysts but only if the
11 chemicals or chemicals acting as catalysts effect a direct and
12 immediate change upon a graphic arts product. Beginning on
13 July 1, 2017, graphic arts machinery and equipment is included
14 in the manufacturing and assembling machinery and equipment
15 exemption under Section 2 of this Act.

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

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

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

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

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

1 Beginning on January 1, 2024, farm machinery and equipment
2 also includes electrical power generation equipment used
3 primarily for production agriculture.

4 This item (7) is exempt from the provisions of Section
5 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
9 conduct of its business as an air common carrier, for a flight
10 destined for or returning from a location or locations outside
11 the United States without regard to previous or subsequent
12 domestic stopovers.

13 Beginning July 1, 2013, fuel and petroleum products sold
14 to or used by an air carrier, certified by the carrier to be
15 used for consumption, shipment, or storage in the conduct of
16 its 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
19 at 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
7 rigs, rotary rigs, cable tool rigs, and workover rigs, (ii)
8 pipe and tubular goods, including casing and drill strings,
9 (iii) pumps and pump-jack units, (iv) storage tanks and flow
10 lines, (v) any individual replacement part for oil field
11 exploration, drilling, and production equipment, and (vi)
12 machinery and equipment purchased for lease; but excluding
13 motor vehicles required to be registered under the Illinois
14 Vehicle Code.

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

20 (12) Until July 1, 2028, coal and aggregate exploration,
21 mining, off-highway hauling, processing, maintenance, and
22 reclamation equipment, including replacement parts and
23 equipment, and including equipment purchased for lease, but
24 excluding motor vehicles required to be registered under the
25 Illinois Vehicle Code. The changes made to this Section by
26 Public Act 97-767 apply on and after July 1, 2003, but no claim

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

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

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

20 (15) Horses, or interests in horses, registered with and
21 meeting the requirements of any of the Arabian Horse Club
22 Registry of America, Appaloosa Horse Club, American Quarter
23 Horse Association, United States Trotting Association, or
24 Jockey Club, as appropriate, used for purposes of breeding or
25 racing for prizes. This item (15) is exempt from the
26 provisions of Section 3-55, and the exemption provided for

1 under this item (15) applies for all periods beginning May 30,
2 1995, but no claim for credit or refund is allowed on or after
3 January 1, 2008 (the effective date of Public Act 95-88) for
4 such taxes paid during the period beginning May 30, 2000 and
5 ending on January 1, 2008 (the effective date of Public Act
6 95-88).

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

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

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

1 corporation, society, association, foundation, or institution
2 that has been issued a sales tax exemption identification
3 number by the Department that assists victims of the disaster
4 who reside within the declared disaster area.

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

18 (20) 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 3-55.

22 (21) 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
26 Department to be organized and operated exclusively for

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

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

1 from the sale to the fundraising entity. This paragraph is
2 exempt from the provisions of Section 3-55.

3 (23) Beginning January 1, 2000 and through December 31,
4 2001, new or used automatic vending machines that prepare and
5 serve hot food and beverages, including coffee, soup, and
6 other items, and replacement parts for these machines.
7 Beginning January 1, 2002 and through June 30, 2003, machines
8 and parts for machines used in commercial, coin-operated
9 amusement and vending business if a use or occupation tax is
10 paid on the gross receipts derived from the use of the
11 commercial, coin-operated amusement and vending machines. This
12 paragraph is exempt from the provisions of Section 3-55.

13 (24) Beginning on August 2, 2001 (the effective date of
14 Public Act 92-227), computers and communications equipment
15 utilized for any hospital purpose and equipment used in the
16 diagnosis, analysis, or treatment of hospital patients sold to
17 a lessor who leases the equipment, under a lease of one year or
18 longer executed or in effect at the time of the purchase, to a
19 hospital that has been issued an active tax exemption
20 identification number by the Department under Section 1g of
21 the Retailers' Occupation Tax Act. This paragraph is exempt
22 from the provisions of Section 3-55.

23 (25) Beginning on August 2, 2001 (the effective date of
24 Public Act 92-227), personal property sold to a lessor who
25 leases the property, under a lease of one year or longer
26 executed or in effect at the time of the purchase, to a

1 governmental body that has been issued an active tax exemption
2 identification number by the Department under Section 1g of
3 the Retailers' Occupation Tax Act. This paragraph is exempt
4 from the provisions of Section 3-55.

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

1 the State of Illinois.

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

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

24 (29) Beginning January 1, 2010 and continuing through
25 December 31, 2029, materials, parts, equipment, components,
26 and furnishings incorporated into or upon an aircraft as part

1 of the modification, refurbishment, completion, replacement,
2 repair, or maintenance of the aircraft. This exemption
3 includes consumable supplies used in the modification,
4 refurbishment, completion, replacement, repair, and
5 maintenance of aircraft. However, until January 1, 2024, this
6 exemption excludes any materials, parts, equipment,
7 components, and consumable supplies used in the modification,
8 replacement, repair, and maintenance of aircraft engines or
9 power plants, whether such engines or power plants are
10 installed or uninstalled upon any such aircraft. "Consumable
11 supplies" include, but are not limited to, adhesive, tape,
12 sandpaper, general purpose lubricants, cleaning solution,
13 latex gloves, and protective films.

