



104TH GENERAL ASSEMBLY

State of Illinois

2025 and 2026

HB2814

Introduced 2/6/2025, by Rep. Norine K. Hammond

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, beginning on January 1, 2026, hearing aids are exempt from the taxes under those Acts. Effective immediately.

LRB104 09561 HLH 19624 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, hearing aids. As used in
11 this item (47), "hearing aid" means any wearable
12 non-disposable, non-experimental instrument or device designed
13 to aid or compensate for impaired human hearing and any parts,
14 attachments, or accessories for the instrument or device,
15 including an ear mold but excluding batteries and cords. This
16 item (47) is exempt from the provisions of Section 3-90.

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

25 Section 10. The Service Use Tax Act is amended by changing

1 Section 3-5 as follows:

2 (35 ILCS 110/3-5)

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

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

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

15 (3) Personal property purchased by a not-for-profit arts
16 or cultural organization that establishes, by proof required
17 by the Department by rule, that it has received an exemption
18 under Section 501(c)(3) of the Internal Revenue Code and that
19 is organized and operated primarily for the presentation or
20 support of arts or cultural programming, activities, or
21 services. These organizations include, but are not limited to,
22 music and dramatic arts organizations such as symphony
23 orchestras and theatrical groups, arts and cultural service
24 organizations, local arts councils, visual arts organizations,
25 and media arts organizations. On and after July 1, 2001 (the

1 effective date of Public Act 92-35), however, an entity
2 otherwise eligible for this exemption shall not make tax-free
3 purchases unless it has an active identification number issued
4 by the Department.

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

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

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

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

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

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

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

1 computer-assisted operation of production agriculture
2 facilities, equipment, and activities such as, but not limited
3 to, the collection, monitoring, and correlation of animal and
4 crop data for the purpose of formulating animal diets and
5 agricultural chemicals.

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

9 This item (7) is exempt from the provisions of Section
10 3-75.

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

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

1 that aircraft.

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

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

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

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

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

14 (14) Horses, or interests in horses, registered with and
15 meeting the requirements of any of the Arabian Horse Club
16 Registry of America, Appaloosa Horse Club, American Quarter
17 Horse Association, United States Trotting Association, or
18 Jockey Club, as appropriate, used for purposes of breeding or
19 racing for prizes. This item (14) is exempt from the
20 provisions of Section 3-75, and the exemption provided for
21 under this item (14) applies for all periods beginning May 30,
22 1995, but no claim for credit or refund is allowed on or after
23 January 1, 2008 (the effective date of Public Act 95-88) for
24 such taxes paid during the period beginning May 30, 2000 and
25 ending on January 1, 2008 (the effective date of Public Act
26 95-88).

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

24 (16) Personal property purchased by a lessor who leases
25 the property, under a lease of one year or longer executed or
26 in effect at the time the lessor would otherwise be subject to

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

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

1 who reside within the declared disaster area.

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

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

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

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

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

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

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

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

23 (24) Beginning on August 2, 2001 (the effective date of
24 Public Act 92-227), computers and communications equipment
25 utilized for any hospital purpose and equipment used in the
26 diagnosis, analysis, or treatment of hospital patients

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

22 (25) Beginning on August 2, 2001 (the effective date of
23 Public Act 92-227), personal property purchased by a lessor
24 who leases the property, under a lease of one year or longer
25 executed or in effect at the time the lessor would otherwise be
26 subject to the tax imposed by this Act, to a governmental body

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

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

25 (27) Beginning January 1, 2010 and continuing through
26 December 31, 2029, materials, parts, equipment, components,

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

15 Beginning January 1, 2010 and continuing through December
16 31, 2023, this exemption applies only to the use of qualifying
17 tangible personal property transferred incident to the
18 modification, refurbishment, completion, replacement, repair,
19 or maintenance of aircraft by persons who (i) hold an Air
20 Agency Certificate and are empowered to operate an approved
21 repair station by the Federal Aviation Administration, (ii)
22 have a Class IV Rating, and (iii) conduct operations in
23 accordance with Part 145 of the Federal Aviation Regulations.
24 From January 1, 2024 through December 31, 2029, this exemption
25 applies only to the use of qualifying tangible personal
26 property transferred incident to: (A) the modification,

1 refurbishment, completion, repair, replacement, or maintenance
2 of an aircraft by persons who (i) hold an Air Agency
3 Certificate and are empowered to operate an approved repair
4 station by the Federal Aviation Administration, (ii) have a
5 Class IV Rating, and (iii) conduct operations in accordance
6 with Part 145 of the Federal Aviation Regulations; and (B) the
7 modification, replacement, repair, and maintenance of aircraft
8 engines or power plants without regard to whether or not those
9 persons meet the qualifications of item (A).

