



104TH GENERAL ASSEMBLY

State of Illinois

2025 and 2026

HB4205

Introduced 1/14/2026, 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, 2027, hearing aids are exempt from the taxes under those Acts. Effective immediately.

LRB104 15978 HLH 29223 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) Beginning on January 1, 2026, as further defined in
19 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) is exempt
24 from the provisions of Section 3-90.

25 (46) Use by the lessee of the following leased tangible
26 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, 2027, 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. 103-9, Article 5, Section 5-5, eff. 6-7-23;
18 103-9, Article 15, Section 15-5, eff. 6-7-23; 103-154, eff.
19 6-30-23; 103-384, eff. 1-1-24; 103-592, eff. 1-1-25; 103-605,
20 eff. 7-1-24; 103-643, eff. 7-1-24; 103-746, eff. 1-1-25;
21 103-781, eff. 8-5-24; 104-417, eff. 8-15-25.)

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

24 (35 ILCS 110/3-5)

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

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

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

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

1 by the Department.

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

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

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

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

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

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

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

1 crop data for the purpose of formulating animal diets and
2 agricultural chemicals.

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

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

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

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

25 (9) Proceeds of mandatory service charges separately
26 stated on customers' bills for the purchase and consumption of

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

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

18 (11) Proceeds from the sale of photoprocessing machinery
19 and equipment, including repair and replacement parts, both
20 new and used, including that manufactured on special order,
21 certified by the purchaser to be used primarily for
22 photoprocessing, and including photoprocessing machinery and
23 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) Semen used for artificial insemination of livestock
10 for direct agricultural production.

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

24 (15) Computers and communications equipment utilized for
25 any hospital purpose and equipment used in the diagnosis,
26 analysis, or treatment of hospital patients purchased by a

1 lessor who leases the equipment, under a lease of one year or
2 longer executed or in effect at the time the lessor would
3 otherwise be subject to the tax imposed by this Act, to a
4 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 non-exempt 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 non-qualifying 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.

21 (16) Personal property purchased by a lessor who leases
22 the property, under a lease of one year or longer executed or
23 in effect at the time the lessor would otherwise be subject to
24 the tax imposed by this Act, to a governmental body that has
25 been issued an active tax exemption identification number by
26 the Department under Section 1g of the Retailers' Occupation

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

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

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

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

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

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

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

23 (22) Beginning January 1, 2000 and through December 31,
24 2001, new or used automatic vending machines that prepare and
25 serve hot food and beverages, including coffee, soup, and
26 other items, and replacement parts for these machines.

1 Beginning January 1, 2002 and through June 30, 2003, machines
2 and parts for machines used in commercial, coin-operated
3 amusement and vending business if a use or occupation tax is
4 paid on the gross receipts derived from the use of the
5 commercial, coin-operated amusement and vending machines. This
6 paragraph is exempt from the provisions of Section 3-75.

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

20 (24) Beginning on August 2, 2001 (the effective date of
21 Public Act 92-227), computers and communications equipment
22 utilized for any hospital purpose and equipment used in the
23 diagnosis, analysis, or treatment of hospital patients
24 purchased by a lessor who leases the equipment, under a lease
25 of one year or longer executed or in effect at the time the
26 lessor would otherwise be subject to the tax imposed by this

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

19 (25) Beginning on August 2, 2001 (the effective date of
20 Public Act 92-227), personal property purchased by a lessor
21 who leases the property, under a lease of one year or longer
22 executed or in effect at the time the lessor would otherwise be
23 subject to the tax imposed by this Act, to a governmental body
24 that has been issued an active tax exemption identification
25 number by the Department under Section 1g of the Retailers'
26 Occupation Tax Act. If the property is leased in a manner that

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

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

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

1 includes consumable supplies used in the modification,
2 refurbishment, completion, replacement, repair, and
3 maintenance of aircraft. However, until January 1, 2024, this
4 exemption excludes any materials, parts, equipment,
5 components, and consumable supplies used in the modification,
6 replacement, repair, and maintenance of aircraft engines or
7 power plants, whether such engines or power plants are
8 installed or uninstalled upon any such aircraft. "Consumable
9 supplies" 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 December
13 31, 2023, this exemption applies only to the use of qualifying
14 tangible personal property transferred incident to the
15 modification, refurbishment, completion, replacement, repair,
16 or maintenance of aircraft by persons who (i) hold an Air
17 Agency Certificate and are empowered to operate an approved
18 repair station by the Federal Aviation Administration, (ii)
19 have a Class IV Rating, and (iii) conduct operations in
20 accordance with Part 145 of the Federal Aviation Regulations.
21 From January 1, 2024 through December 31, 2029, this exemption
22 applies only to the use of qualifying tangible personal
23 property transferred incident to: (A) the modification,
24 refurbishment, completion, repair, replacement, or maintenance
25 of an aircraft by persons who (i) hold an Air Agency
26 Certificate and are empowered to operate an approved repair