14 Beginning January 1, 2010 and continuing through December
15 31, 2023, this exemption applies only to the transfer of
16 qualifying tangible personal property incident to the
17 modification, refurbishment, completion, replacement, repair,
18 or maintenance of an aircraft by persons who (i) hold an Air
19 Agency Certificate and are empowered to operate an approved
20 repair station by the Federal Aviation Administration, (ii)
21 have a Class IV Rating, and (iii) conduct operations in
22 accordance with Part 145 of the Federal Aviation Regulations.
23 The exemption does not include aircraft operated by a
24 commercial air carrier providing scheduled passenger air
25 service pursuant to authority issued under Part 121 or Part
26 129 of the Federal Aviation Regulations. From January 1, 2024

1 through December 31, 2029, this exemption applies only to the
2 transfer of qualifying tangible personal property incident to:
3 (A) the modification, refurbishment, completion, repair,
4 replacement, or maintenance of an aircraft by persons who (i)
5 hold an Air Agency Certificate and are empowered to operate an
6 approved repair station by the Federal Aviation
7 Administration, (ii) have a Class IV Rating, and (iii) conduct
8 operations in accordance with Part 145 of the Federal Aviation
9 Regulations; and (B) the modification, replacement, repair,
10 and maintenance of aircraft engines or power plants without
11 regard to whether or not those persons meet the qualifications
12 of item (A).

13 The changes made to this paragraph (29) by Public Act
14 98-534 are declarative of existing law. It is the intent of the
15 General Assembly that the exemption under this paragraph (29)
16 applies continuously from January 1, 2010 through December 31,
17 2024; however, no claim for credit or refund is allowed for
18 taxes paid as a result of the disallowance of this exemption on
19 or after January 1, 2015 and prior to February 5, 2020 (the
20 effective date of Public Act 101-629).

21 (30) Beginning January 1, 2017 and through December 31,
22 2026, menstrual pads, tampons, and menstrual cups.

23 (31) Tangible personal property transferred to a purchaser
24 who is exempt from tax by operation of federal law. This
25 paragraph is exempt from the provisions of Section 3-55.

26 (32) Qualified tangible personal property used in the

1 construction or operation of a data center that has been
2 granted a certificate of exemption by the Department of
3 Commerce and Economic Opportunity, whether that tangible
4 personal property is purchased by the owner, operator, or
5 tenant of the data center or by a contractor or subcontractor
6 of the owner, operator, or tenant. Data centers that would
7 have qualified for a certificate of exemption prior to January
8 1, 2020 had Public Act 101-31 been in effect, may apply for and
9 obtain an exemption for subsequent purchases of computer
10 equipment or enabling software purchased or leased to upgrade,
11 supplement, or replace computer equipment or enabling software
12 purchased or leased in the original investment that would have
13 qualified.

14 The Department of Commerce and Economic Opportunity shall
15 grant a certificate of exemption under this item (32) to
16 qualified data centers as defined by Section 605-1025 of the
17 Department of Commerce and Economic Opportunity Law of the
18 Civil Administrative Code of Illinois.

19 For the purposes of this item (32):

20 "Data center" means a building or a series of
21 buildings rehabilitated or constructed to house working
22 servers in one physical location or multiple sites within
23 the State of Illinois.

24 "Qualified tangible personal property" means:
25 electrical systems and equipment; climate control and
26 chilling equipment and systems; mechanical systems and

1 equipment; monitoring and secure systems; emergency
2 generators; hardware; computers; servers; data storage
3 devices; network connectivity equipment; racks; cabinets;
4 telecommunications cabling infrastructure; raised floor
5 systems; peripheral components or systems; software;
6 mechanical, electrical, or plumbing systems; battery
7 systems; cooling systems and towers; temperature control
8 systems; other cabling; and other data center
9 infrastructure equipment and systems necessary to operate
10 qualified tangible personal property, including fixtures;
11 and component parts of any of the foregoing, including
12 installation, maintenance, repair, refurbishment, and
13 replacement of qualified tangible personal property to
14 generate, transform, transmit, distribute, or manage
15 electricity necessary to operate qualified tangible
16 personal property; and all other tangible personal
17 property that is essential to the operations of a computer
18 data center. The term "qualified tangible personal
19 property" also includes building materials physically
20 incorporated into the qualifying data center. To document
21 the exemption allowed under this Section, the retailer
22 must obtain from the purchaser a copy of the certificate
23 of eligibility issued by the Department of Commerce and
24 Economic Opportunity.