10 The exemption does not include aircraft operated by a
11 commercial air carrier providing scheduled passenger air
12 service pursuant to authority issued under Part 121 or Part
13 129 of the Federal Aviation Regulations. The changes made to
14 this paragraph (27) by Public Act 98-534 are declarative of
15 existing law. It is the intent of the General Assembly that the
16 exemption under this paragraph (27) applies continuously from
17 January 1, 2010 through December 31, 2024; however, no claim
18 for credit or refund is allowed for taxes paid as a result of
19 the disallowance of this exemption on or after January 1, 2015
20 and prior to February 5, 2020 (the effective date of Public Act
21 101-629).

22 (28) Tangible personal property purchased by a
23 public-facilities corporation, as described in Section
24 11-65-10 of the Illinois Municipal Code, for purposes of
25 constructing or furnishing a municipal convention hall, but
26 only if the legal title to the municipal convention hall is

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

11 (29) Beginning January 1, 2017 and through December 31,
12 2026, menstrual pads, tampons, and menstrual cups.

13 (30) Tangible personal property transferred to a purchaser
14 who is exempt from the tax imposed by this Act by operation of
15 federal law. This paragraph is exempt from the provisions of
16 Section 3-75.

17 (31) Qualified tangible personal property used in the
18 construction or operation of a data center that has been
19 granted a certificate of exemption by the Department of
20 Commerce and Economic Opportunity, whether that tangible
21 personal property is purchased by the owner, operator, or
22 tenant of the data center or by a contractor or subcontractor
23 of the owner, operator, or tenant. Data centers that would
24 have qualified for a certificate of exemption prior to January
25 1, 2020 had Public Act 101-31 been in effect, may apply for and
26 obtain an exemption for subsequent purchases of computer

1 equipment or enabling software purchased or leased to upgrade,
2 supplement, or replace computer equipment or enabling software
3 purchased or leased in the original investment that would have
4 qualified.

5 The Department of Commerce and Economic Opportunity shall
6 grant a certificate of exemption under this item (31) to
7 qualified data centers as defined by Section 605-1025 of the
8 Department of Commerce and Economic Opportunity Law of the
9 Civil Administrative Code of Illinois.

10 For the purposes of this item (31):

11 "Data center" means a building or a series of
12 buildings rehabilitated or constructed to house working
13 servers in one physical location or multiple sites within
14 the State of Illinois.

15 "Qualified tangible personal property" means:
16 electrical systems and equipment; climate control and
17 chilling equipment and systems; mechanical systems and
18 equipment; monitoring and secure systems; emergency
19 generators; hardware; computers; servers; data storage
20 devices; network connectivity equipment; racks; cabinets;
21 telecommunications cabling infrastructure; raised floor
22 systems; peripheral components or systems; software;
23 mechanical, electrical, or plumbing systems; battery
24 systems; cooling systems and towers; temperature control
25 systems; other cabling; and other data center
26 infrastructure equipment and systems necessary to operate

1 qualified tangible personal property, including fixtures;
2 and component parts of any of the foregoing, including
3 installation, maintenance, repair, refurbishment, and
4 replacement of qualified tangible personal property to
5 generate, transform, transmit, distribute, or manage
6 electricity necessary to operate qualified tangible
7 personal property; and all other tangible personal
8 property that is essential to the operations of a computer
9 data center. The term "qualified tangible personal
10 property" also includes building materials physically
11 incorporated into the qualifying data center. To document
12 the exemption allowed under this Section, the retailer
13 must obtain from the purchaser a copy of the certificate
14 of eligibility issued by the Department of Commerce and
15 Economic Opportunity.

16 This item (31) is exempt from the provisions of Section
17 3-75.

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

22 "Breast pump" means an electrically controlled or
23 manually controlled pump device designed or marketed to be
24 used to express milk from a human breast during lactation,
25 including the pump device and any battery, AC adapter, or
26 other power supply unit that is used to power the pump

1 device and is packaged and sold with the pump device at the
2 time of sale.