1 station by the Federal Aviation Administration, (ii) have a
2 Class IV Rating, and (iii) conduct operations in accordance
3 with Part 145 of the Federal Aviation Regulations; and (B) the
4 modification, replacement, repair, and maintenance of aircraft
5 engines or power plants without regard to whether or not those
6 persons meet the qualifications of item (A).

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

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

1 retirement or redemption of any bonds or other debt
2 instruments issued by the public-facilities corporation in
3 connection with the development of the municipal convention
4 hall. This exemption includes existing public-facilities
5 corporations as provided in Section 11-65-25 of the Illinois
6 Municipal Code. This paragraph is exempt from the provisions
7 of Section 3-75.

8 (29) Beginning January 1, 2017 and through December 31,
9 2026, menstrual pads, tampons, and menstrual cups.

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

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

1 qualified.

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

7 For the purposes of this item (31):

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

12 "Qualified tangible personal property" means:
13 electrical systems and equipment; climate control and
14 chilling equipment and systems; mechanical systems and
15 equipment; monitoring and secure systems; emergency
16 generators; hardware; computers; servers; data storage
17 devices; network connectivity equipment; racks; cabinets;
18 telecommunications cabling infrastructure; raised floor
19 systems; peripheral components or systems; software;
20 mechanical, electrical, or plumbing systems; battery
21 systems; cooling systems and towers; temperature control
22 systems; other cabling; and other data center
23 infrastructure equipment and systems necessary to operate
24 qualified tangible personal property, including fixtures;
25 and component parts of any of the foregoing, including
26 installation, maintenance, repair, refurbishment, and

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

13 This item (31) is exempt from the provisions of Section
14 3-75.

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

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

9 (34) 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 member
14 of the armed forces must complete, at the point of sale, a form
15 prescribed by the Department of Revenue documenting that the
16 transaction is eligible for the exemption under this
17 paragraph. Retailers must keep the form as documentation of
18 the exemption in their records for a period of not less than 6
19 years. "Armed forces of the United States" means the United
20 States Army, Navy, Air Force, Space Force, Marine Corps, or
21 Coast Guard. This paragraph is exempt from the provisions of
22 Section 3-75.

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

1 Organization, pursuant to a government contract. This
2 paragraph (35) is exempt from the provisions of Section 3-75.

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

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

21 (38) Use by a lessee of the following leased tangible
22 personal property:

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

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

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

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

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

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

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

23 (E) the customer must destroy or return all copies
24 of the software to the licensor at the end of the
25 license period; this provision is deemed to be met, in
26 the case of a perpetual license, without being set

1 forth in the license agreement; and

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

6 (39) On and after January 1, 2027, hearing aids. As used in
7 this item (39), "hearing aid" means any wearable
8 non-disposable, non-experimental instrument or device designed
9 to aid or compensate for impaired human hearing and any parts,
10 attachments, or accessories for the instrument or device,
11 including an ear mold but excluding batteries and cords. This
12 item (39) is exempt from the provisions of Section 3-75.

13 (Source: P.A. 103-9, Article 5, Section 5-10, eff. 6-7-23;
14 103-9, Article 15, Section 15-10, eff. 6-7-23; 103-154, eff.
15 6-30-23; 103-384, eff. 1-1-24; 103-592, eff. 1-1-25; 103-605,
16 eff. 7-1-24; 103-643, eff. 7-1-24; 103-746, eff. 1-1-25;
17 103-781, eff. 8-5-24; 103-995, eff. 8-9-24; 104-417, eff.
18 8-15-25.)

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

21 (35 ILCS 115/3-5)

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

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

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

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

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

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

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

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

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

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

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

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

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

26 Beginning on January 1, 2024, farm machinery and equipment

1 also includes electrical power generation equipment used
2 primarily for production agriculture.