25 This item (32) is exempt from the provisions of Section
26 3-55.

1 (33) Beginning July 1, 2022, breast pumps, breast pump
2 collection and storage supplies, and breast pump kits. This
3 item (33) is exempt from the provisions of Section 3-55. As
4 used in this item (33):

5 "Breast pump" means an electrically controlled or
6 manually controlled pump device designed or marketed to be
7 used to express milk from a human breast during lactation,
8 including the pump device and any battery, AC adapter, or
9 other power supply unit that is used to power the pump
10 device and is packaged and sold with the pump device at the
11 time of sale.

12 "Breast pump collection and storage supplies" means
13 items of tangible personal property designed or marketed
14 to be used in conjunction with a breast pump to collect
15 milk expressed from a human breast and to store collected
16 milk until it is ready for consumption.

17 "Breast pump collection and storage supplies"
18 includes, but is not limited to: breast shields and breast
19 shield connectors; breast pump tubes and tubing adapters;
20 breast pump valves and membranes; backflow protectors and
21 backflow protector adaptors; bottles and bottle caps
22 specific to the operation of the breast pump; and breast
23 milk storage bags.

24 "Breast pump collection and storage supplies" does not
25 include: (1) bottles and bottle caps not specific to the
26 operation of the breast pump; (2) breast pump travel bags

1 and other similar carrying accessories, including ice
2 packs, labels, and other similar products; (3) breast pump
3 cleaning supplies; (4) nursing bras, bra pads, breast
4 shells, and other similar products; and (5) creams,
5 ointments, and other similar products that relieve
6 breastfeeding-related symptoms or conditions of the
7 breasts or nipples, unless sold as part of a breast pump
8 kit that is pre-packaged by the breast pump manufacturer
9 or distributor.

10 "Breast pump kit" means a kit that: (1) contains no
11 more than a breast pump, breast pump collection and
12 storage supplies, a rechargeable battery for operating the
13 breast pump, a breastmilk cooler, bottle stands, ice
14 packs, and a breast pump carrying case; and (2) is
15 pre-packaged as a breast pump kit by the breast pump
16 manufacturer or distributor.

17 (34) Tangible personal property sold by or on behalf of
18 the State Treasurer pursuant to the Revised Uniform Unclaimed
19 Property Act. This item (34) is exempt from the provisions of
20 Section 3-55.

21 (35) Beginning on January 1, 2024, tangible personal
22 property purchased by an active duty member of the armed
23 forces of the United States who presents valid military
24 identification and purchases the property using a form of
25 payment where the federal government is the payor. The member
26 of the armed forces must complete, at the point of sale, a form

1 prescribed by the Department of Revenue documenting that the
2 transaction is eligible for the exemption under this
3 paragraph. Retailers must keep the form as documentation of
4 the exemption in their records for a period of not less than 6
5 years. "Armed forces of the United States" means the United
6 States Army, Navy, Air Force, Space Force, Marine Corps, or
7 Coast Guard. This paragraph is exempt from the provisions of
8 Section 3-55.

9 (36) Beginning July 1, 2024, home-delivered meals provided
10 to Medicare or Medicaid recipients when payment is made by an
11 intermediary, such as a Medicare Administrative Contractor, a
12 Managed Care Organization, or a Medicare Advantage
13 Organization, pursuant to a government contract. This
14 paragraph (36) ~~(35)~~ is exempt from the provisions of Section
15 3-55.

16 (37) ~~(36)~~ Beginning on January 1, 2026, as further defined
17 in Section 3-10, food prepared for immediate consumption and
18 transferred incident to a sale of service subject to this Act
19 or the Service Use Tax Act by an entity licensed under the
20 Hospital Licensing Act, the Nursing Home Care Act, the
21 Assisted Living and Shared Housing Act, the ID/DD Community
22 Care Act, the MC/DD Act, the Specialized Mental Health
23 Rehabilitation Act of 2013, or the Child Care Act of 1969 or by
24 an entity that holds a permit issued pursuant to the Life Care
25 Facilities Act. This item (37) ~~(36)~~ is exempt from the
26 provisions of Section 3-55.

1 (38) ~~(37)~~ Beginning on January 1, 2026, as further defined
2 in Section 3-10, food for human consumption that is to be
3 consumed off the premises where it is sold (other than
4 alcoholic beverages, food consisting of or infused with adult
5 use cannabis, soft drinks, candy, and food that has been
6 prepared for immediate consumption). This item (38) ~~(37)~~ is
7 exempt from the provisions of Section 3-55.