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

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

15 "Breast pump collection and storage supplies" does not
16 include: (1) bottles and bottle caps not specific to the
17 operation of the breast pump; (2) breast pump travel bags
18 and other similar carrying accessories, including ice
19 packs, labels, and other similar products; (3) breast pump
20 cleaning supplies; (4) nursing bras, bra pads, breast
21 shells, and other similar products; and (5) creams,
22 ointments, and other similar products that relieve
23 breastfeeding-related symptoms or conditions of the
24 breasts or nipples, unless sold as part of a breast pump
25 kit that is pre-packaged by the breast pump manufacturer
26 or distributor.

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

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

12 (34) Beginning on January 1, 2024, tangible personal
13 property purchased by an active duty member of the armed
14 forces of the United States who presents valid military
15 identification and purchases the property using a form of
16 payment where the federal government is the payor. The member
17 of the armed forces must complete, at the point of sale, a form
18 prescribed by the Department of Revenue documenting that the
19 transaction is eligible for the exemption under this
20 paragraph. Retailers must keep the form as documentation of
21 the exemption in their records for a period of not less than 6
22 years. "Armed forces of the United States" means the United
23 States Army, Navy, Air Force, Space Force, Marine Corps, or
24 Coast Guard. This paragraph is exempt from the provisions of
25 Section 3-75.

26 (35) Beginning July 1, 2024, home-delivered meals provided

1 to Medicare or Medicaid recipients when payment is made by an
2 intermediary, such as a Medicare Administrative Contractor, a
3 Managed Care Organization, or a Medicare Advantage
4 Organization, pursuant to a government contract. This
5 paragraph (35) is exempt from the provisions of Section 3-75.

6 (36) ~~(35)~~ Beginning on January 1, 2026, as further defined
7 in Section 3-10, food prepared for immediate consumption and
8 transferred incident to a sale of service subject to this Act
9 or the Service Occupation Tax Act by an entity licensed under
10 the Hospital Licensing Act, the Nursing Home Care Act, the
11 Assisted Living and Shared Housing Act, the ID/DD Community
12 Care Act, the MC/DD Act, the Specialized Mental Health
13 Rehabilitation Act of 2013, or the Child Care Act of 1969, or
14 by an entity that holds a permit issued pursuant to the Life
15 Care Facilities Act. This item (36) ~~(35)~~ is exempt from the
16 provisions of Section 3-75.

17 (37) ~~(36)~~ Beginning on January 1, 2026, as further defined
18 in Section 3-10, food for human consumption that is to be
19 consumed off the premises where it is sold (other than
20 alcoholic beverages, food consisting of or infused with adult
21 use cannabis, soft drinks, candy, and food that has been
22 prepared for immediate consumption). This item (37) ~~(36)~~ is
23 exempt from the provisions of Section 3-75.

24 (38) ~~(35)~~ Use by a lessee of the following leased tangible
25 personal property:

26 (1) software transferred subject to a license that

1 meets the following requirements:

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

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

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

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

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

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

26 (E) the customer must destroy or return all copies

1 of the software to the licensor at the end of the
2 license period; this provision is deemed to be met, in
3 the case of a perpetual license, without being set
4 forth in the license agreement; and

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

9 (39) On and after January 1, 2026, hearing aids. As used in
10 this item (39), "hearing aid" means any wearable
11 non-disposable, non-experimental instrument or device designed
12 to aid or compensate for impaired human hearing and any parts,
13 attachments, or accessories for the instrument or device,
14 including an ear mold but excluding batteries and cords. This
15 item (39) is exempt from the provisions of Section 3-75.

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

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

1 (35 ILCS 115/3-5)

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

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

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

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

1 otherwise eligible for this exemption shall not make tax-free
2 purchases unless it has an active identification number issued
3 by the Department.

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

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

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

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

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

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

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

1 facilities, equipment, and activities such as, but not limited
2 to, the collection, monitoring, and correlation of animal and
3 crop data for the purpose of formulating animal diets and
4 agricultural chemicals.