3 This item (7) is exempt from the provisions of Section
4 3-55.

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

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

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

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

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

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

19 (12) Until July 1, 2028, coal and aggregate exploration,
20 mining, off-highway hauling, processing, maintenance, and
21 reclamation equipment, including replacement parts and
22 equipment, and including equipment purchased for lease, but
23 excluding motor vehicles required to be registered under the
24 Illinois Vehicle Code. The changes made to this Section by
25 Public Act 97-767 apply on and after July 1, 2003, but no claim
26 for credit or refund is allowed on or after August 16, 2013

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

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

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

19 (15) Horses, or interests in horses, registered with and
20 meeting the requirements of any of the Arabian Horse Club
21 Registry of America, Appaloosa Horse Club, American Quarter
22 Horse Association, United States Trotting Association, or
23 Jockey Club, as appropriate, used for purposes of breeding or
24 racing for prizes. This item (15) is exempt from the
25 provisions of Section 3-55, and the exemption provided for
26 under this item (15) applies for all periods beginning May 30,

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

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

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

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

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

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

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

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

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

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

1 exempt from the provisions of Section 3-55.

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

12 (24) Beginning on August 2, 2001 (the effective date of
13 Public Act 92-227), computers and communications equipment
14 utilized for any hospital purpose and equipment used in the
15 diagnosis, analysis, or treatment of hospital patients sold to
16 a lessor who leases the equipment, under a lease of one year or
17 longer executed or in effect at the time of the purchase, 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. This paragraph is exempt
21 from the provisions of Section 3-55.

22 (25) Beginning on August 2, 2001 (the effective date of
23 Public Act 92-227), personal property sold to a lessor who
24 leases the property, under a lease of one year or longer
25 executed or in effect at the time of the purchase, to a
26 governmental body that has been issued an active tax exemption

1 identification number by the Department under Section 1g of
2 the Retailers' Occupation Tax Act. This paragraph is exempt
3 from the provisions of Section 3-55.

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

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

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

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

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

13 Beginning January 1, 2010 and continuing through December
14 31, 2023, this exemption applies only to the transfer of
15 qualifying tangible personal property incident to the
16 modification, refurbishment, completion, replacement, repair,
17 or maintenance of an aircraft by persons who (i) hold an Air
18 Agency Certificate and are empowered to operate an approved
19 repair station by the Federal Aviation Administration, (ii)
20 have a Class IV Rating, and (iii) conduct operations in
21 accordance with Part 145 of the Federal Aviation Regulations.
22 The exemption does not include aircraft operated by a
23 commercial air carrier providing scheduled passenger air
24 service pursuant to authority issued under Part 121 or Part
25 129 of the Federal Aviation Regulations. From January 1, 2024
26 through December 31, 2029, this exemption applies only to the

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

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

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

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

25 (32) Qualified tangible personal property used in the
26 construction or operation of a data center that has been

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

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

18 For the purposes of this item (32):

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

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

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

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

26 (33) Beginning July 1, 2022, breast pumps, breast pump

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

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

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

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

23 "Breast pump collection and storage supplies" does not
24 include: (1) bottles and bottle caps not specific to the
25 operation of the breast pump; (2) breast pump travel bags
26 and other similar carrying accessories, including ice

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

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

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

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

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

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

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

25 (38) Beginning on January 1, 2026, as further defined in
26 Section 3-10, food for human consumption that is to be

1 consumed off the premises where it is sold (other than
2 alcoholic beverages, food consisting of or infused with adult
3 use cannabis, soft drinks, candy, and food that has been
4 prepared for immediate consumption). This item (38) is exempt
5 from the provisions of Section 3-55.

6 (39) The lease of the following tangible personal
7 property:

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

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

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

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

20 (B) it restricts the customer's duplication and
21 use of the software;

22 (C) it prohibits the customer from licensing,
23 sublicensing, or transferring the software to a third
24 party (except to a related party) without the
25 permission and continued control of the licensor;

26 (D) the licensor has a policy of providing another

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

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

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

17 (40) On and after January 1, 2027, hearing aids. As used in
18 this item (40), "hearing aid" means any wearable
19 non-disposable, non-experimental instrument or device designed
20 to aid or compensate for impaired human hearing and any parts,
21 attachments, or accessories for the instrument or device,
22 including an ear mold but excluding batteries and cords. This
23 item (40) is exempt from the provisions of Section 3-55.

24 (Source: P.A. 103-9, Article 5, Section 5-15, eff. 6-7-23;
25 103-9, Article 15, Section 15-15, eff. 6-7-23; 103-154, eff.
26 6-30-23; 103-384, eff. 1-1-24; 103-592, eff. 1-1-25; 103-605,

1 eff. 7-1-24; 103-643, eff. 7-1-24; 103-746, eff. 1-1-25;
2 103-781, eff. 8-5-24; 103-995, eff. 8-9-24; 104-417, eff.
3 8-15-25.)