8 (39) ~~(36)~~ The lease of the following tangible personal
9 property:

10 (1) computer software transferred subject to a license
11 that meets the following requirements:

12 (A) it is evidenced by a written agreement signed
13 by the licensor and the customer;

14 (i) an electronic agreement in which the
15 customer accepts the license by means of an
16 electronic signature that is verifiable and can be
17 authenticated and is attached to or made part of
18 the license will comply with this requirement;

19 (ii) a license agreement in which the customer
20 electronically accepts the terms by clicking "I
21 agree" does not comply with this requirement;

22 (B) it restricts the customer's duplication and
23 use of the software;

24 (C) it prohibits the customer from licensing,
25 sublicensing, or transferring the software to a third
26 party (except to a related party) without the

1 permission and continued control of the licensor;

2 (D) the licensor has a policy of providing another
3 copy at minimal or no charge if the customer loses or
4 damages the software, or of permitting the licensee to
5 make and keep an archival copy, and such policy is
6 either stated in the license agreement, supported by
7 the licensor's books and records, or supported by a
8 notarized statement made under penalties of perjury by
9 the licensor; and

10 (E) the customer must destroy or return all copies
11 of the software to the licensor at the end of the
12 license period; this provision is deemed to be met, in
13 the case of a perpetual license, without being set
14 forth in the license agreement; and

15 (2) property that is subject to a tax on lease
16 receipts imposed by a home rule unit of local government
17 if the ordinance imposing that tax was adopted prior to
18 January 1, 2023.

19 (40) On and after January 1, 2026, essential supplies
20 purchased by a day care center that has been granted a
21 certificate of exemption by the Department. The Department of
22 Children and Family Services may share information with the
23 Department of Revenue for the purpose of administering the
24 provisions of this exemption. This item (40) is exempt from
25 the provisions of Section 3-55.

26 As used in this item (40):

1 "Day care center" has the meaning given to that term in
2 Section 2.09 of the Child Care Act of 1969.

3 "Essential supplies" means items designated, by rule, as
4 essential supplies by the Department of Children and Family
5 Services, including, but not limited to: food and beverages to
6 be consumed by a child as a snack or meal at the day care
7 center, including, but not limited to, fruits and vegetables,
8 whole grains, proteins, water, and reduced fat or skim milk;
9 diapers; wipes; first aid kits; smoke detectors; nap mats; and
10 soap and hand sanitizer.

11 (Source: P.A. 102-16, eff. 6-17-21; 102-700, Article 70,
12 Section 70-15, eff. 4-19-22; 102-700, Article 75, Section
13 75-15, eff. 4-19-22; 102-1026, eff. 5-27-22; 103-9, Article 5,
14 Section 5-15, eff. 6-7-23; 103-9, Article 15, Section 15-15,
15 eff. 6-7-23; 103-154, eff. 6-30-23; 103-384, eff. 1-1-24;
16 103-592, eff. 1-1-25; 103-605, eff. 7-1-24; 103-643, eff.
17 7-1-24; 103-746, eff. 1-1-25; 103-781, eff. 8-5-24; 103-995,
18 eff. 8-9-24; revised 11-26-24.)

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

21 (35 ILCS 120/2-5)

22 Sec. 2-5. Exemptions. Gross receipts from proceeds from
23 the sale, which, on and after January 1, 2025, includes the
24 lease, of the following tangible personal property are exempt

1 from the tax imposed by this Act:

2 (1) Farm chemicals.

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

24 Farm machinery and equipment shall include precision
25 farming equipment that is installed or purchased to be
26 installed on farm machinery and equipment including, but

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

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

13 Beginning on January 1, 2024, farm machinery and
14 equipment also includes electrical power generation
15 equipment used primarily for production agriculture.

16 This item (2) is exempt from the provisions of Section
17 2-70.

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

25 (4) Until July 1, 2003 and beginning again September
26 1, 2004 through August 30, 2014, graphic arts machinery

1 and equipment, including repair and replacement parts,
2 both new and used, and including that manufactured on
3 special order or purchased for lease, certified by the
4 purchaser to be used primarily for graphic arts
5 production. Equipment includes chemicals or chemicals
6 acting as catalysts but only if the chemicals or chemicals
7 acting as catalysts effect a direct and immediate change
8 upon a graphic arts product. Beginning on July 1, 2017,
9 graphic arts machinery and equipment is included in the
10 manufacturing and assembling machinery and equipment
11 exemption under paragraph (14).

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

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

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

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

25 (9) Personal property sold to a not-for-profit arts or
26 cultural organization that establishes, by proof required

1 by the Department by rule, that it has received an
2 exemption under Section 501(c)(3) of the Internal Revenue
3 Code and that is organized and operated primarily for the
4 presentation or support of arts or cultural programming,
5 activities, or services. These organizations include, but
6 are not limited to, music and dramatic arts organizations
7 such as symphony orchestras and theatrical groups, arts
8 and cultural service organizations, local arts councils,
9 visual arts organizations, and media arts organizations.
10 On and after July 1, 2001 (the effective date of Public Act
11 92-35), however, an entity otherwise eligible for this
12 exemption shall not make tax-free purchases unless it has
13 an active identification number issued by the Department.