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

8 This item (7) is exempt from the provisions of Section
9 3-55.

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

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

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

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

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

24 (12) Until July 1, 2028, coal and aggregate exploration,
25 mining, off-highway hauling, processing, maintenance, and
26 reclamation equipment, including replacement parts and

1 equipment, and including equipment purchased for lease, but
2 excluding motor vehicles required to be registered under the
3 Illinois Vehicle Code. The changes made to this Section by
4 Public Act 97-767 apply on and after July 1, 2003, but no claim
5 for credit or refund is allowed on or after August 16, 2013
6 (the effective date of Public Act 98-456) for such taxes paid
7 during the period beginning July 1, 2003 and ending on August
8 16, 2013 (the effective date of Public Act 98-456).

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

22 (14) Semen used for artificial insemination of livestock
23 for direct agricultural production.

24 (15) Horses, or interests in horses, registered with and
25 meeting the requirements of any of the Arabian Horse Club
26 Registry of America, Appaloosa Horse Club, American Quarter

1 Horse Association, United States Trotting Association, or
2 Jockey Club, as appropriate, used for purposes of breeding or
3 racing for prizes. This item (15) is exempt from the
4 provisions of Section 3-55, and the exemption provided for
5 under this item (15) applies for all periods beginning May 30,
6 1995, but no claim for credit or refund is allowed on or after
7 January 1, 2008 (the effective date of Public Act 95-88) for
8 such taxes paid during the period beginning May 30, 2000 and
9 ending on January 1, 2008 (the effective date of Public Act
10 95-88).

11 (16) Computers and communications equipment utilized for
12 any hospital purpose and equipment used in the diagnosis,
13 analysis, or treatment of hospital patients sold to a lessor
14 who leases the equipment, under a lease of one year or longer
15 executed or in effect at the time of the purchase, to a
16 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.

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

25 (18) Beginning with taxable years ending on or after
26 December 31, 1995 and ending with taxable years ending on or

1 before December 31, 2004, personal property that is donated
2 for disaster relief to be used in a State or federally declared
3 disaster area in Illinois or bordering Illinois by a
4 manufacturer or retailer that is registered in this State to a
5 corporation, society, association, foundation, or institution
6 that has been issued a sales tax exemption identification
7 number by the Department that assists victims of the disaster
8 who reside within the declared disaster area.

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

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

26 (21) A motor vehicle, as that term is defined in Section

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

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

1 private home instruction or (ii) for which the fundraising
2 entity purchases the personal property sold at the events from
3 another individual or entity that sold the property for the
4 purpose of resale by the fundraising entity and that profits
5 from the sale to the fundraising entity. This paragraph is
6 exempt from the provisions of Section 3-55.

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

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

1 (25) Beginning on August 2, 2001 (the effective date of
2 Public Act 92-227), personal property sold to a lessor who
3 leases the property, under a lease of one year or longer
4 executed or in effect at the time of the purchase, to a
5 governmental body that has been issued an active tax exemption
6 identification number by the Department under Section 1g of
7 the Retailers' Occupation Tax Act. This paragraph is exempt
8 from the provisions of Section 3-55.

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

1 purchase tangible personal property from a retailer exempt
2 from the taxes imposed by this Act. Taxpayers shall maintain
3 all necessary books and records to substantiate the use and
4 consumption of all such tangible personal property outside of
5 the State of Illinois.

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

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

1 of Section 3-55.

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

18 Beginning January 1, 2010 and continuing through December
19 31, 2023, this exemption applies only to the transfer of
20 qualifying tangible personal property incident to the
21 modification, refurbishment, completion, replacement, repair,
22 or maintenance of an aircraft by persons who (i) hold an Air
23 Agency Certificate and are empowered to operate an approved
24 repair station by the Federal Aviation Administration, (ii)
25 have a Class IV Rating, and (iii) conduct operations in
26 accordance with Part 145 of the Federal Aviation Regulations.

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

17 The changes made to this paragraph (29) by Public Act
18 98-534 are declarative of existing law. It is the intent of the
19 General Assembly that the exemption under this paragraph (29)
20 applies continuously from January 1, 2010 through December 31,
21 2024; however, no claim for credit or refund is allowed for
22 taxes paid as a result of the disallowance of this exemption on
23 or after January 1, 2015 and prior to February 5, 2020 (the
24 effective date of Public Act 101-629).