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

6 (35 ILCS 120/2-5)

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

11 (1) Farm chemicals.

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

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

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

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

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

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

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

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

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

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

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

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

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

25 (10) Personal property sold by a corporation, society,
26 association, foundation, institution, or organization,

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

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

22 (12) (Blank).

23 (12-5) On and after July 1, 2003 and through June 30,
24 2004, motor vehicles of the second division with a gross
25 vehicle weight in excess of 8,000 pounds that are subject
26 to the commercial distribution fee imposed under Section

1 3-815.1 of the Illinois Vehicle Code. Beginning on July 1,
2 2004 and through June 30, 2005, the use in this State of
3 motor vehicles of the second division: (i) with a gross
4 vehicle weight rating in excess of 8,000 pounds; (ii) that
5 are subject to the commercial distribution fee imposed
6 under Section 3-815.1 of the Illinois Vehicle Code; and
7 (iii) that are primarily used for commercial purposes.
8 Through June 30, 2005, this exemption applies to repair
9 and replacement parts added after the initial purchase of
10 such a motor vehicle if that motor vehicle is used in a
11 manner that would qualify for the rolling stock exemption
12 otherwise provided for in this Act. For purposes of this
13 paragraph, "used for commercial purposes" means the
14 transportation of persons or property in furtherance of
15 any commercial or industrial enterprise whether for-hire
16 or not.

17 (13) Proceeds from sales to owners or lessors,
18 lessees, or shippers of tangible personal property that is
19 utilized by interstate carriers for hire for use as
20 rolling stock moving in interstate commerce and equipment
21 operated by a telecommunications provider, licensed as a
22 common carrier by the Federal Communications Commission,
23 which is permanently installed in or affixed to aircraft
24 moving in interstate commerce.

25 (14) Machinery and equipment that will be used by the
26 purchaser, or a lessee of the purchaser, primarily in the

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

25 (15) Proceeds of mandatory service charges separately
26 stated on customers' bills for purchase and consumption of

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

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

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

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

23 (19) Until July 1, 2003, oil field exploration,
24 drilling, and production equipment, including (i) rigs and
25 parts of rigs, rotary rigs, cable tool rigs, and workover
26 rigs, (ii) pipe and tubular goods, including casing and

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

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

13 (21) Until July 1, 2028, coal and aggregate
14 exploration, mining, off-highway hauling, processing,
15 maintenance, and reclamation equipment, including
16 replacement parts and equipment, and including equipment
17 purchased for lease, but excluding motor vehicles required
18 to be registered under the Illinois Vehicle Code. The
19 changes made to this Section by Public Act 97-767 apply on
20 and after July 1, 2003, but no claim for credit or refund
21 is allowed on or after August 16, 2013 (the effective date
22 of Public Act 98-456) for such taxes paid during the
23 period beginning July 1, 2003 and ending on August 16,
24 2013 (the effective date of Public Act 98-456).

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

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

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

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

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

26 (25) Except as provided in items (25-5) and (25-6) of

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

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

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

17 (25-6) There is a rebuttable presumption that the
18 exemption under item (25) does not apply if the purchaser
19 is a limited liability company and a member of the limited
20 liability company is a resident of Illinois. This
21 presumption may be rebutted by other evidence, such as
22 evidence the motor vehicle is insured at a garaging or
23 storage address outside Illinois or other evidence of the
24 physical address at which the motor vehicle will be
25 permanently stored or garaged outside Illinois.

26 (25-7) Beginning on July 1, 2007, no tax is imposed

1 under this Act on the sale of an aircraft, as defined in
2 Section 3 of the Illinois Aeronautics Act, if all of the
3 following conditions are met:

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

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

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

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

25 "Based in this State" means hangared, stored, or
26 otherwise used, excluding post-sale customizations as

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

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

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

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

13 (27) Horses, or interests in horses, registered with
14 and meeting the requirements of any of the Arabian Horse
15 Club Registry of America, Appaloosa Horse Club, American
16 Quarter Horse Association, United States Trotting
17 Association, or Jockey Club, as appropriate, used for
18 purposes of breeding or racing for prizes. This item (27)
19 is exempt from the provisions of Section 2-70, and the
20 exemption provided for under this item (27) applies for
21 all periods beginning May 30, 1995, but no claim for
22 credit or refund is allowed on or after January 1, 2008
23 (the effective date of Public Act 95-88) for such taxes
24 paid during the period beginning May 30, 2000 and ending
25 on January 1, 2008 (the effective date of Public Act
26 95-88).