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

21 (11) Except as otherwise provided in this Section,
22 personal property sold to a governmental body, to a
23 corporation, society, association, foundation, or
24 institution organized and operated exclusively for
25 charitable, religious, or educational purposes, or to a
26 not-for-profit corporation, society, association,

1 foundation, institution, or organization that has no
2 compensated officers or employees and that is organized
3 and operated primarily for the recreation of persons 55
4 years of age or older. A limited liability company may
5 qualify for the exemption under this paragraph only if the
6 limited liability company is organized and operated
7 exclusively for educational purposes. On and after July 1,
8 1987, however, no entity otherwise eligible for this
9 exemption shall make tax-free purchases unless it has an
10 active identification number issued by the Department.

11 (12) (Blank).

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

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

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

14 (14) Machinery and equipment that will be used by the
15 purchaser, or a lessee of the purchaser, primarily in the
16 process of manufacturing or assembling tangible personal
17 property for wholesale or retail sale or lease, whether
18 the sale or lease is made directly by the manufacturer or
19 by some other person, whether the materials used in the
20 process are owned by the manufacturer or some other
21 person, or whether the sale or lease is made apart from or
22 as an incident to the seller's engaging in the service
23 occupation of producing machines, tools, dies, jigs,
24 patterns, gauges, or other similar items of no commercial
25 value on special order for a particular purchaser. The
26 exemption provided by this paragraph (14) does not include

1 machinery and equipment used in (i) the generation of
2 electricity for wholesale or retail sale; (ii) the
3 generation or treatment of natural or artificial gas for
4 wholesale or retail sale that is delivered to customers
5 through pipes, pipelines, or mains; or (iii) the treatment
6 of water for wholesale or retail sale that is delivered to
7 customers through pipes, pipelines, or mains. The
8 provisions of Public Act 98-583 are declaratory of
9 existing law as to the meaning and scope of this
10 exemption. Beginning on July 1, 2017, the exemption
11 provided by this paragraph (14) includes, but is not
12 limited to, graphic arts machinery and equipment, as
13 defined in paragraph (4) of this Section.

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

22 (16) Tangible personal property sold to a purchaser if
23 the purchaser is exempt from use tax by operation of
24 federal law. This paragraph is exempt from the provisions
25 of Section 2-70.

26 (17) Tangible personal property sold to a common

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

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

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

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

1 purchased for lease.

2 (21) Until July 1, 2028, coal and aggregate
3 exploration, mining, off-highway hauling, processing,
4 maintenance, and reclamation equipment, including
5 replacement parts and equipment, and including equipment
6 purchased for lease, but excluding motor vehicles required
7 to be registered under the Illinois Vehicle Code. The
8 changes made to this Section by Public Act 97-767 apply on
9 and after July 1, 2003, but no claim for credit or refund
10 is allowed on or after August 16, 2013 (the effective date
11 of Public Act 98-456) for such taxes paid during the
12 period beginning July 1, 2003 and ending on August 16,
13 2013 (the effective date of Public Act 98-456).

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

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

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

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

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

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

1 titled in this State.

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

1 the vehicle in his or her state of residence within 30 days
2 after the date of sale. The tax collected under this Act in
3 accordance with this item (25-5) shall be proportionately
4 distributed as if the tax were collected at the 6.25%
5 general rate imposed under this Act.

6 (25-7) Beginning on July 1, 2007, no tax is imposed
7 under this Act on the sale of an aircraft, as defined in
8 Section 3 of the Illinois Aeronautics Act, if all of the
9 following conditions are met:

10 (1) the aircraft leaves this State within 15 days
11 after the later of either the issuance of the final
12 billing for the sale 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
16 required by 14 CFR 91.407;

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

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

1 the primary physical location of the aircraft, and
2 other information that the Department may reasonably
3 require.

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

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

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

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

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

19 (27) Horses, or interests in horses, registered with
20 and meeting the requirements of any of the Arabian Horse
21 Club Registry of America, Appaloosa Horse Club, American
22 Quarter Horse Association, United States Trotting
23 Association, or Jockey Club, as appropriate, used for
24 purposes of breeding or racing for prizes. This item (27)
25 is exempt from the provisions of Section 2-70, and the
26 exemption provided for under this item (27) applies for

1 all periods beginning May 30, 1995, but no claim for
2 credit or refund is allowed on or after January 1, 2008
3 (the effective date of Public Act 95-88) for such taxes
4 paid during the period beginning May 30, 2000 and ending
5 on January 1, 2008 (the effective date of Public Act
6 95-88).

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

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

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

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

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

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

23 (33) A motor vehicle, as that term is defined in
24 Section 1-146 of the Illinois Vehicle Code, that is
25 donated to a corporation, limited liability company,
26 society, association, foundation, or institution that is

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

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

1 purchases the personal property sold at the events from
2 another individual or entity that sold the property for
3 the purpose of resale by the fundraising entity and that
4 profits from the sale to the fundraising entity. This
5 paragraph is exempt from the provisions of Section 2-70.