25 (30) Beginning January 1, 2017 and through December 31,
26 2026, menstrual pads, tampons, and menstrual cups.

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

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

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

23 For the purposes of this item (32):

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

1 the State of Illinois.

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

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

3 This item (32) is exempt from the provisions of Section
4 3-55.

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

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

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

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

1 milk storage bags.

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

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

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

25 (35) Beginning on January 1, 2024, tangible personal
26 property purchased by an active duty member of the armed

1 forces of the United States who presents valid military
2 identification and purchases the property using a form of
3 payment where the federal government is the payor. The member
4 of the armed forces must complete, at the point of sale, a form
5 prescribed by the Department of Revenue documenting that the
6 transaction is eligible for the exemption under this
7 paragraph. Retailers must keep the form as documentation of
8 the exemption in their records for a period of not less than 6
9 years. "Armed forces of the United States" means the United
10 States Army, Navy, Air Force, Space Force, Marine Corps, or
11 Coast Guard. This paragraph is exempt from the provisions of
12 Section 3-55.

13 (36) Beginning July 1, 2024, home-delivered meals provided
14 to Medicare or Medicaid recipients when payment is made by an
15 intermediary, such as a Medicare Administrative Contractor, a
16 Managed Care Organization, or a Medicare Advantage
17 Organization, pursuant to a government contract. This
18 paragraph (36) ~~(35)~~ is exempt from the provisions of Section
19 3-55.

20 (37) ~~(36)~~ Beginning on January 1, 2026, as further defined
21 in Section 3-10, food prepared for immediate consumption and
22 transferred incident to a sale of service subject to this Act
23 or the Service Use Tax Act by an entity licensed under the
24 Hospital Licensing Act, the Nursing Home Care Act, the
25 Assisted Living and Shared Housing Act, the ID/DD Community
26 Care Act, the MC/DD Act, the Specialized Mental Health

1 Rehabilitation Act of 2013, or the Child Care Act of 1969 or by
2 an entity that holds a permit issued pursuant to the Life Care
3 Facilities Act. This item (37) ~~(36)~~ is exempt from the
4 provisions of Section 3-55.

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

12 (39) ~~(36)~~ The lease of the following tangible personal
13 property:

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

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

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

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

26 (B) it restricts the customer's duplication and

1 use of the software;

2 (C) it prohibits the customer from licensing,
3 sublicensing, or transferring the software to a third
4 party (except to a related party) without the
5 permission and continued control of the licensor;

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

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

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

23 (40) On and after January 1, 2026, hearing aids. As used in
24 this item (40), "hearing aid" means any wearable
25 non-disposable, non-experimental instrument or device designed
26 to aid or compensate for impaired human hearing and any parts,

1 attachments, or accessories for the instrument or device,
2 including an ear mold but excluding batteries and cords. This
3 item (40) is exempt from the provisions of Section 3-55.

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

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

14 (35 ILCS 120/2-5)

15 Sec. 2-5. Exemptions. Gross receipts from proceeds from
16 the sale, which, on and after January 1, 2025, includes the
17 lease, of the following tangible personal property are exempt
18 from the tax imposed by this Act:

19 (1) Farm chemicals.

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

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

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

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

1 the computer-assisted operation of production agriculture
2 facilities, equipment, and activities such as, but not
3 limited to, the collection, monitoring, and correlation of
4 animal and crop data for the purpose of formulating animal
5 diets and agricultural chemicals.

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

9 This item (2) is exempt from the provisions of Section
10 2-70.

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

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

1 upon a graphic arts product. Beginning on July 1, 2017,
2 graphic arts machinery and equipment is included in the
3 manufacturing and assembling machinery and equipment
4 exemption under paragraph (14).

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

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

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

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

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

1 and cultural service organizations, local arts councils,
2 visual arts organizations, and media arts organizations.
3 On and after July 1, 2001 (the effective date of Public Act
4 92-35), however, an entity otherwise eligible for this
5 exemption shall not make tax-free purchases unless it has
6 an active identification number issued by the Department.