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

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

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

26 (31) Beginning with taxable years ending on or after

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

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

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

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

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

26 (35) Beginning January 1, 2000 and through December

1 31, 2001, new or used automatic vending machines that
2 prepare and serve hot food and beverages, including
3 coffee, soup, and other items, and replacement parts for
4 these machines. Beginning January 1, 2002 and through June
5 30, 2003, machines and parts for machines used in
6 commercial, coin-operated amusement and vending business
7 if a use or occupation tax is paid on the gross receipts
8 derived from the use of the commercial, coin-operated
9 amusement and vending machines. This paragraph is exempt
10 from the provisions of Section 2-70.

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

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

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

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

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

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

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

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

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

13 Beginning January 1, 2010 and continuing through
14 December 31, 2023, this exemption applies only to the sale
15 of qualifying tangible personal property to persons who
16 modify, refurbish, complete, replace, or maintain an
17 aircraft and who (i) hold an Air Agency Certificate and
18 are empowered to operate an approved repair station by the
19 Federal Aviation Administration, (ii) have a Class IV
20 Rating, and (iii) conduct operations in accordance with
21 Part 145 of the Federal Aviation Regulations. The
22 exemption does not include aircraft operated by a
23 commercial air carrier providing scheduled passenger air
24 service pursuant to authority issued under Part 121 or
25 Part 129 of the Federal Aviation Regulations. From January
26 1, 2024 through December 31, 2029, this exemption applies

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

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

22 (41) Tangible personal property sold to 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,
26 but only if the legal title to the municipal convention

1 hall is transferred to the municipality without any
2 further consideration by or on behalf of the municipality
3 at the time of the completion of the municipal convention
4 hall or upon the retirement or redemption of any bonds or
5 other debt instruments issued by the public-facilities
6 corporation in connection with the development of the
7 municipal convention hall. This exemption includes
8 existing public-facilities corporations as provided in
9 Section 11-65-25 of the Illinois Municipal Code. This
10 paragraph is exempt from the provisions of Section 2-70.

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

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

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

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

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

16 For the purposes of this item (44):

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

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

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

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

25 (45) Beginning January 1, 2020 and through December
26 31, 2020, sales of tangible personal property made by a

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

16 (46) Beginning July 1, 2022, breast pumps, breast pump
17 collection and storage supplies, and breast pump kits.
18 This item (46) is exempt from the provisions of Section
19 2-70. As used in this item (46):

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

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

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

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

25 "Breast pump kit" means a kit that: (1) contains no
26 more than a breast pump, breast pump collection and

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

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

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

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

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

5 (50) Beginning on January 1, 2026, as further defined
6 in Section 2-10, 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
9 adult use cannabis, soft drinks, candy, and food that has
10 been prepared for immediate consumption). This item (50)
11 is exempt from the provisions of Section 2-70.

12 (51) Gross receipts from the lease of the following
13 tangible personal property:

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

16 (A) it is evidenced by a written agreement
17 signed 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
21 can be authenticated and is attached to or
22 made part of the license will comply with this
23 requirement;

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

1 requirement;

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

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

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

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

24 (2) property that is subject to a tax on lease
25 receipts imposed by a home rule unit of local
26 government if the ordinance imposing that tax was

1 adopted prior to January 1, 2023.

2 (52) On and after January 1, 2027, hearing aids. As
3 used in this item (52), "hearing aid" means any wearable
4 non-disposable, non-experimental instrument or device
5 designed to aid or compensate for impaired human hearing
6 and any parts, attachments, or accessories for the
7 instrument or device, including an ear mold but excluding
8 batteries and cords. This item (52) is exempt from the
9 provisions of Section 2-70.

10 (Source: P.A. 103-9, Article 5, Section 5-20, eff. 6-7-23;
11 103-9, Article 15, Section 15-20, eff. 6-7-23; 103-154, eff.
12 6-30-23; 103-384, eff. 1-1-24; 103-592, eff. 1-1-25; 103-605,
13 eff. 7-1-24; 103-643, eff. 7-1-24; 103-746, eff. 1-1-25;
14 103-781, eff. 8-5-24; 103-995, eff. 8-9-24; 104-6, eff.
15 6-16-25; 104-417, eff. 8-15-25.)

16 Section 99. Effective date. This Act takes effect upon
17 becoming law.