6 (35) Beginning January 1, 2000 and through December
7 31, 2001, new or used automatic vending machines that
8 prepare and serve hot food and beverages, including
9 coffee, soup, and other items, and replacement parts for
10 these machines. Beginning January 1, 2002 and through June
11 30, 2003, machines and parts for machines used in
12 commercial, coin-operated amusement and vending business
13 if a use or occupation tax is paid on the gross receipts
14 derived from the use of the commercial, coin-operated
15 amusement and vending machines. This paragraph is exempt
16 from the provisions of Section 2-70.

17 (35-5) Beginning August 23, 2001 and through June 30,
18 2016, food for human consumption that is to be consumed
19 off the premises where it is sold (other than alcoholic
20 beverages, soft drinks, and food that has been prepared
21 for immediate consumption) and prescription and
22 nonprescription medicines, drugs, medical appliances, and
23 insulin, urine testing materials, syringes, and needles
24 used by diabetics, for human use, when purchased for use
25 by a person receiving medical assistance under Article V
26 of the Illinois Public Aid Code who resides in a licensed

1 long-term care facility, as defined in the Nursing Home
2 Care Act, or a licensed facility as defined in the ID/DD
3 Community Care Act, the MC/DD Act, or the Specialized
4 Mental Health Rehabilitation Act of 2013.

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

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

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

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

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

1 provisions of Section 2-70.

2 (40) Beginning January 1, 2010 and continuing through
3 December 31, 2029, materials, parts, equipment,
4 components, and furnishings incorporated into or upon an
5 aircraft as part of the modification, refurbishment,
6 completion, replacement, repair, or maintenance of the
7 aircraft. This exemption includes consumable supplies used
8 in the modification, refurbishment, completion,
9 replacement, repair, and maintenance of aircraft. However,
10 until January 1, 2024, this exemption excludes any
11 materials, parts, equipment, components, and consumable
12 supplies used in the modification, replacement, repair,
13 and maintenance of aircraft engines or power plants,
14 whether such engines or power plants are installed or
15 uninstalled upon any such aircraft. "Consumable supplies"
16 include, but are not limited to, adhesive, tape,
17 sandpaper, general purpose lubricants, cleaning solution,
18 latex gloves, and protective films.

19 Beginning January 1, 2010 and continuing through
20 December 31, 2023, this exemption applies only to the sale
21 of qualifying tangible personal property to persons who
22 modify, refurbish, complete, replace, or maintain an
23 aircraft and who (i) hold an Air Agency Certificate and
24 are empowered to operate an approved repair station by the
25 Federal Aviation Administration, (ii) have a Class IV
26 Rating, and (iii) conduct operations in accordance with

1 Part 145 of the Federal Aviation Regulations. The
2 exemption does not include aircraft operated by a
3 commercial air carrier providing scheduled passenger air
4 service pursuant to authority issued under Part 121 or
5 Part 129 of the Federal Aviation Regulations. From January
6 1, 2024 through December 31, 2029, this exemption applies
7 only to the sale of qualifying tangible personal property
8 to: (A) persons who modify, refurbish, complete, repair,
9 replace, or maintain aircraft and who (i) hold an Air
10 Agency Certificate and are empowered to operate an
11 approved repair station by the Federal Aviation
12 Administration, (ii) have a Class IV Rating, and (iii)
13 conduct operations in accordance with Part 145 of the
14 Federal Aviation Regulations; and (B) persons who engage
15 in the modification, replacement, repair, and maintenance
16 of aircraft engines or power plants without regard to
17 whether or not those persons meet the qualifications of
18 item (A).

19 The changes made to this paragraph (40) by Public Act
20 98-534 are declarative of existing law. It is the intent
21 of the General Assembly that the exemption under this
22 paragraph (40) applies continuously from January 1, 2010
23 through December 31, 2024; however, no claim for credit or
24 refund is allowed for taxes paid as a result of the
25 disallowance of this exemption on or after January 1, 2015
26 and prior to February 5, 2020 (the effective date of

1 Public Act 101-629).

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

17 (42) Beginning January 1, 2017 and through December
18 31, 2026, menstrual pads, tampons, and menstrual cups.

19 (43) Merchandise that is subject to the Rental
20 Purchase Agreement Occupation and Use Tax. The purchaser
21 must certify that the item is purchased to be rented
22 subject to a rental-purchase agreement, as defined in the
23 Rental-Purchase Agreement Act, and provide proof of
24 registration under the Rental Purchase Agreement
25 Occupation and Use Tax Act. This paragraph is exempt from
26 the provisions of Section 2-70.

1 (44) Qualified tangible personal property used in the
2 construction or operation of a data center that has been
3 granted a certificate of exemption by the Department of
4 Commerce and Economic Opportunity, whether that tangible
5 personal property is purchased by the owner, operator, or
6 tenant of the data center or by a contractor or
7 subcontractor of the owner, operator, or tenant. Data
8 centers that would have qualified for a certificate of
9 exemption prior to January 1, 2020 had Public Act 101-31
10 been in effect, may apply for and obtain an exemption for
11 subsequent purchases of computer equipment or enabling
12 software purchased or leased to upgrade, supplement, or
13 replace computer equipment or enabling software purchased
14 or leased in the original investment that would have
15 qualified.