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

14 (11) Except as otherwise provided in this Section,
15 personal property sold to a governmental body, to a
16 corporation, society, association, foundation, or
17 institution organized and operated exclusively for
18 charitable, religious, or educational purposes, or to a
19 not-for-profit corporation, society, association,
20 foundation, institution, or organization that has no
21 compensated officers or employees and that is organized
22 and operated primarily for the recreation of persons 55
23 years of age or older. A limited liability company may
24 qualify for the exemption under this paragraph only if the
25 limited liability company is organized and operated
26 exclusively for educational purposes. On and after July 1,

1 1987, however, no entity otherwise eligible for this
2 exemption shall make tax-free purchases unless it has an
3 active identification number issued by the Department.

4 (12) (Blank).

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

25 (13) Proceeds from sales to owners or lessors,
26 lessees, or shippers of tangible personal property that is

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

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

1 provisions of Public Act 98-583 are declaratory of
2 existing law as to the meaning and scope of this
3 exemption. Beginning on July 1, 2017, the exemption
4 provided by this paragraph (14) includes, but is not
5 limited to, graphic arts machinery and equipment, as
6 defined in paragraph (4) of this Section.

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

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

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

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

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

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

21 (21) Until July 1, 2028, coal and aggregate
22 exploration, mining, off-highway hauling, processing,
23 maintenance, and reclamation equipment, including
24 replacement parts and equipment, and including equipment
25 purchased for lease, but excluding motor vehicles required
26 to be registered under the Illinois Vehicle Code. The

1 changes made to this Section by Public Act 97-767 apply on
2 and after July 1, 2003, but no claim for credit or refund
3 is allowed on or after August 16, 2013 (the effective date
4 of Public Act 98-456) for such taxes paid during the
5 period beginning July 1, 2003 and ending on August 16,
6 2013 (the effective date of Public Act 98-456).

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

14 Beginning July 1, 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 that (i) is engaged in foreign trade or is engaged
19 in trade between the United States and any of its
20 possessions and (ii) transports at least one individual or
21 package for hire from the city of origination to the city
22 of final destination on the same aircraft, without regard
23 to a change in the flight number of that aircraft.

24 (23) A transaction in which the purchase order is
25 received by a florist who is located outside Illinois, but
26 who has a florist located in Illinois deliver the property

1 to the purchaser or the purchaser's donee in Illinois.

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

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

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

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

25 (25-7) Beginning on July 1, 2007, no tax is imposed
26 under this Act on the sale of an aircraft, as defined in

1 Section 3 of the Illinois Aeronautics Act, if all of the
2 following conditions are met:

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

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

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

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

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

1 12-month period immediately following the date of the sale
2 of the aircraft.

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

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

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

12 (27) Horses, or interests in horses, registered with
13 and meeting the requirements of any of the Arabian Horse
14 Club Registry of America, Appaloosa Horse Club, American
15 Quarter Horse Association, United States Trotting
16 Association, or Jockey Club, as appropriate, used for
17 purposes of breeding or racing for prizes. This item (27)
18 is exempt from the provisions of Section 2-70, and the
19 exemption provided for under this item (27) applies for
20 all periods beginning May 30, 1995, but no claim for
21 credit or refund is allowed on or after January 1, 2008
22 (the effective date of Public Act 95-88) for such taxes
23 paid during the period beginning May 30, 2000 and ending
24 on January 1, 2008 (the effective date of Public Act
25 95-88).

26 (28) Computers and communications equipment utilized

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

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

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

25 (31) Beginning with taxable years ending on or after
26 December 31, 1995 and ending with taxable years ending on

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

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

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

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

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

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

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

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

24 (36) Beginning August 2, 2001, computers and
25 communications equipment utilized for any hospital purpose
26 and equipment used in the diagnosis, analysis, or

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

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

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

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

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

21 (40) Beginning January 1, 2010 and continuing through
22 December 31, 2029, materials, parts, equipment,
23 components, and furnishings incorporated into or upon an
24 aircraft as part of the modification, refurbishment,
25 completion, replacement, repair, or maintenance of the
26 aircraft. This exemption includes consumable supplies used

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

12 Beginning January 1, 2010 and continuing through
13 December 31, 2023, this exemption applies only to the sale
14 of qualifying tangible personal property to persons who
15 modify, refurbish, complete, replace, or maintain an
16 aircraft and who (i) hold an Air Agency Certificate and
17 are empowered to operate an approved repair station by the
18 Federal Aviation Administration, (ii) have a Class IV
19 Rating, and (iii) conduct operations in accordance with
20 Part 145 of the Federal Aviation Regulations. The
21 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
24 Part 129 of the Federal Aviation Regulations. From January
25 1, 2024 through December 31, 2029, this exemption applies
26 only to the sale of qualifying tangible personal property

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

12 The changes made to this paragraph (40) by Public Act
13 98-534 are declarative of existing law. It is the intent
14 of the General Assembly that the exemption under this
15 paragraph (40) applies continuously from January 1, 2010
16 through December 31, 2024; however, no claim for credit or
17 refund is allowed for taxes paid as a result of the
18 disallowance of this exemption on or after January 1, 2015
19 and prior to February 5, 2020 (the effective date of
20 Public Act 101-629).

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

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

10 (42) Beginning January 1, 2017 and through December
11 31, 2026, menstrual pads, tampons, and menstrual cups.

12 (43) Merchandise that is subject to the Rental
13 Purchase Agreement Occupation and Use Tax. The purchaser
14 must certify that the item is purchased to be rented
15 subject to a rental-purchase agreement, as defined in the
16 Rental-Purchase Agreement Act, and provide proof of
17 registration under the Rental Purchase Agreement
18 Occupation and Use Tax Act. This paragraph is exempt from
19 the provisions of Section 2-70.

20 (44) Qualified tangible personal property used in the
21 construction or operation of a data center that has been
22 granted a certificate of exemption by the Department of
23 Commerce and Economic Opportunity, whether that tangible
24 personal property is purchased by the owner, operator, or
25 tenant of the data center or by a contractor or
26 subcontractor of the owner, operator, or tenant. Data

1 centers that would have qualified for a certificate of
2 exemption prior to January 1, 2020 had Public Act 101-31
3 been in effect, may apply for and obtain an exemption for
4 subsequent purchases of computer equipment or enabling
5 software purchased or leased to upgrade, supplement, or
6 replace computer equipment or enabling software purchased
7 or leased in the original investment that would have
8 qualified.

9 The Department of Commerce and Economic Opportunity
10 shall grant a certificate of exemption under this item
11 (44) to qualified data centers as defined by Section
12 605-1025 of the Department of Commerce and Economic
13 Opportunity Law of the Civil Administrative Code of
14 Illinois.

15 For the purposes of this item (44):

16 "Data center" means a building or a series of
17 buildings rehabilitated or constructed to house
18 working servers in one physical location or multiple
19 sites within the State of Illinois.

20 "Qualified tangible personal property" means:
21 electrical systems and equipment; climate control and
22 chilling equipment and systems; mechanical systems and
23 equipment; monitoring and secure systems; emergency
24 generators; hardware; computers; servers; data storage
25 devices; network connectivity equipment; racks;
26 cabinets; telecommunications cabling infrastructure;

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

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

24 (45) Beginning January 1, 2020 and through December
25 31, 2020, sales of tangible personal property made by a
26 marketplace seller over a marketplace for which tax is due

1 under this Act but for which use tax has been collected and
2 remitted to the Department by a marketplace facilitator
3 under Section 2d of the Use Tax Act are exempt from tax
4 under this Act. A marketplace seller claiming this
5 exemption shall maintain books and records demonstrating
6 that the use tax on such sales has been collected and
7 remitted by a marketplace facilitator. Marketplace sellers
8 that have properly remitted tax under this Act on such
9 sales may file a claim for credit as provided in Section 6
10 of this Act. No claim is allowed, however, for such taxes
11 for which a credit or refund has been issued to the
12 marketplace facilitator under the Use Tax Act, or for
13 which the marketplace facilitator has filed a claim for
14 credit or refund under the Use Tax Act.

15 (46) Beginning July 1, 2022, breast pumps, breast pump
16 collection and storage supplies, and breast pump kits.
17 This item (46) is exempt from the provisions of Section
18 2-70. As used in this item (46):

19 "Breast pump" means an electrically controlled or
20 manually controlled pump device designed or marketed to be
21 used to express milk from a human breast during lactation,
22 including the pump device and any battery, AC adapter, or
23 other power supply unit that is used to power the pump
24 device and is packaged and sold with the pump device at the
25 time of sale.

26 "Breast pump collection and storage supplies" means

1 items of tangible personal property designed or marketed
2 to be used in conjunction with a breast pump to collect
3 milk expressed from a human breast and to store collected
4 milk until it is ready for consumption.