16 The Department of Commerce and Economic Opportunity
17 shall grant a certificate of exemption under this item
18 (44) to qualified data centers as defined by Section
19 605-1025 of the Department of Commerce and Economic
20 Opportunity Law of the Civil Administrative Code of
21 Illinois.

22 For the purposes of this item (44):

23 "Data center" means a building or a series of
24 buildings rehabilitated or constructed to house
25 working servers in one physical location or multiple
26 sites within the State of Illinois.

1 "Qualified tangible personal property" means:
2 electrical systems and equipment; climate control and
3 chilling equipment and systems; mechanical systems and
4 equipment; monitoring and secure systems; emergency
5 generators; hardware; computers; servers; data storage
6 devices; network connectivity equipment; racks;
7 cabinets; telecommunications cabling infrastructure;
8 raised floor systems; peripheral components or
9 systems; software; mechanical, electrical, or plumbing
10 systems; battery systems; cooling systems and towers;
11 temperature control systems; other cabling; and other
12 data center infrastructure equipment and systems
13 necessary to operate qualified tangible personal
14 property, including fixtures; and component parts of
15 any of the foregoing, including installation,
16 maintenance, repair, refurbishment, and replacement of
17 qualified tangible personal property to generate,
18 transform, transmit, distribute, or manage electricity
19 necessary to operate qualified tangible personal
20 property; and all other tangible personal property
21 that is essential to the operations of a computer data
22 center. The term "qualified tangible personal
23 property" also includes building materials physically
24 incorporated into the qualifying data center. To
25 document the exemption allowed under this Section, the
26 retailer must obtain from the purchaser a copy of the

1 certificate of eligibility issued by the Department of
2 Commerce and Economic Opportunity.

3 This item (44) is exempt from the provisions of
4 Section 2-70.

5 (45) Beginning January 1, 2020 and through December
6 31, 2020, sales of tangible personal property made by a
7 marketplace seller over a marketplace for which tax is due
8 under this Act but for which use tax has been collected and
9 remitted to the Department by a marketplace facilitator
10 under Section 2d of the Use Tax Act are exempt from tax
11 under this Act. A marketplace seller claiming this
12 exemption shall maintain books and records demonstrating
13 that the use tax on such sales has been collected and
14 remitted by a marketplace facilitator. Marketplace sellers
15 that have properly remitted tax under this Act on such
16 sales may file a claim for credit as provided in Section 6
17 of this Act. No claim is allowed, however, for such taxes
18 for which a credit or refund has been issued to the
19 marketplace facilitator under the Use Tax Act, or for
20 which the marketplace facilitator has filed a claim for
21 credit or refund under the Use Tax Act.

22 (46) Beginning July 1, 2022, breast pumps, breast pump
23 collection and storage supplies, and breast pump kits.
24 This item (46) is exempt from the provisions of Section
25 2-70. As used in this item (46):

26 "Breast pump" means an electrically controlled or

1 manually controlled pump device designed or marketed to be
2 used to express milk from a human breast during lactation,
3 including the pump device and any battery, AC adapter, or
4 other power supply unit that is used to power the pump
5 device and is packaged and sold with the pump device at the
6 time of sale.

7 "Breast pump collection and storage supplies" means
8 items of tangible personal property designed or marketed
9 to be used in conjunction with a breast pump to collect
10 milk expressed from a human breast and to store collected
11 milk until it is ready for consumption.

12 "Breast pump collection and storage supplies"
13 includes, but is not limited to: breast shields and breast
14 shield connectors; breast pump tubes and tubing adapters;
15 breast pump valves and membranes; backflow protectors and
16 backflow protector adaptors; bottles and bottle caps
17 specific to the operation of the breast pump; and breast
18 milk storage bags.

19 "Breast pump collection and storage supplies" does not
20 include: (1) bottles and bottle caps not specific to the
21 operation of the breast pump; (2) breast pump travel bags
22 and other similar carrying accessories, including ice
23 packs, labels, and other similar products; (3) breast pump
24 cleaning supplies; (4) nursing bras, bra pads, breast
25 shells, and other similar products; and (5) creams,
26 ointments, and other similar products that relieve

1 breastfeeding-related symptoms or conditions of the
2 breasts or nipples, unless sold as part of a breast pump
3 kit that is pre-packaged by the breast pump manufacturer
4 or distributor.

5 "Breast pump kit" means a kit that: (1) contains no
6 more than a breast pump, breast pump collection and
7 storage supplies, a rechargeable battery for operating the
8 breast pump, a breastmilk cooler, bottle stands, ice
9 packs, and a breast pump carrying case; and (2) is
10 pre-packaged as a breast pump kit by the breast pump
11 manufacturer or distributor.