5 "Breast pump collection and storage supplies"
6 includes, but is not limited to: breast shields and breast
7 shield connectors; breast pump tubes and tubing adapters;
8 breast pump valves and membranes; backflow protectors and
9 backflow protector adaptors; bottles and bottle caps
10 specific to the operation of the breast pump; and breast
11 milk storage bags.

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

24 "Breast pump kit" means a kit that: (1) contains no
25 more than a breast pump, breast pump collection and
26 storage supplies, a rechargeable battery for operating the

1 breast pump, a breastmilk cooler, bottle stands, ice
2 packs, and a breast pump carrying case; and (2) is
3 pre-packaged as a breast pump kit by the breast pump
4 manufacturer or distributor.

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

9 (48) Beginning on January 1, 2024, tangible personal
10 property purchased by an active duty member of the armed
11 forces of the United States who presents valid military
12 identification and purchases the property using a form of
13 payment where the federal government is the payor. The
14 member of the armed forces must complete, at the point of
15 sale, a form prescribed by the Department of Revenue
16 documenting that the transaction is eligible for the
17 exemption under this paragraph. Retailers must keep the
18 form as documentation of the exemption in their records
19 for a period of not less than 6 years. "Armed forces of the
20 United States" means the United States Army, Navy, Air
21 Force, Space Force, Marine Corps, or Coast Guard. This
22 paragraph is exempt from the provisions of Section 2-70.

23 (49) Beginning July 1, 2024, home-delivered meals
24 provided to Medicare or Medicaid recipients when payment
25 is made by an intermediary, such as a Medicare
26 Administrative Contractor, a Managed Care Organization, or

1 a Medicare Advantage Organization, pursuant to a
2 government contract. This paragraph (49) is exempt from
3 the provisions of Section 2-70.

4 (50) ~~(49)~~ Beginning on January 1, 2026, as further
5 defined in Section 2-10, food for human consumption that
6 is to be consumed off the premises where it is sold (other
7 than alcoholic beverages, food consisting of or infused
8 with adult use cannabis, soft drinks, candy, and food that
9 has been prepared for immediate consumption). This item
10 (50) ~~(49)~~ is exempt from the provisions of Section 2-70.

11 (51) ~~(49)~~ Gross receipts from the lease of the
12 following tangible personal property:

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

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

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

23 (ii) a license agreement in which the
24 customer electronically accepts the terms by
25 clicking "I agree" does not comply with this
26 requirement;

1 (B) it restricts the customer's duplication
2 and use of the software;

3 (C) it prohibits the customer from licensing,
4 sublicensing, or transferring the software to a
5 third party (except to a related party) without
6 the permission and continued control of the
7 licensor;

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

17 (E) the customer must destroy or return all
18 copies of the software to the licensor at the end
19 of the license period; this provision is deemed to
20 be met, in the case of a perpetual license,
21 without being set forth in the license agreement;
22 and

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

1 (52) On and after January 1, 2026, hearing aids. As
2 used in this item (52), "hearing aid" means any wearable
3 non-disposable, non-experimental instrument or device
4 designed to aid or compensate for impaired human hearing
5 and any parts, attachments, or accessories for the
6 instrument or device, including an ear mold but excluding
7 batteries and cords. This item (52) is exempt from the
8 provisions of Section 2-70.

9 (Source: P.A. 102-16, eff. 6-17-21; 102-634, eff. 8-27-21;
10 102-700, Article 70, Section 70-20, eff. 4-19-22; 102-700,
11 Article 75, Section 75-20, eff. 4-19-22; 102-813, eff.
12 5-13-22; 102-1026, eff. 5-27-22; 103-9, Article 5, Section
13 5-20, eff. 6-7-23; 103-9, Article 15, Section 15-20, eff.
14 6-7-23; 103-154, eff. 6-30-23; 103-384, eff. 1-1-24; 103-592,
15 eff. 1-1-25; 103-605, eff. 7-1-24; 103-643, eff. 7-1-24;
16 103-746, eff. 1-1-25; 103-781, eff. 8-5-24; 103-995, eff.
17 8-9-24; revised 11-26-24.)

18 Section 99. Effective date. This Act takes effect upon
19 becoming law.