12 (47) Tangible personal property sold by or on behalf
13 of the State Treasurer pursuant to the Revised Uniform
14 Unclaimed Property Act. This item (47) is exempt from the
15 provisions of Section 2-70.

16 (48) Beginning on January 1, 2024, tangible personal
17 property purchased by an active duty member of the armed
18 forces of the United States who presents valid military
19 identification and purchases the property using a form of
20 payment where the federal government is the payor. The
21 member of the armed forces must complete, at the point of
22 sale, a form prescribed by the Department of Revenue
23 documenting that the transaction is eligible for the
24 exemption under this paragraph. Retailers must keep the
25 form as documentation of the exemption in their records
26 for a period of not less than 6 years. "Armed forces of the

1 United States" means the United States Army, Navy, Air
2 Force, Space Force, Marine Corps, or Coast Guard. This
3 paragraph is exempt from the provisions of Section 2-70.

4 (49) Beginning July 1, 2024, home-delivered meals
5 provided to Medicare or Medicaid recipients when payment
6 is made by an intermediary, such as a Medicare
7 Administrative Contractor, a Managed Care Organization, or
8 a Medicare Advantage Organization, pursuant to a
9 government contract. This paragraph (49) is exempt from
10 the provisions of Section 2-70.

11 (50) ~~(49)~~ Beginning on January 1, 2026, as further
12 defined in Section 2-10, food for human consumption that
13 is to be consumed off the premises where it is sold (other
14 than alcoholic beverages, food consisting of or infused
15 with adult use cannabis, soft drinks, candy, and food that
16 has been prepared for immediate consumption). This item
17 (50) ~~(49)~~ is exempt from the provisions of Section 2-70.

18 (51) ~~(49)~~ Gross receipts from the lease of the
19 following tangible personal property:

20 (1) computer software transferred subject to a
21 license that meets the following requirements:

22 (A) it is evidenced by a written agreement
23 signed by the licensor and the customer;

24 (i) an electronic agreement in which the
25 customer accepts the license by means of an
26 electronic signature that is verifiable and

1 can be authenticated and is attached to or
2 made part of the license will comply with this
3 requirement;

4 (ii) a license agreement in which the
5 customer electronically accepts the terms by
6 clicking "I agree" does not comply with this
7 requirement;

8 (B) it restricts the customer's duplication
9 and use of the software;

10 (C) it prohibits the customer from licensing,
11 sublicensing, or transferring the software to a
12 third party (except to a related party) without
13 the permission and continued control of the
14 licensor;

15 (D) the licensor has a policy of providing
16 another copy at minimal or no charge if the
17 customer loses or damages the software, or of
18 permitting the licensee to make and keep an
19 archival copy, and such policy is either stated in
20 the license agreement, supported by the licensor's
21 books and records, or supported by a notarized
22 statement made under penalties of perjury by the
23 licensor; and

24 (E) the customer must destroy or return all
25 copies of the software to the licensor at the end
26 of the license period; this provision is deemed to

1 be met, in the case of a perpetual license,
2 without being set forth in the license agreement;
3 and

4 (2) property that is subject to a tax on lease
5 receipts imposed by a home rule unit of local
6 government if the ordinance imposing that tax was
7 adopted prior to January 1, 2023.

8 (52) On and after January 1, 2026, essential supplies
9 purchased by a day care center that has been granted a
10 certificate of exemption by the Department. The Department
11 of Children and Family Services may share information with
12 the Department of Revenue for the purpose of administering
13 the provisions of this exemption. This item (52) is exempt
14 from the provisions of Section 2-70.

15 As used in this item (52):

16 "Day care center" has the meaning given to that term
17 in Section 2.09 of the Child Care Act of 1969.

18 "Essential supplies" means items designated, by rule,
19 as essential supplies by the Department of Children and
20 Family Services, including, but not limited to: food and
21 beverages to be consumed by a child as a snack or meal at
22 the day care center, including, but not limited to, fruits
23 and vegetables, whole grains, proteins, water, and reduced
24 fat or skim milk; diapers; wipes; first aid kits; smoke
25 detectors; nap mats; and soap and hand sanitizer.

26 (Source: P.A. 102-16, eff. 6-17-21; 102-634, eff. 8-27-21;

1 102-700, Article 70, Section 70-20, eff. 4-19-22; 102-700,
2 Article 75, Section 75-20, eff. 4-19-22; 102-813, eff.
3 5-13-22; 102-1026, eff. 5-27-22; 103-9, Article 5, Section
4 5-20, eff. 6-7-23; 103-9, Article 15, Section 15-20, eff.
5 6-7-23; 103-154, eff. 6-30-23; 103-384, eff. 1-1-24; 103-592,
6 eff. 1-1-25; 103-605, eff. 7-1-24; 103-643, eff. 7-1-24;
7 103-746, eff. 1-1-25; 103-781, eff. 8-5-24; 103-995, eff.
8 8-9-24; revised 11-26-24.)

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